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Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning APR 1, 2012 and ending MAR 31, 2013

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C Name of organization

HEART OF TEXAS HEALTHCARE SYSTEM

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address)

2008 NINE RD

Room/suite

City, town, or post office, state, and ZIP code

BRADY, TX 76825

F Name and address of principal officer EDWARD WATSON

2008 NINE ROAD, BRADY, TX 76825

D Employer identification number

32-0326595

E Telephone number

(325) 597-2901

G Gross receipts \$

16,568,418.

H(a) Is this a group return for affiliates? ☐ Yes ☒ NoH(b) Are all affiliates 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.BRADYHOSPITAL.COM

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 2011

M State of legal domicile: TX

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities	TO PROMOTE THE HEALTH OF THE RESIDENTS OF MCCULLOCH COUNTY, TEXAS AND SURROUNDING COMMUNITIES, IN	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	4
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	4
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	110
	6	Total number of volunteers (estimate if necessary)	6	10
	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 34	7b	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	1,308,552.	62,302.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	17,671,417.	16,457,884.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	0.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,642,601.	48,232.
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	20,622,570.	16,568,418.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	1,814.
Expenses	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	4,199,458.	4,348,320.
	16b	Total fundraising expenses (Part IX, column (D), line 25)	0.	0.
	17	Other expenses (Part IX, column (A), lines 11a 11d, 11f-24e)	12,956,732.	8,642,612.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	17,156,190.	12,992,746.
	19	Revenue less expenses. Subtract line 18 from line 12	3,466,380.	3,575,672.
	Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year
21		Total liabilities (Part X, line 26)	4,636,512.	8,869,797.
22		Net assets or fund balances. Subtract line 21 from line 20	1,170,132.	1,827,745.

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
	EDWARD WATSON, CFO	4/18/14
Paid	Print/Type preparer's name	Preparer's signature
	JONATHAN PHILLIPS	JONATHAN PHILLIPS
Preparer Use Only	Firm's name	Firm's EIN
	DURBIN & COMPANY, L.L.P.	75-2570395
Use Only	Firm's address	Phone no.
	2950 50TH STREET LUBBOCK, TX 79413	(806) 791-1591

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☒ No

232001 12-10-12 LHA For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2012)

SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION

H

P 17

Part III Statement of Program Service Accomplishments

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

☒ X**1** Briefly describe the organization's mission.

THE SYSTEM'S PURPOSES ARE TO PROMOTE THE HEALTH OF THE RESIDENTS OF MCCULLOCH COUNTY, TEXAS AND SURROUNDING COMMUNITIES, IN ANY APPROPRIATE MANNER AND IN COMPLIANCE WITH APPLICABLE FEDERAL AND STATE LAWS; AND TO OWN, OPERATE, OR MANAGE, OR PARTICIPATE IN THE OWNERSHIP,

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 \$ 11,773,137. including grants of \$ 1,814.) (Revenue \$ 16,506,116.)

HEART OF TEXAS HEALTHCARE SYSTEM IS DEDICATED TO PROVIDING ACCESSIBLE HEALTHCARE SERVICES TO THE CITIZENS OF MCCULLOCH COUNTY, TEXAS AND SURROUNDING AREAS. THE SYSTEM IS A 25-BED CRITICAL ACCESS HOSPITAL OFFERING COMPREHENSIVE HEALTHCARE. THE HOSPITAL HAD 1,121 ACUTE DAYS AND 150 SWING BED DAYS IN FISCAL YEAR 2013.

4b (Code _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)**4c** (Code _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)**4d** Other program services (Describe in Schedule O)

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

4e Total program service expenses  11,773,137.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <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 assistance to individuals located outside the United States? <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	

Form **990** (2012)

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and II		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? If "Yes," complete Schedule J		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? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25		X
24b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
24c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
24d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
25b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		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).		
28a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
28b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
28c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		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? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
35b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		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? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

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

Form 990 (2012)

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response to any question in this Part V ☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	125	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
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.	110	
2b	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
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in 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
4b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	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
6b	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).		
7a	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
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		X
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		X
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter.		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter.		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Form 990 (2012)

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

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

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b Enter the number of voting members included in line 1a, above, who are independent		
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?		X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6 Did the organization have members or stockholders?		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?		X
7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	X	
b Each committee with authority to act on behalf of the governing body?	X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.		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?		X
10b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
11b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13.	X	
12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done.	X	
13 Did the organization have a written whistleblower policy?		X
14 Did the organization have a written document retention and destruction policy?	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	X	
b Other officers or key employees of the organization	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?		X
16b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed **TX**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization **HEART OF TEXAS HEALTHCARE SYSTM - (325) 597-2901**
2008 NINE RD, BRADY, TX 76825

Part VIII Statement of RevenueCheck if Schedule O contains a response to any question in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	62,302.				
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f			62,302.			
Program Service Revenue	2 a PATIENT SERVICE REVENUE	Business Code	621990	15,119,277.	15,119,277.		
	b INDIGENT CARE SUPPORT		621990	1,338,607.	1,338,607.		
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f			16,457,884.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)						
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	(ii) Personal				
	b Less. rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss)						
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less cost or other basis and sales expenses						
	c Gain or (loss)						
	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	a					
	b Less direct expenses	b					
	c Net income or (loss) from fundraising events						
	9 a Gross income from gaming activities See Part IV, line 19	a					
b Less. direct expenses	b						
c Net income or (loss) from gaming activities							
10 a Gross sales of inventory, less returns and allowances	a						
b Less: cost of goods sold	b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue		Business Code					
11 a OTHER OPERATING REVENUE		621110	48,232.	48,232.			
b							
c							
d All other revenue							
e Total. Add lines 11a-11d			48,232.				
12 Total revenue. See instructions.			16,568,418.	16,506,116.	0.	0.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A)

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

☒ 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 governments and organizations in the United States. See Part IV, line 21	1,814.	1,814.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
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	3,532,539.	3,031,797.	500,742.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	481,377.	453,837.	27,540.	
10 Payroll taxes	334,404.	287,002.	47,402.	
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting	54,618.		54,618.	
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.)	2,310,673.	1,833,541.	477,132.	
12 Advertising and promotion	23,177.	7,491.	15,686.	
13 Office expenses	222,335.	168,477.	53,858.	
14 Information technology	108,913.	108,913.		
15 Royalties				
16 Occupancy	2,818,892.	2,813,916.	4,976.	
17 Travel	16,439.	7,287.	9,152.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	84,398.	84,398.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	257,875.	257,875.		
23 Insurance	74,309.	74,309.		
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a BAD DEBT	1,815,813.	1,815,813.		
b MEDICAL SUPPLIES	797,431.	797,431.		
c DUES & SUBSCRIPTIONS	50,246.	25,396.	24,850.	
d MISCELLANEOUS	7,493.	3,840.	3,653.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	12,992,746.	11,773,137.	1,219,609.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance SheetCheck if Schedule O contains a response to any question in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	972,721.	1	3,725,127.
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	2,009,007.	4	3,007,789.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	63,817.	8	60,523.
	9 Prepaid expenses and deferred charges		9	4,760.
	10a Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	10a 1,904,240.		
	b Less: accumulated depreciation	10b 268,042.	10c 1,277,369.	1,636,198.
	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		14	
	15 Other assets. See Part IV, line 11	313,598.	15	435,400.
16 Total assets. Add lines 1 through 15 (must equal line 34)	4,636,512.	16	8,869,797.	
Liabilities	17 Accounts payable and accrued expenses	386,178.	17	924,891.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	599,010.	23	902,854.
	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	184,944.	25	0.
	26 Total liabilities. Add lines 17 through 25	1,170,132.	26	1,827,745.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	3,466,380.	27	7,042,052.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	3,466,380.	33	7,042,052.
	34 Total liabilities and net assets/fund balances	4,636,512.	34	8,869,797.

Form 990 (2012)

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	16,568,418.
2	Total expenses (must equal Part IX, column (A), line 25)	2	12,992,746.
3	Revenue less expenses Subtract line 2 from line 1	3	3,575,672.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,466,380.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	7,042,052.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII ☒

	Yes	No
1 Accounting method used to prepare the Form 990 <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	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?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

Form **990** (2012)

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. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization

HEART OF TEXAS HEALTHCARE SYSTEM

Employer identification number

32-0326595

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

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

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state HEART OF TEXAS HEALTHCARE SYSTEM, BRADY, TEXAS
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.
- a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f ☐ If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box.
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
- (ii) A family member of a person described in (i) above?
- (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

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

Schedule A (Form 990 or 990-EZ) 2012

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

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

Schedule A (Form 990 or 990-EZ) 2012

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a 33 1/3% support tests - 2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐

b 33 1/3% support tests - 2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ► ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► ☐

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization

HEART OF TEXAS HEALTHCARE SYSTEM

Employer identification number

32-0326595

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

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

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

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

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

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

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

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

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

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

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8

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

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

(i) Revenues included in Form 990, Part VIII, line 1	► \$
(ii) Assets included in Form 990, Part X	► \$

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

a Revenues included in Form 990, Part VIII, line 1	► \$
b Assets included in Form 990, Part X	► \$

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

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
 b ☐ Scholarly research
 c ☐ Preservation for future generations
 d ☐ Loan or exchange programs
 e ☐ Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets

to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table.

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes ☐ No

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

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment ☐ %
 b Permanent endowment ☐ %
 c Temporarily restricted endowment ☐ %

The percentages in lines 2a, 2b, and 2c should equal 100%

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

- (i) unrelated organizations
 (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

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

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment		1,620,266.	268,042.	1,352,224.
e Other		283,974.		283,974.
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c))				1,636,198.

Schedule D (Form 990) 2012

Part VII Investments - Other Securities. 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)		
(I)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ►		

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ►		

Part IX Other Assets. See Form 990, Part X, line 15

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	

Part X Other Liabilities. 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)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	

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

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

1	Total revenue, gains, and other support per audited financial statements	1	14,752,605.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	0.
3	Subtract line 2e from line 1	3	14,752,605.
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	1,815,813.
c	Add lines 4a and 4b	4c	1,815,813.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	16,568,418.

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

1	Total expenses and losses per audited financial statements	1	11,176,933.
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	11,176,933.
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	1,815,813.
c	Add lines 4a and 4b	4c	1,815,813.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	12,992,746.

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4, Part IV, lines 1b and 2b; Part V, line 4, Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART X, LINE 2: THE HOSPITAL IS A NOT-FOR-PROFIT ORGANIZATION THAT IS

EXEMPT FROM INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE

CODE. THE HOSPITAL EVALUATES AND ACCOUNTS FOR UNCERTAIN TAX POSITIONS IN

ACCORDANCE WITH FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ACCOUNTING

STANDARDS CODIFICATION (ASC) 740, INCOME TAXES, FORMERLY FASB

INTERPRETATION 48 (FIN 48) ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES.

THIS STANDARD REQUIRES CERTAIN DISCLOSURES ABOUT UNCERTAIN TAX POSITIONS.

THE HOSPITAL EVALUATES ANY UNCERTAIN TAX POSITIONS USING THE PROVISIONS OF

Schedule D (Form 990) 2012

Part XIII Supplemental Information (continued)

ASC 450, CONTINGENCIES. AS A RESULT, MANAGEMENT DOES NOT BELIEVE THAT ANY

UNCERTAIN TAX POSITIONS CURRENTLY EXIST AND NO LOSS CONTINGENCY HAS BEEN

RECOGNIZED IN THE ACCOMPANYING FINANCIAL STATEMENTS. THE HOSPITAL HAS

FILED ALL APPLICABLE TAX RETURNS.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

BAD DEBT EXPENSE

PART XII, LINE 4B - OTHER ADJUSTMENTS:

BAD DEBT EXPENSE

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

**Open to Public
Inspection**

Name of the organization

HEART OF TEXAS HEALTHCARE SYSTEM

Employer identification number

32-0326595

Part I Financial Assistance and Certain Other Community Benefits at Cost

- 1a** Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
- b** If "Yes," was it a written policy?
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
- 2** ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities
☐ Generally tailored to individual hospital facilities
- 3** Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year
- a** Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care?
If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care
☐ 100% ☐ 150% ☐ 200% ☒ Other _____ %
- b** Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care.
☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other _____ %
- c** If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care
- 4** Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?
- 5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
- b** If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?
- 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?
- 6a** Did the organization prepare a community benefit report during the tax year?
- b** If "Yes," did the organization make it available to the public?

	Yes	No
1a	X	
1b	X	
3a	X	
3b	X	
4	X	
5a	X	
5b	X	
5c		X
6a		X
6b		

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost						
Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			50,265.	40,502.	9,763.	.09%
b Medicaid (from Worksheet 3, column a)			720,133.	81,635.	638,498.	5.71%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			770,398.	122,137.	648,261.	5.80%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits						
k Total. Add lines 7d and 7j			770,398.	122,137.	648,261.	5.80%

Part V Facility Information (continued)**Section B. Facility Policies and Practices**

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

Name of hospital facility or facility reporting group HEART OF TEXAS MEMORIAL HOSPITALFor single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1**Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)**1** During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9

	Yes	No
1	X	
3	X	
4	X	
5	X	
7	X	
8a		X
8b		

If "Yes," indicate what the CHNA report describes (check all that apply)

- a** ☒ A definition of the community served by the hospital facility
- b** ☒ Demographics of the community
- c** ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community
- d** ☒ How data was obtained
- e** ☒ The health needs of the community
- f** ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
- g** ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs
- h** ☒ The process for consulting with persons representing the community's interests
- i** ☒ Information gaps that limit the hospital facility's ability to assess the community's health needs
- j** ☐ Other (describe in Part VI)

2 Indicate the tax year the hospital facility last conducted a CHNA: 20 12**3** In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted**4** Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI**5** Did the hospital facility make its CHNA report widely available to the public?

If "Yes," indicate how the CHNA report was made widely available (check all that apply)

- a** ☒ Hospital facility's website
- b** ☒ Available upon request from the hospital facility
- c** ☐ Other (describe in Part VI)

6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)

- a** ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA
- b** ☒ Execution of the implementation strategy
- c** ☐ Participation in the development of a community-wide plan
- d** ☐ Participation in the execution of a community-wide plan
- e** ☐ Inclusion of a community benefit section in operational plans
- f** ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA
- g** ☒ Prioritization of health needs in its community
- h** ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community
- i** ☐ Other (describe in Part VI)

7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs**8a** Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?**8b** If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?**c** If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$

Part V Facility Information (continued) HEART OF TEXAS MEMORIAL HOSPITAL

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	X	
If "Yes," indicate the FPG family income limit for eligibility for free care _____ %			
If "No," explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing discounted care?	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: _____ %			
If "No," explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Part VI)		
Billing and Collections			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine patient's eligibility under the facility's FAP		
a	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	X	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		

Schedule H (Form 990) 2012

Part V Facility Information (continued) HEART OF TEXAS MEMORIAL HOSPITAL

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

- a ☒ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☒ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d ☒ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
19	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 Part VI)
- d ☐ Other (describe in Part VI)

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☒ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☐ Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

21		X

If "Yes," explain in Part VI.

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

22		X

If "Yes," explain in Part VI.

Schedule H (Form 990) 2012

Part VI Supplemental Information

Complete this part to provide the following information:

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's 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.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

PART I, LINE 3C:

1. FAMILY INCOME IS INDEXED TO CURRENT FEDERAL POVERTY LEVELS.

2. CHARITY WILL DEAL PRIMARILY WITH THE WORKING POOR WHO ARE UNABLE TO

AFFORD HEALTH INSURANCE. FAMILIES WHO HAVE AN INCOME BUT WHOSE MEDICAL

COSTS ARE GREATER THAN THEY CAN PAY, OVER A FOUR-YEAR PERIOD, WILL BE

CONSIDERED POTENTIALLY ELIGIBLE FOR CHARITY ASSISTANCE.

3. PATIENTS MAY BECOME ELIGIBLE THROUGH DOCTOR REFERRALS. THE PHYSICIAN

MAY NEED TO CONTINUE CARE AND DOES NOT WANT THE PATIENT TO BE BARRED FROM

MAKING APPOINTMENTS.

4. PAYMENT AGREEMENTS ARE BASED ON ABILITY TO PAY. TO BE ELIGIBLE,

PATIENTS ARE REQUIRED TO COMPLETE AND SUBMIT A FINANCIAL STATEMENT WITH

DOCUMENTATION INCLUDING PROOF OF INCOME, COPIES OF BILLS AND A COPY OF

LAST YEAR'S TAX RETURN. A FINANCIAL ANALYSIS WILL BE CONDUCTED WITH

MONTHLY REPAYMENT BASED ON THIS INFORMATION. THE TERM FOR PAYMENT USUALLY

EXTENDS FOR FOUR YEARS; HOWEVER, IT MAY BE EXTENDED IF FULL PAYMENT CANNOT

BE OBTAINED WITHIN THAT PERIOD OF TIME.

5. CHARITY WRITE-OFFS ARE BASED ON PAYMENT ARRANGEMENTS. FOR EXAMPLE, IF

THE BILL IS \$5,000 AND THE PATIENT IS CAPABLE OF PAYING \$50.00 PER MONTH

Part VI Supplemental Information

FOR FOUR YEARS (\$2,400). THE DIFFERENCE OF \$2,600 IS WRITTEN OFF TO

CHARITY. THE CHARITY LEVEL IS DETERMINED BY ABILITY TO PAY AND THE AMOUNT

OF THE BILL.

6. ASSETS THAT ARE AVAILABLE TO HELP PAY WILL BE TAKEN INTO CONSIDERATION.

IF THE PATIENT HAS DEPOSITS THAT CAN BE UTILIZED THAN A PORTION IS

REQUESTED WITH PAYMENT ARRANGEMENTS MADE ON THE BALANCE.

7. REFERRALS ARE OBTAINED FROM ADMISSIONS, COLLECTIONS, PHYSICIANS, AND

OTHER NON-SPECIFIED SOURCES.

8. THE PATIENT IS OFFERED COUNSELING ON FAMILY BUDGETS AND FINANCIAL

MATTERS.

PART I, LINE 7, COLUMN (F): THE BAD DEBT EXPENSE INCLUDED ON FORM 990,

PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING

THE PERCENTAGE IN THIS COLUMN IS \$ 1815813.

PART III, LINE 8: SHORTFALL IS CALCULATED USING THE ORGANIZATION'S

COST TO CHARGE RATIO. 100% OF THE SHORTFALL SHOULD BE TREATED AS COMMUNITY

BENEFIT.

HEART OF TEXAS MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 3: THE HOSPITAL TOOK INTO CONSIDERATION INPUT

FROM THOSE WITH SPECIAL KNOWLEDGE OR EXPERTISE IN PUBLIC HEALTH, THOSE

WITH CHRONIC DISEASE, LOW-INCOME, AND UNDERSERVED POPULATIONS, AS WELL AS

AREA BUSINESS LEADERS THROUGH SURVEYS AND FOLLOW-UP FOCUS GROUP

INTERVIEWS.

HEART OF TEXAS MEMORIAL HOSPITAL:

Part VI Supplemental Information

PART V, SECTION B, LINE 4: THE HOSPITAL CONDUCTED ITS CHNA THROUGH THE

REGIONAL HEALTHCARE PARTNERSHIP, REGION 13 WHICH INCLUDES HOSPITAL

FACILITIES IN COKE, COLEMAN, CONCHO, CROCKETT, ITRION, KIMBLE, MASON,

MCCULLOCH, MENARD, PECOS, REAGAN, RUNNELS, SCHLEICHER, STERLING, SUTTON,

TERRELL AND TOM GREEN COUNTIES.

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.

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization

HEART OF TEXAS HEALTHCARE SYSTEM

Employer identification number

32-0326595

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

ANY APPROPRIATE MANNER AND IN COMPLIANCE WITH APPLICABLE FEDERAL AND

STATE LAWS.

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

OPERATION, OR MANAGEMENT OF, ONE OR MORE HOSPITALS OR HEALTH CARE

ORGANIZATIONS OR OTHER ENTITIES WHOSE PURPOSE IS THE DELIVERY OF OR

ARRANGEMENT FOR HEALTH CARE OR HEALTH-RELATED SERVICES, INCLUDING BUT

NOT LIMITED TO HEART OF TEXAS MEMORIAL HOSPITAL ("HOSPITAL").

FORM 990, PART VI, SECTION B, LINE 11: HEART OF TEXAS HEALTHCARE SYSTEM

HAS A THIRD-PARTY TAX PROFESSIONAL PREPARE THE FORM 990 ON THEIR BEHALF. A

COPY OF THIS RETURN IS PROVIDED TO THE ADMINISTRATOR FOR INSPECTION IN

DRAFT FORM PRIOR TO FILING OF THE INFORMATIONAL TAX RETURN.

FORM 990, PART VI, SECTION B, LINE 12C: EACH DIRECTOR, PRINCIPAL OFFICER

AND MEMBER OF A COMMITTEE WITH BOARD DELEGATED POWERS ANNUALLY SIGNS A

STATEMENT THAT AFFIRMS SUCH PERSON HAS RECEIVED A COPY OF THE CONFLICT OF

INTEREST POLICY, HAS READ AND UNDERSTANDS THE POLICY, AND HAS AGREED TO

COMPLY WITH THE POLICY.

FORM 990, PART VI, SECTION B, LINE 15: COMPENSATION FOR HEART OF TEXAS

HEALTHCARE SYSTEM'S TOP MANAGEMENT PERSONNEL INCLUDE A REVIEW AND APPROVAL

BY THE BOARD OF DIRECTORS INVOLVING COMPARING COMPENSATION WITH SIMILAR

HOSPITALS IN BOTH SIZE AND LOCATION AND DELIBERATION BY THE BOARD.

Name of the organization

HEART OF TEXAS HEALTHCARE SYSTEM

Employer identification number

32-0326595

COMPENSATION FOR THE ORGANIZATION'S OFFICERS AND KEY EMPLOYEES INCLUDING

PHYSICIANS, ARE REVIEWED BY THE BOARD OF DIRECTORS AND APPROVED BY THE

ADMINISTRATOR.

FORM 990, PART VI, SECTION C, LINE 19: HEART OF TEXAS HEALTHCARE SYSTEM

MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL

STATEMENTS AVAILABLE TO THE PUBLIC FOR INSPECTION ON DEMAND THROUGH THE

ADMINISTRATION OFFICE.

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

HOPITAL PURCHASED SERVICES:

PROGRAM SERVICE EXPENSES 1,833,541.

MANAGEMENT AND GENERAL EXPENSES 477,132.

FUNDRAISING EXPENSES 0.

TOTAL EXPENSES 2,310,673.

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A 2,310,673.

THE HOSPITAL UTILIZES AN INDEPENDENT ACCOUNTING FIRM TO AUDIT THE

FINANCIAL STATEMENTS OF THE ORGANIZATION. THE BOARD OF DIRECTORS

ASSUMES OVERSIGHT OF THE AUDIT PROCESS.

**Heart of Texas Healthcare System
Brady, Texas**

**For the Years Ended
March 31, 2013 and 2012**

DURBIN & COMPANY, L.L.P.

Certified Public Accountants

2950 50th Street
Lubbock, Texas 79413
(806) 791-1591
Fax (806) 791-3974

INDEPENDENT AUDITOR'S REPORT

Management and the Board of Directors
Heart of Texas Healthcare System
Brady, Texas

We have audited the accompanying financial statements of Heart of Texas Healthcare System (the "Hospital"), which comprise the statements of financial position as of March 31, 2013, and the related statement of operations and changes in net assets, and cash flow for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

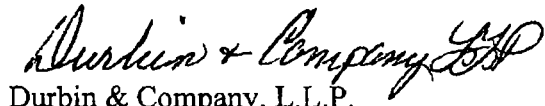
Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart of Texas as of March 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Durbin & Company, L.L.P." with a stylized flourish at the end.

Durbin & Company, L.L.P.

October 22, 2013

**Heart of Texas Healthcare System
Brady, Texas**

Financials

**For the Years Ended
March 31, 2013 and 2012**

HEART OF TEXAS HEALTHCARE SYSTEM

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2013 AND 2012

ASSETS:	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,725,127	\$ 972,721
Patient Accounts Receivable, Net of Allowance	1,731,487	1,477,450
Estimated Third-Party Payor Settlements	152,653	531,557
Other Receivables	1,554,159	302,136
Inventory of Supplies	60,523	63,817
Prepaid and Other Current Assets	<u>9,650</u>	<u>11,462</u>
Total Current Assets	<u>7,233,599</u>	<u>3,359,143</u>
PROPERTY, PLANT AND EQUIPMENT, Net of Accumulated Depreciation	<u>1,636,198</u>	<u>1,277,369</u>
Total Assets	<u>\$ 8,869,797</u>	<u>\$ 4,636,512</u>

The accompanying notes are an integral part of these financial statements

HEART OF TEXAS HEALTHCARE SYSTEM

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2013 AND 2012

LIABILITIES AND NET ASSETS:	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 327,014	\$ 186,353
Accrued Payroll, Benefits, and Related Liabilities	335,216	199,825
Current Portion of Long-Term Debt	304,332	206,245
Other Accrued Liabilities	<u>262,661</u>	<u>184,944</u>
Total current liabilities	<u>1,229,223</u>	<u>777,367</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	<u>598,522</u>	<u>392,765</u>
Total Liabilities	1,827,745	1,170,132
UNRESTRICTED NET ASSETS	<u>7,042,052</u>	<u>3,466,380</u>
Total Liabilities and Net Assets	<u>\$ 8,869,797</u>	<u>\$ 4,636,512</u>

The accompanying notes are an integral part of these financial statements

HEART OF TEXAS HEALTHCARE SYSTEM

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2013 AND FOR THE PERIOD OF INCEPTION
(NOVEMBER 17, 2010) THROUGH MARCH 31, 2012

	2013	2012
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT		
Net Patient Service Revenue	\$ 13,303,464	\$ 10,431,670
Indigent Care Support	1,338,607	2,780,938
Contributions and Grants	62,302	58,552
Other Operating Revenue	48,232	111,663
Total Unrestricted Revenues, Gains and Other Support	<u>14,752,605</u>	<u>13,382,823</u>
OPERATING EXPENSES		
Salaries	3,532,539	3,386,357
Employee Benefits	815,781	813,101
Professional Fees and Purchased Services	2,414,437	2,483,703
Supplies	976,712	746,222
Other Operating	3,095,191	2,453,789
Depreciation and Amortization	257,875	10,167
Interest	84,398	23,104
Total Operating Expenses	<u>11,176,933</u>	<u>9,916,443</u>
Increase in Unrestricted Net Assets	3,575,672	3,466,380
Net Assets, Beginning of Year	<u>3,466,380</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 7,042,052</u>	<u>\$ 3,466,380</u>

The accompanying notes are an integral part of these financial statements

HEART OF TEXAS HEALTHCARE SYSTEM

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2013 AND FOR THE PERIOD OF INCEPTION
(NOVEMBER 17, 2010) THROUGH MARCH 31, 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 3,575,672	\$ 3,466,380
Adjustments to Reconcile Changes in Net Assets		
To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	257,875	10,167
Provision for Bad Debts	1,815,813	2,126,218
(Increase) Decrease in:		
Patient Accounts Receivable	(2,069,850)	(3,603,668)
Estimated Third-Party Payor Settlements	378,904	(531,557)
Inventory of Supplies	3,294	(63,817)
Prepaid and Other Current Assets	(1,250,211)	(313,598)
Increase (Decrease) in:		
Accounts Payable	140,661	186,353
Accrued Salaries, Benefits, and Payroll Liabilities	135,391	199,825
Other Accrued Liabilities	77,717	184,944
Net Cash Provided by Operating Activities	3,065,266	1,661,247
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property, Plant and Equipment	(616,704)	(1,287,536)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds From Issuance of Long-Term Debt	585,620	651,887
Payments on Long-Term Liabilities	(281,776)	(52,877)
Net Cash Provided by Financing Activities	303,844	599,010
Net Increase in Cash and Cash Equivalents	2,752,406	972,721
Cash and Cash Equivalents at Beginning of Year	972,721	-
Cash and Cash Equivalents at End of Year	\$ 3,725,127	\$ 972,721

The accompanying notes are an integral part of these financial statements

HEART OF TEXAS HEALTHCARE SYSTEM
STATEMENTS OF CASH FLOWS (CONTINUED)

**FOR THE YEAR ENDED MARCH 31, 2013 AND FOR THE PERIOD OF INCEPTION
(NOVEMBER 17, 2010) THROUGH MARCH 31, 2012**

Supplemental Disclosure of Cash Flow Information

	<u>2013</u>	<u>2012</u>
Interest Paid	<u>\$ 84,398</u>	<u>\$ 23,104</u>

The accompanying notes are an integral part of these financial statements

**HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Heart of Texas Healthcare System (the "Hospital") was incorporated under the laws of the State of Texas on November 17, 2010. As discussed in Footnote 8, the Hospital leased the operations of the Hospital from the McCulloch County Hospital District. Operations of the Hospital began on April 1, 2011, and are administered through a Board of Directors elected at the annual meeting of the corporation. The Hospital is a not-for-profit corporation and is exempt from taxes under section 501(c)(3) of the Internal Revenue Code. The Hospital provides inpatient and outpatient services as well as other affiliated services to the community. The Hospital prepares its financial statements in accordance with generally accepted accounting principles.

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

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Hospital considers highly liquid investments with a maturity of three months or less to be cash equivalents.

Patient Accounts Receivable - The allowance for estimated uncollectible patient accounts receivable is maintained at a level which, in management's judgment, is adequate to absorb patient account balance write-offs inherent in the billing process. The amount of the allowance is based on management's evaluation of the collectability of patient accounts receivable, including the nature of the accounts, credit concentrations, historical write-off trends, specific impaired accounts, and economic conditions. Allowances for uncollectible and contractuals are generally determined by applying historical percentages to financial classes within accounts receivable. The allowances are increased by a provision for bad debt expenses and contractual adjustments, and reduced by write-offs, net of recoveries.

Property, Plant and Equipment - Property, Plant and Equipment are stated at cost and include expenditures for improvements and betterments which substantially increase the useful lives of existing plant and equipment. Maintenance repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss is credited or charged to income. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Donated assets are recorded at fair market value on the date of donation.

**HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Hospital capitalizes all assets over \$5,000 and provides for depreciation of property and equipment by the straight line method and at rates promulgated by the American Hospital Association which are designed to amortize the cost of such equipment over its useful life as follows:

Land Improvements	15 to 20 years
Building (Components)	5 to 50 years
Fixed Equipment	7 to 25 years
Major Moveable Equipment	3 to 20 years

Risk Management - The Hospital is exposed to various risks of loss from torts: theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disaster; and employee health, dental, and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Inventory of Supplies - Inventory is stated at historical cost on the First-In, First-Out (FIFO) method.

Temporarily and Permanently Restricted Net Assets - Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

Excess (Deficiency) of Revenues over Expenses - The statement of operations includes excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Net Patient Service Revenue - The Hospital has agreements with third-party payors that provide for payments to the hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, charity care is excluded from net patient revenue.

**HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Taxes - The Hospital is a not-for-profit corporation and is qualified as a tax-exempt organization; therefore, no expense has been provided for income taxes in the accompanying financial statements.

Accounting Pronouncements - In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, as an amendment to ASC Topic 954. ASU 2011-07 requires the reclassification of the provision for bad debt associated with patient service revenue from an operating expense to a deduction from patient service revenue. This amendment also requires enhanced disclosure of the policies for recognizing revenue and accessing bad debts, the disclosure of patient service revenue, and additional information about changes in the allowance for doubtful accounts. The Hospital has chosen to early adopt ASU 2011-07, as allowed, for the period of inception (November 17, 2010) through March 31, 2012.

NOTE 2 - NET PATIENT REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital in amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement method. The Hospital is reimbursed for allowable costs at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital'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 Hospital.

HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

NOTE 2 - NET PATIENT REVENUE (CONTINUED)

Medicaid - Inpatient services are paid under prospectively determined rates per discharge, which include reimbursement for capital costs, based on a patient classification system that is based on clinical, diagnostic and other factors. The prospectively determined rates are not subject to retroactive adjustment. Outpatient services are paid based on the lower of reasonable costs or customary charges, a fee schedule or blended rates.

Other - The Hospital has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Net patient service revenue is comprised as follows:

	<u>2013</u>	<u>2012</u>
Routine Patient Services	\$ 680,476	\$ 636,904
Ancillary Patient Services		
Inpatient	2,264,063	1,994,744
Outpatient	<u>16,474,822</u>	<u>15,039,769</u>
Gross Patient Service Revenue	19,419,361	17,671,417
Charity	(87,333)	(66,023)
Bad Debt	(1,815,813)	(2,126,218)
Third-Party Contractual Adjustments	(9,573,663)	(6,988,833)
Uncompensated Care Funding	4,834,055	1,468,526
Medicaid Disproportionate Share and Other Credits	<u>526,857</u>	<u>472,801</u>
Net Patient Service Revenue	<u><u>\$13,303,464</u></u>	<u><u>\$10,431,670</u></u>

Estimated Third-Party Payor Settlements - Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that the recorded estimate will change by a material amount in the near term. Anticipated final settlement amounts from current and prior years' cost reports are recorded in the financial statement as they are determined by the Hospital.

Charity Care - The value of charity care provided by the Hospital based upon its established rates, was \$87,333 and \$66,023 in 2013 and 2012, respectively. ASU 2010-23 requires charity care to be disclosed on a cost basis. The Hospital utilizes the cost to charge ratios, as calculated based on its most recent cost reports, to determine the total cost. The Hospital's cost of providing charity care was estimated at \$52,258 and \$39,507 for the years ended March 31, 2013 and 2012, respectively.

HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

NOTE 3 - ACCOUNTS RECEIVABLE

Patient accounts receivable consist of the following at March 31:

	<u>2013</u>	<u>2012</u>
Gross Accounts Receivable	\$ 7,369,209	\$ 4,360,731
Less: Allowance for Bad Debts	(3,243,348)	(488,907)
Allowance for Contractuals	(2,394,374)	(2,394,374)
Accounts Receivable, Net of Allowance	<u>\$ 1,731,487</u>	<u>\$ 1,477,450</u>

Concentration of Credit Risk - The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements.

The mix of receivables from patients and third-party payors at March 31 is as follows:

	<u>2013</u>	<u>2012</u>
Medicare	18%	35%
Medicaid	11%	5%
Other Third-Party Payors	25%	19%
Patients	<u>46%</u>	<u>41%</u>
Total	<u>100%</u>	<u>100%</u>

HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant, and equipment at cost less accumulated depreciation, as of March 31:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 1,620,266	\$ 61,000
Construction In Progress	<u>283,974</u>	<u>1,226,536</u>
Total Property, Plant and Equipment	1,904,240	1,287,536
Less Accumulated Depreciation	<u>(268,042)</u>	<u>(10,167)</u>
Property, Plant and Equipment, Net	<u><u>\$ 1,636,198</u></u>	<u><u>\$ 1,277,369</u></u>

Construction in progress at March 31, 2013 and 2012 relates to equipment that is in the process of being installed.

NOTE 5 - LONG TERM DEBT

A summary of long term debt and capital lease obligations at March 31, 2013 and 2012, follows:

	<u>2013</u>	<u>2012</u>
Capital Lease obligations, at varying rates of imputed interest from 5.1 percent to 17.9 percent collateralized by leased equipment	\$ 902,854	\$ 599,010
Less Current Portion	<u>(304,332)</u>	<u>(206,245)</u>
	<u><u>\$ 598,522</u></u>	<u><u>\$ 392,765</u></u>

Long term debt and capital lease maturities are as follows:

For the Year Ending March 31,	<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 304,332	\$ 66,772
2015	200,736	45,748
2016	219,809	26,675
2017	<u>177,977</u>	<u>7,006</u>
Total	<u><u>\$ 902,854</u></u>	<u><u>\$ 146,201</u></u>

**HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

NOTE 6 – PENSION PLAN

The Hospital has a 403(b) employee benefit plan under which employees become participants upon completion of one year of service. The Hospital does not match employee deferrals, and employer contributions are discretionary. Total pension plan expense for the year ended March 31, 2013 and 2012, was \$114,941 and \$111,471.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation - The Hospital is from time to time subject to claims and suits for damages, including damages for personal injuries to patients and others, most of which are covered as to risk and amount. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the Hospital's financial position or results of operations.

Malpractice Insurance – The Hospital pays fixed premiums for annual medical malpractice coverage under occurrence-basis policies. In general, the Hospital bears risks for any individual claims with costs exceeding \$1,000,000 and the excess, if any, over aggregate costs of \$3,000,000, for claims occurring during the policy year. The Hospital accrues the expenses of its share of malpractice claims costs, if any, of the reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate cost of any incident. Such estimates are based on the Hospital's own claim experience. No accrual for medical malpractice claims has been made in the accompanying financial statements.

Operating Leases – The Hospital leases various equipment and facilities under operating leases expiring at various dates through 2013. Total rental expense in 2013 and 2012 for all operating leases was \$2,432,478 and \$1,846,486, respectively.

NOTE 8 – HOSPITAL LEASE AND INDIGENT CARE AGREEMENTS

Lease Agreement - During 2011, the Hospital entered into a hospital lease, operating and indigent care agreement with McCulloch County Hospital District. This agreement requires the hospital to pay rent to the District for the lease of all assets real, personal and mixed, tangible and intangible owned or leased by the District and associated with or employed in the operations of its hospital. The Hospital will use the property for hospital purposes or purposes incidental and necessary to such purposes. The initial term of this agreement is for one year with automatic renewal of successive one year terms. The agreement may be terminated by either party by advance written notice of not less than six months prior to the expiration of the then current term. In connection with this agreement, the Hospital paid \$2,400,000 and \$1,800,000 to the District which has been recorded in operating expenses for the periods ended March 31, 2013 and 2012.

As of March 31, 2013 and 2012, the Hospital was owed \$277,857 and \$302,136 from the Hospital District. This amount has been recorded as a current asset on the statements of financial position as of March 31, 2013 and 2012.

**HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

NOTE 8 – HOSPITAL LEASE AND INDIGENT CARE AGREEMENTS (CONTINUED)

Affiliation Agreements - McCulloch County Hospital District has indigent care affiliation agreements with the Hospital and other Private Hospitals. These agreements are intended to increase funding for the Medicaid population and to access federal funding for the indigent population through the Texas Medicaid Supplemental Payment Program also known as the Private Upper Payment Limit Program. Under these agreements, it allows McCulloch County Hospital District to contribute certain governmental funds to the State of Texas that are federally matched, and are distributed back to the Hospital and the other private Hospitals who participate.

McCulloch County Hospital District is a member of both the Service Organizations of Concho Valley and Big Country. These Service organizations provide health care benefits back to the communities of its members. Under this arrangement, the Hospital received services that were valued at \$1,338,607 and \$1,530,938 for the periods ending March 31, 2013 and 2012, respectively. The Hospital also received an additional \$1,250,000 from the District in 2012 for indigent care.

Effective October 1, 2011, the Private Upper Payment Limit Program transitioned to the Section 1115 Demonstration Waiver for the Texas Healthcare Transformation and Quality Improvement Program. Under the Waiver, the Hospital continued to maintain the affiliation agreement noted above. Additionally, as part of the 1115 Waiver and with the McCulloch Hospital Districts membership with the Service Organization of Concho Valley, the Hospital entered into an Inpatient and Outpatient Uncompensated Care, and Subsidy Agreement with the Service Organization of Concho Valley. Under this agreement the Hospital was able to access additional uncompensated care funding in the amount of \$4,834,055 and \$1,468,526, for the periods ending March 31, 2013 and 2012, which has been recorded in net patient service revenue.

NOTE 9 – INCOME TAXES

The Hospital is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Hospital evaluates and accounts for uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes (formerly FASB Interpretation 48 (FIN 48) Accounting for Uncertainty in Income Taxes. This standard requires certain disclosures about uncertain income tax positions. The Hospital evaluates any uncertain tax positions using the provisions of ASC 450, Contingencies. As a result, management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. The Hospital has filed all applicable tax returns.

**HEART OF TEXAS HEALTHCARE SYSTEM
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

NOTE 10 – FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2013</u>	<u>2012</u>
Health Care Services	\$ 9,693,810	\$ 8,722,337
General and Administrative	<u>1,483,123</u>	<u>1,194,106</u>
	<u>\$ 11,176,933</u>	<u>\$ 9,916,443</u>

NOTE 11 - SUBSEQUENT EVENTS

The date to which events occurring after March 31, 2013, the date of the most recent statement of financial position have been evaluated for possible adjustment to the financial statements or disclosures is October 22, 2013, which is the date on which the financial statements were available to be issued.

DURBIN & COMPANY, L.L.P.

Certified Public Accountants

2950 50th Street
Lubbock, Texas 79413
(806) 791-1591
Fax (806) 791-3974

ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION

Management and the Board of Directors
Heart of Texas Healthcare System
Brady, Texas

Our report on our audit of the basic financial statements of Heart of Texas Healthcare System for the year ended March 31, 2013 and 2012, appears at the beginning of this report. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information on pages 16 through 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Durbin & Company, L.L.P.
October 22, 2013

HEART OF TEXAS HEALTHCARE SYSTEM
NET PATIENT SERVICE REVENUE AND OTHER OPERATING REVENUE
FOR THE YEAR ENDED MARCH 31, 2013 AND FOR THE PERIOD OF INCEPTION
(NOVEMBER 17, 2010) THROUGH MARCH 31, 2012

	<u>2013</u>	<u>2012</u>
Routine Services		
Routine services	\$ 680,476	636,904
Total Routine Services	680,476	636,904
Ancillary and Other Services		
Inpatient:		
Radiology	382,261	335,020
Laboratory	595,090	489,529
Blood	8,415	9,983
Respiratory therapy	298,798	268,228
Physical therapy	25,236	18,926
Occupational therapy	3,105	1,848
Central supply	331,516	371,968
Pharmacy	470,699	403,148
Emergency	105,144	66,597
Emergency Doc Revenue	43,799	29,497
Total Inpatient Ancillary Services	<u>2,264,063</u>	<u>1,994,744</u>

See Accountant's Report on supplementary information

HEART OF TEXAS HEALTHCARE SYSTEM
NET PATIENT SERVICE REVENUE AND OTHER OPERATING REVENUE
FOR THE YEAR ENDED MARCH 31, 2013 AND FOR THE PERIOD OF INCEPTION
(NOVEMBER 17, 2010) THROUGH MARCH 31, 2012

	<u>2013</u>	<u>2012</u>
Outpatient:		
Operating room	\$ 468,034	\$ 387,742
Anesthesiology	187,852	181,906
Radiology	3,325,901	2,740,945
Laboratory	3,045,646	3,053,931
Blood	13,256	21,951
Respiratory therapy	883,767	635,398
Sleep Study	155,331	166,869
Physical therapy	484,729	335,324
Central supply	239,948	210,222
Pharmacy	573,994	495,150
Geri Psych	1,709,082	1,890,560
Cardiac Rehab	65,730	114,715
Rural Health Clinic	1,312,005	1,324,130
Treatment Room	384,027	416,356
Dietary Consultant	4,073	3,918
Emergency Room	2,050,020	1,631,080
Emergency Doc Revenue	1,163,552	974,323
Observation	407,875	455,249
Total Outpatient Ancillary Services	<u>16,474,822</u>	<u>15,039,769</u>
 Gross Patient Revenue	 <u>\$19,419,361</u>	 <u>\$17,671,417</u>

See Accountant's Report on supplementary information

HEART OF TEXAS HEALTHCARE SYSTEM
NET PATIENT SERVICE REVENUE AND OTHER OPERATING REVENUE
FOR THE YEAR ENDED MARCH 31, 2013 AND FOR THE PERIOD OF INCEPTION
(NOVEMBER 17, 2010) THROUGH MARCH 31, 2012

	<u>2013</u>	<u>2012</u>
Gross Patient Revenue	\$19,419,361	\$17,671,417
Deductions from Revenue:		
Charity	(87,333)	(66,023)
Bad Debt	(1,815,813)	(2,126,218)
Third-Party Contractual Adjustments	(9,573,663)	(6,988,833)
Uncompensated Care Funding	4,834,055	1,468,526
Medicaid Disproportionate Share	<u>526,857</u>	<u>472,801</u>
Total Deductions from Revenue	<u>(6,115,897)</u>	<u>(7,239,747)</u>
Net Patient Service Revenue	13,303,464	10,431,670
Indigent Care Support	1,338,607	2,780,938
Contributions and Grants	62,302	58,552
Other Operating Revenue	<u>48,232</u>	<u>111,663</u>
Total Unrestricted Revenues, Gains and Other Support	<u>\$14,752,605</u>	<u>\$13,382,823</u>

See Accountant's Report on supplementary information

HEART OF TEXAS HEALTHCARE SYSTEM**OPERATING EXPENSES****FOR THE YEAR ENDED MARCH 31, 2013 AND FOR THE PERIOD OF INCEPTION
(NOVEMBER 17, 2010) THROUGH MARCH 31, 2012**

	<u>2013</u>	<u>2012</u>
Routine Services	\$ 775,840	\$ 891,650
Ancillary Services		
Operating room	75,689	41,692
Anesthesiology	40,710	39,540
Radiology and nuclear medicine	254,897	327,375
Laboratory	562,165	582,899
Blood	6,667	4,671
Respiratory therapy	79,406	88,327
Sleep study	31,002	28,606
Physical therapy	159,140	140,949
Occupational therapy	863	638
Central supply	149,702	128,977
Pharmacy	386,256	311,236
Geri Psych	492,771	490,222
Cardiac Rehab	13,328	29,457
Clinic	886,591	1,070,448
Treatment Room	12,397	34,891
Coumadin	43,090	45,091
Dietary Consultant	7,050	8,750
Emergency	<u>1,050,775</u>	<u>907,638</u>
Total Ancillary Services	4,252,499	4,281,407

See Accountant's Report on supplementary information

HEART OF TEXAS HEALTHCARE SYSTEM**OPERATING EXPENSES****FOR THE YEAR ENDED MARCH 31, 2013 AND FOR THE PERIOD OF INCEPTION
(NOVEMBER 17, 2010) THROUGH MARCH 31, 2012**

	<u>2013</u>	<u>2012</u>
General Services		
Operation and Plant	\$ 413,500	\$ 273,606
Laundry and Linen	1,676	4,669
Housekeeping	169,620	134,060
Dietary	174,714	177,963
Total General Services	<u>759,510</u>	<u>590,298</u>
Administrative Services		
Salaries	535,714	402,837
Other Operating	1,098,547	788,483
Employee Benefits	814,805	827,600
Medical Records	235,825	245,019
Rental expense	2,446,318	1,878,982
Total Administrative Services	<u>5,131,209</u>	<u>4,142,921</u>
Depreciation	<u>257,875</u>	<u>10,167</u>
Total Operating Expenses	<u>\$11,176,933</u>	<u>\$ 9,916,443</u>

See Accountant's Report on supplementary information

Community Needs Assessment

Regional Healthcare Partnership

Region 13

August 2012

Dick Sweeden

TMSI, Inc.

Austin, Texas

Table of Contents

Introduction	Page 3
Demographics	Page 4
Insurance	Page 5
Current Healthcare Structure	Page 6
Anticipated Changes	Page 12
Key Health Challenges	Page 13
Description of Needs Addressed Through Region Plan	Page 16
Opportunities	Page 17
Appendix	Page 18
US Census Quickfacts Coke County	Page 19
Mental Health Services Region 13	Page 22
Potentially Preventable Hospitalizations	Page 23
McCulloch County Sample	
County Health Rankings Model	Page 26
Health Facts Profiles Pecos County	Page 28

Introduction

With the approval of the 1115 Waiver for Medicaid, the Texas Health and Human Services Commission (HHSC) has established the following goals to insure the innovation of the healthcare delivery system in Texas:

- Improve access to care for Medicaid patients

- Improve quality of care delivered

- Improve cost effectiveness of care

- Improve coordination of care across providers and across communities

Regional Health Partnership13, (Region 13), consisting of both urban and rural communities, is using this Community Needs Assessment to gather data that focuses on barriers to accessing care, and will use that data to support the Delivery System Reform Incentive Payment (DSRIP) projects that will be submitted to HHSC.

The Community Needs Assessment can assist the participants in Region 13 in defining opportunities to meet the HHSC goals as outlined, thereby enhancing the overall health of Community members. According to the Agency for Health Care Research and Quality, (AHCQRQ) Texas ranked weak or very weak in nine out of 12 categories as measured in the most recent score card issued by AHCQRQ. Particular areas of weakness included home health care, preventive, acute and chronic healthcare delivery. Texas has the highest rate of uninsured in the nation, at 25% of the population *

The data has been gathered at the County level, and has been analyzed for commonalities across the Region. The Assessment will contribute data for DSRIP projects, and will be supplemented by individual providers and agencies with local supporting data.

*Chns Tomlinson, Associated Press, Temple Daily Telegram, Friday, July 6, 2012

Demographics

Region 13 includes Coke, Coleman, Concho, Crockett, Irion, Kimble, Mason, McCulloch, Menard, Pecos, Reagan, Runnels, Schleicher, Sterling, Sutton, Terrell, and Tom Green counties. The population of the area is approximately 190,079 citizens, which represents a growth of 2% since the 2000 census, and is 0.76% of the State's total population. The ratio of Female to Male residents in the Region is approximately 49%-51%, respectively. The Region encompasses a land area of 25,721 square miles, with a population density that ranges from less than one person per square mile in Terrell County to 69.4 per square mile in Tom Green County.

West Central Texas is a mostly rural Region that covers nearly 10% of the State, but is geographically isolated from major cities and highways. The service area of Region 13 is larger than the state of West Virginia, requiring some residents to travel up to two hours to see a healthcare professional. In addition to geographic isolation, the Region has low rates of educational attainment, high rates of poverty, and high rates of chronic diseases such as obesity, diabetes, and heart disease.

The median age of Region 13 is 39.2 years, and the median Household Income is \$39,578. The average wage per job is \$34,403. The unemployment rate for the Region is 6.7%, with the number of uninsured children and adults at 28.4%. Those currently living below the poverty rate are 18% of the Region, and 28.3% of children live below the poverty rate.

Unemployment rate	6.7%	Range: 4.1--9.0%
Residents below Poverty Rate	18.0%	Range: 9.6--28.4%
Children below Poverty Rate	28.3%	Range: 14.5--40.9%
Uninsured 0 – 64 years	28.4%	Range: 25.7--42.5%

Source: Health Facts Profile www.dshs.state.tx

78% of residents in the Region have a High School diploma, with a range from 61.9% in Crockett County to 86.3% in Coke County. Those residents with a Bachelor's degree or higher are at 19% of the population, with a range from 9.1% in Crockett County to 28.9% in Mason County.*

*quickfacts census.gov

Ethnicity and/or Race are important demographic measures for the Region to consider, as certain diseases affect some ethnic groups and races at a higher rate than other groups. In particular, African Americans and Hispanics tend to have a higher incidence of Diabetes and Hypertension. These two chronic diseases tend to lead to other illnesses, including Cardiac and Vascular disease. Access to Primary Care and Specialty Care is an issue, especially in Rural Communities, and therefore increases the impact that chronic diseases can have on at-risk populations, not only in Region 13 but throughout Texas. The racial/ethnic breakdown in the Region is 57.1% non-Hispanic Caucasian, 37.98% Hispanic, and 4.92% African-American.*

Insurance

Region 13's population includes a broad variety of ages, socio-economic groups, and insured/non-insured individuals. As the number of residents who are 65 and older continues to grow, the utilization of Medicare resources grows. This growth is not only with the raw number of individuals, but also with the increase of chronic diseases, such as diabetes, cardiac health, circulatory diseases, and mental health issues. Likewise, the number of uninsured/underinsured is growing as unemployment remains high, and as small businesses choose to not offer health benefits.

With the implementation of the Affordable Care Act over the next several years, it is anticipated that more individuals will have access to some form of insurance, either through the expansion of Medicaid, should the State of Texas participate in the program, and/or through the development of Insurance Exchanges.

Using the Medicaid data from April, 2012, the number of Medicaid enrollees in the Region is 22,461, or 11.8% of the population. Medicare enrollees in 2011 were at 33,433, or 17.6% of the population. The number of CHIP enrollees in the Region for July, 2012, was an average of 97 for the 16 Rural counties, and a total of 2,308 for Tom Green County.

*quickfacts census.gov

	Number	Percentage
Medicare	33,433	17.60%
Medicaid	22,641	11.80%
CHIP	97*	
Uninsured	53,970	28.39%
Insured	80,215	42.20%

***Average enrollment for Rural Counties; Tom Green County enrollment is 2,308.**

Source: www.hhsc.tx.us Medicaid Enrollment files, CHIP Enrollment files, www.county-health.findthedata.org

The United States Census Bureau provides further information on insurance through its' Small Area Health Insurance Estimates, having released the 2009 Health Insurance Coverage Status report in October, 2011. The report combines survey data with population estimates and administrative records from a variety of sources, including Medicaid, Children's Health Insurance Program (CHIP), the Census reports, and several others. The data can be reviewed by the number of insured and uninsured, by age group, by sex, and by income levels. For the purposes of this report, the total numbers and percentages by Region are included although it can be viewed by County.

Current Healthcare Structure

The Hospitals and Medical Centers operating within Region 13 include two major urban Medical Centers and seven community hospitals operating in rural Communities:

- Coleman County Medical Center
 - 25 beds
 - Hospital District
- Concho County Hospital
 - 16 beds
 - Hospital District
- Kimble Hospital
 - 15 beds
 - Hospital District

- Heart of Texas Memorial Hospital
 - 25 beds
 - Hospital District
- Iraan General Hospital District
 - 14 beds
 - Hospital District
- Pecos County Memorial Hospital
 - 27 beds
 - County Hospital
- Reagan Memorial Hospital
 - 14 beds
 - Hospital District
- North Runnels Hospital
 - 25 beds
 - Hospital District
- Ballinger Memorial Hospital
 - 25 beds
 - Hospital District
- Schleicher County Medical Center
 - 4 beds
 - Hospital District (shows FP in TORCH directory, District in THA Directory)
- Sutton County Hospital District
 - 12 beds
 - Hospital District
- River Crest Hospital
 - 80 beds
 - Investor-owned/ Mental Health
- San Angelo Community Medical Center
 - 171 beds
 - Investor-owned
- Shannon Medical Center
 - 421 beds
 - Not-for-profit

In addition to Acute care, the operations of these facilities include Rural Health Clinics, Home Health Agencies, and other mechanisms to address the needs for Primary Care Access as well as for Specialty Care.

- Skilled Nursing Facilities
- Primary Care clinics
- Specialty Care clinics

- Mental Health clinics---Seniors, other Adults, Adolescents
- Outpatient Rehabilitation clinics
- Wellness and Fitness Centers
- Cardiac Rehabilitation
- Sleep Labs
- Senior Health Centers
- Wound Care/Hyperbarics
- Teleradiology
- Other specialty care---Heart Centers, Stroke Centers, Cancer Centers

Further, Mental Health Authorities, Health Districts, Emergency Management Districts, and Cities and Counties are represented in the Regional Health Partnership, and are key participants in the effort to create innovative methods of healthcare delivery.

The U.S. Department of Health and Human Services, through its' Health Resources and Services Administration (HRSA), defines Health Professional Shortage Areas (HPSA) as having a shortage of Primary Care Providers, and/or Dental and Mental Health Providers. Designation may be by geography (designation of a County as a HPSA), by demographics (low income population in a given area), or by institution (Comprehensive Health Centers, FQHCs, or other public facilities). Medically Underserved Areas/Populations (MUA/P) are defined as having too few Primary Care Providers, high infant mortality, high poverty, and/or high elderly population. Region 13 has both HPSA designations and MUA/P designations in every county it represents, whether for the entire county, or for special populations, as is the case for Tom Green County. In particular, a shortage of Primary Care Providers and of Mental Health Providers exists throughout the Region.

Population per Physician			
	County	Texas	U.S.
Coke	0	1050:1	631:1
Coleman	1072:1		
Concho	0		
Crockett	0		
Irion	0		
Kimble	1108:1		
Mason	0		

McCulloch	1312:1
Menard	1063:1
Pecos	1324:1
Reagan	1511:1
Runnels	1281:1
Schleicher	910:1
Sterling	0
Sutton	719:1
Terrell	919:1
Tom Green	1108:1

Source: www.countyhealthrankings.org

As the numbers indicate, six of the seventeen counties in Region 13 have no Primary Care Physicians, and most of the remaining counties suffer from a shortage of Primary Care Physicians. Additionally, while all of the rural hospitals offer some Specialty Clinics, there are shortages in that area as well. Patients and families are required to travel long distances to access the care they need, particularly if it involves Specialists. Such travel can be difficult for the elderly and the poor, whose numbers are significant in rural Texas.

Healthy People 2020* has established numerous goals to address the health issues faced by Americans today. One goal is to "improve access to comprehensive, quality health care services." It points out that the four components of access are: coverage, services, timeliness, and workforce. Healthy People 2020 also addresses the barriers to services: lack of available resources, cost, and lack of insurance coverage. Those who lack coverage are less likely to get care, and more likely to experience poor health status and pre-mature death. Region 13's efforts to address access, in conjunction with the State of Texas, are vitally important to those citizens who struggle today with lack of insurance, lack of primary and specialty care in their communities, and lack of providers.

According to the Henry J. Kaiser Foundation**, nearly one in five Americans lacks adequate access due to a shortage of primary care physicians in their communities. Further, the Foundation points out the important characteristics of Primary Care:

*www.healthypeople.gov

**kaiseredu.org/Issue-Modules/Primary-Care-Shortage/Background-Brief.aspx

A first contact for any new health issue or need

Long-term, person-focused care

Comprehensive care for most health needs

Coordination of care when it must be received elsewhere

Medical School training programs report a decline in the number of students entering into primary care, for a variety of reasons. Specialty care is more attractive in terms of reimbursement and therefore income, as well as offering more control over ones' life. The Foundation reports that only about 8% of medical school graduates go into Family Medicine, which impacts communities everywhere, but especially in rural areas.

For Region13, already facing a shortage of Primary Care providers, the increasing shortage creates an even greater challenge. There are provisions in the Patient Protection and Affordable Care Act to increase training slots, and to offer financial incentives for Primary Care providers. However, it is not known at this time how those incentives will balance with the addition of individuals seeking care through the new insurance exchanges and/or Medicaid expansion.

As noted above, Region13 is a Mental Health Professional Shortage Area. Lack of access to Mental Health Professionals in the rural communities creates significant problems in terms of Emergency Room visits, untreated mental health conditions, and complications in treating medical conditions which are worsened by the presence of mental health issues. Another goal of Healthy People 2020 is to "improve mental health through prevention and by assuring access to appropriate, quality mental health services". Healthy People 2020 addresses the close connection between mental and physical health, and how dealing with one makes it difficult for the patient to overcome the other.

Further, Healthy People 2020 points out the emergence of new mental health issues, to include the needs of Veterans who have experienced physical and mental trauma, and the needs of the Elderly, who are dealing with dementia and related disorders. Region 13, with the presence of Goodfellow Air Force Base in San Angelo, and with many Rural areas where the Elderly and Military retirees reside, is a prime area for addressing these two growing issues.

According to an article in the San Antonio Business Journal, October 17, 2010, by W. Scott Bailey*, a study by the National Alliance on Mental Illness (NAMI) found that 833,000 Texans suffer from serious mental illness, but only 21% of that population is

* Source San Antonio Business Journal, October 17, 2010, W. Scott Bailey

being served by a state mental health agency. NAMI indicates that an unknown percentage of these Texans may be receiving help from other sources, or may be ineligible for assistance. The same article reports that the Mental Health Association in Texas indicates that Mental Illness costs the State as much as \$17 million annually due to lost productivity and family income.

According to NAMI, one in four adults and one in ten children are impacted by Mental Illness, and in a report published in November, 2011*, stated that Texas now ranks last in per capita funding for people with Mental Illness. This is despite an increase of 4.3% in funding over the last three years.

In comments to the HHSC 2012 Summit on August 8, 2012, Octavio Martinez, MD, MPH, MHA, Executive Director of the Hogg Foundation for Mental Health, reported that only one third of adults and one fourth of children in Texas with serious mental illness receive services through the Community Mental Health System. Dr. Martinez also reported on the need for closer coordination between Mental Health Professionals and Primary Care Professionals. Most mild to moderate mental health conditions are seen in the Primary Care setting, and patients with chronic medical conditions tend to have a high rate of behavioral health problems.

According to Dr. Martinez, less than fifty per cent of referrals for Specialty Mental Health care are pursued by patients due to:

1. Lack of insurance, or inadequate insurance coverage for mental health.
2. Poverty level.
3. Transportation.
4. Cultural beliefs.

Conversely, Dr. Martinez pointed out that in Behavioral Health settings, more than 50% of medical conditions go unrecognized. With Physical Health and Mental Health organizations functioning separately, these issues will continue. The opportunities for dramatic improvement in the delivery of Mental Health care in Texas lie in the ability of the Hospitals, Primary Care providers, and Mental Health providers to develop a network of continuous care across all three domains.

Region 13 residents are served by a variety of Mental Health agencies, providing Adult and Child and Adolescent mental health services, as well as Intellectual and Developmental Disabilities/Early Childhood Intervention. Agencies include The Center for Life Resources, covering Coleman and McCulloch counties, MHMR Concho Valley, covering Tom Green, Coke, Crockett, Irion, Sterling, Reagan, and Concho counties,

* Source The Texas Tribune, November 10, 2011, Claire Cordona,

West Texas Centers, covering Runnels and Terrell counties, Hill Country MHMR, covering Kimble, Mason, Menard, Schleicher, and Sutton counties, and Permian Basin Community Centers, covering Pecos County. (See Appendix page 22 for details).

Barriers to care cited by these Agencies include:

- Lack of transportation/no bus system
- Shortage of all Physicians, including Psychiatrists
- Lack of Psychiatric hospitals
- Cost of medications
- Co-pay for clinic services
- Clinic hours of operation conflict with Patients' work schedules
- Lack of insurance
- Poverty

Anticipated changes in the Region

During the next four years of the Waiver, changes are anticipated both in the population of the Region as well as in the number of insured. As the Baby Boomers move into the Medicare age, greater needs will exist for access to care, especially relating to chronic health needs. Transportation will become more of an issue as well, impacting the need for improved access at the Community level for both primary and specialty care.

Projections by DSHS show an expected decrease in population of 1% for the Region by 2020

REGION 13 Population Projection

2012	2020
189,956	187,629

Source: Texas Health Data Population Projections, DSHS

Further, as the roll out of the Medicaid Managed Care program extends through the Region, it is anticipated that more of the current 28% uninsured will move into some form of coverage, either through Medicare, Medicaid, or the Insurance Exchanges that are anticipated.

According to the Texas Health and Human Services Commission, the goals of the 1115 Waiver include:

- Expand risk-based managed care statewide
- Support the development of a coordinated care delivery system through Regions and a five-year transformation plan

- Improve outcomes while containing cost growth
- Protect and leverage financing to improve and prepare the healthcare infrastructure to serve a newly insured population
- Transition to a quality-based payment system
- Provide a mechanism for investments in delivery system reform, including improved coordination in the current delivery system now, providing services to individuals likely to gain coverage in 2014

Given these goals, and the funding that is available for uncompensated care and for innovative changes in the delivery system, the participants in Region 13 are expected to use the next five years to create innovative and coordinated models of care to accommodate the growing population and the increasing number of insured citizens of Texas. Through the DSRIP process, these goals will be achieved.

Key Health Challenges The value of a Community Needs Assessment is that it allows Healthcare and other Leaders in a Community to review the factors that impact the overall health of its citizens, both from a behavioral risk standpoint as well as a delivery system standpoint.

The Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute have developed an excellent interactive program (County Health Rankings and Roadmaps) which ranks Counties and States according to numerous factors impacting the health of Communities. Utilizing data on Health Outcomes, the program looks at Mortality and Morbidity, including premature death, low birth weight, and poor physical and mental health days. In conjunction with those measures, the model also addresses Health Factors, including health behaviors, clinical care (access), socio-economic factors, and physical environment.

The rankings are then determined by County, using the model as presented on page 26 in the Appendix. The purpose of using this model is to not only identify the major factors affecting the health of a Community, it also provides enough data to develop a roadmap to improve the overall health of that Community. Region 13 has a variety of health issues to address, but as with all of Texas, the following stand out in particular:

Adult Diabetes	10.3%	Range: 9.0--11.8%
Adult Obesity	29.2%	Range: 26.7--34.0%
Low income Pre-school Obesity*	13.4%	Range: 7.3--21.6%

Source: www.cdc.gov Texas Surveillance Data; * www.city-data.com (Average of ten Counties reporting)

Obesity is an area of concern, both in Adults and in Children, as it can lead to Diabetes, Coronary Artery Disease, Circulatory Disease, and many other chronic conditions as well as premature death. According to the Texas Diabetes Council*, 9.7% of adults in Texas who are age 18 and above have been diagnosed with Diabetes (approximately 1.8 million adults). The comparative rate in the United States is 9.3% (approximately 22 million adults). The Council reports that while there is not a significant difference between males and females in the prevalence of Diabetes, the rate increases with age, impacting the elderly.

The prevalence of Diabetes among Blacks in Texas is significantly higher, at 16.5%, compared to other race/ethnic groups. Among Hispanics, the rate is 11%, and among Whites, it is 8.2%. In a 2009 survey by the Texas Diabetes Council, using the Behavioral Risk Factor Surveillance System (BRFSS), the information on Adults with Diabetes was collected, along with data for those less than 18 years of age. Among that population, it was estimated that 26,000 Texas youth had been diagnosed with either Type I or Type II Diabetes.

Providers across Texas, including those in Region 13, are dealing with the issue of Diabetes, and with Obesity, through Clinics, Educational programs, and in the case of Childhood Diabetes and Obesity, by working with the School Districts on education regarding proper nutrition and exercise. According to the Centers for Disease Control**, 17% of Children between the ages of 2 to 19 are obese, and 1 of 7 low income Pre-school Children are obese. Opportunities exist for Providers to work with Educators on the issues of nutrition, exercise, and in general, living a healthy life. If the Children can be educated, it is hoped that they can in turn influence their families toward a healthier lifestyle.

Additional diseases being addressed in the Region include Cardiovascular, Respiratory, Hypertension, and Congestive Heart Failure, among others. The Texas Department of State Health Services provides data that indicates Potentially Preventable Hospitalizations, by County, listing these and other conditions (See Appendix p.24 for a sample report). The premise of these reports is that the referenced hospitalizations could have potentially been prevented if the patient had access to and complied with the appropriate outpatient care. While the "cost" of these hospitalizations is defined as hospital charges, and the data reflect "potentially preventable hospitalizations", it is a source for Providers to consider as they look at the need to address access, quality, cost effectiveness, and coordination of care.

*www.texasdiabetescouncil.org

**www.cdc.gov/obesity

Additionally, adding to the shortage of Primary Care and Specialty Providers in rural communities, many rural areas of Texas suffer from a lack of adequate Emergency Medical Services (EMS). According to the Texas Elected Officials' Guide to Emergency Medical Services*, many rural areas of Texas are dependent on the availability of Community Volunteers, who contribute much time and energy to serve the needs of their fellow citizens. Often the lack of funds impacts the availability of trained volunteers and needed equipment. EMS is a major factor in addressing access to quality healthcare for the citizens of Texas in general, and the citizens of REGION 13 specifically.

In a related issue, according to the National Association of Community Health Centers** (NACHC), the lack of access to Primary Care providers is increasingly driving patients to rely on Emergency Departments (EDs) for non-urgent care. Because there are fewer Primary Care options available, many patients, especially Medicaid beneficiaries and the uninsured, turn to the ED for care that could be handled through Primary Care resources. The NACHC reports that one third of all ED visits are non-urgent, and that more than \$18 billion are spent annually for these visits.

The Galen Institute***, a not-for-profit health and tax policy research organization, likewise reports data that shows that Medicaid patients are twice as likely to use the ED for routine care, referencing a study in the *Annals of Emergency Medicine* ("National Study of Barriers to Timely Primary Care and Emergency Department Utilization Among Medicaid Beneficiaries"). Primary author Adit Gingle, M.D., University of Colorado School of Medicine, Aurora, Colorado, states that even Medicaid patients who have a Primary Care Provider report significant barriers to seeing their Physician. Dr. Gingle further reports that "Medicaid patients tend to visit the ER more, partly because they tend to be in poorer health overall. But they also visit the ER more because they can't see their primary care provider in timely fashion or at all".

For Region 13, the opportunity to address the shortage of Primary Care Providers is an opportunity to help Community members access the appropriate levels of care, whether for wellness, non-urgent, or urgent care. Further, it presents an opportunity to reduce healthcare costs by moving the care into the most appropriate and cost-effective setting, and can improve the overall quality of the care being delivered, due to the timeliness factor.

*TX EMS Elected Official Guide, pp 13-18

**www.nachc.com

***www.galen.org

Identification Number	Brief Description of Community Needs Addressed through REGION Plan	Data Source for Identified Need
CNA-001	Adult Diabetes rate is 10.3%; range is 9.0% to 11.8%	www.citydata.com
CNA-002	Obesity rate is 29.2% for adults; range is 26.7% to 34.0%	www.citydata.com
CNA-003	Low income Preschool Obesity rate is 13.4%; range is 7.3% to 21.6%	www.citydata.com ; www.texasdiabetescouncil.org
CNA-004	Potentially Preventable Hospitalizations , including Diabetes with short-term and long-term complications	www.dshs.state.tx.us/ph
CNA-005	Shortage of Primary Care Providers in Region	www.countyhealthrankings.org ; Health Resources and Services Administration
CNA-006	Mental health issues related to access, shortage of mental health professionals, lack of insurance and transportation, need for coordination between providers	Health Resources and Services Administration; National Alliance on Mental Illness; Octavio Martinez, MD, HHSC 2012 Summit
CNA-007	Inappropriate utilization of Emergency Room	www.nachc.com ; www.galen.org
CNA-008		

Opportunities

The opportunities that exist within our region are numerous thus we have elected to centralize our community outreach efforts in the following areas.

- The Expansion of Primary Care

Extend the primary care physicians and services of our Rural Health Clinic to surrounding rural communities.

- The Expansion of Specialty Services

Current specialty services include:

Cardiology, General Surgery, Obstetrics and Gynecology, Neurology, Orthopedics, Podiatry, and Nephrology

We are focused on partnering with additional specialty providers of Shannon and Hill Country Memorial, which will enable the delivery added services.

- Increased collaboration with Mental Health Providers

Increase the volume of patients served by the Heritage Program; An outpatient program for Senior Adults that provides individualized treatment for psychiatric, emotional and/or behavioral disorders.

- Aim to Increase cooperation, communication, and education across communities for major health issues such as, Diabetes, Congestive Heart Failure, Respiratory Diseases, and Obesity.

- *Development of registries* *DSRIP Project – Hb1C's (free)*
- *School-based clinics* *DSRIP Project–CATCH Program*
- *Education for all age levels*
- *Coordination with Physicians and other providers, including streamlined protocols across the region*

- Expansion of Telehealth

Geri Psych/Heritage Program - Tele-Psychiatrist; ER (Tele-Neuro, stroke interventions). Though the aforementioned programs exist today, we intend to increase our bandwidth to provide more seamless interactions between patient and physician.

- Local and Regional approaches to Emergency Medical Services

Primary Focus: access and time to transfer. Work with the city EMS leaders and consider action on providing a transfer service based through the hospital.

As the participants of Region 13 approach these challenges together, we are confident a transformation of the healthcare delivery system in Central West Texas will begin, and new opportunities will emerge.



With the focus on access, quality, cost, and coordination of services across the region, the residents of our region will be the primary beneficiaries of the work that is accomplished.

Appendix

Quickfacts is a useful report available by County and by City, from the U.S. Census. This is an abridged sample, but each of the seventeen counties can obtain the full report at www.quickfacts.census.gov.

Coke County, Texas

People QuickFacts	Coke County	Texas
Population, 2011 estimate	3,305	25,674,681
Population, 2010 (April 1) estimates base	3,320	25,145,561
Population, percent change, April 1, 2010 to July 1, 2011	-0.5%	2.1%
Population, 2010	3,320	25,145,561
Persons under 5 years, percent, 2011	5.4%	7.6%
Persons under 18 years, percent, 2011	20.2%	27.1%
Persons 65 years and over, percent, 2011	25.9%	10.5%
Female persons, percent, 2011	51.2%	50.4%
White persons, percent, 2011 (a)	95.8%	80.9%
Black persons, percent, 2011 (a)	0.7%	12.2%
American Indian and Alaska Native persons, percent, 2011 (a)	1.9%	1.0%
Asian persons, percent, 2011 (a)	0.2%	4.0%
Native Hawaiian and Other Pacific Islander persons, percent, 2011 (a)	Z	0.1%
Persons reporting two or more races, percent, 2011	1.3%	1.7%

 Persons of Hispanic or Latino Origin, percent, 2011 (b)	19.4%	38.1%
 White persons not Hispanic, percent, 2011	78.2%	44.8%

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, State and County Housing Unit Estimates, County Business Patterns, Nonemployer Statistics, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report
 Last Revised: Thursday, 07-Jun-2012 13:40:58 EDT

Mental Health Services Region 13*

	MH	IDD*	Waiting List
Center for Life Resources	Age 4-17---35	Age 0-3---52	0
	18-99--104	4-17---6	0
		8-99---58	0
Concho Valley MHMR	Age 3-17—185		3-17---3
	18-99---475		18-99—12
West Texas Centers	Youth----33		Youth----1
	Adults---109		0
Hill Country MHMR	Youth----65		0
	Adults---157		0

*Note: Data provided by Centers. IDD=Individuals with Development Disabilities.



McCulloch County
POTENTIALLY PREVENTABLE HOSPITALIZATIONS
www.dshs.state.tx.us/ph

From 2005-2010, adult residents (18+) of **McCulloch County** received **\$7,745,888** in charges for hospitalizations that were potentially preventable. Hospitalizations for the conditions below are called “**potentially preventable**,” because if the individual had access to and cooperated with appropriate outpatient healthcare, the hospitalization would likely not have occurred.

Potentially Preventable Hospitalizations for Adult Residents of McCulloch County	Number of Hospitalizations							2005-2010		
	2005	2006	2007	2008	2009	2010	2005-2010	Average Hospital Charge	Hospital Charges	Hospital Charges Divided by 2010 Adult County Population
Bacterial Pneumonia	22	17	15	13	12	12	91	\$23,089	\$2,101,076	\$336
Dehydration	5	0	0	0	6	0	0	\$0	\$0	\$0
Urinary Tract Infection	7	0	5	0	5	0	0	\$0	\$0	\$0
Angina (without procedures)	0	0	0	0	0	0	0	\$0	\$0	\$0
Congestive Heart Failure	11	15	14	14	24	13	91	\$25,753	\$2,343,482	\$375
Hypertension (High Blood Pressure)	0	0	0	0	0	0	0	\$0	\$0	\$0
Asthma	0	0	0	0	0	0	0	\$0	\$0	\$0
Chronic Obstructive Pulmonary Disease	9	0	8	5	7	7	36	\$23,042	\$829,500	\$133
Diabetes Short-term Complications	0	0	0	0	0	0	0	\$0	\$0	\$0
Diabetes Long-term	7	15	7	9	11	5	54	\$45,775	\$2,471,830	\$396

Potentially Preventable Hospitalizations (2005-2010) (03/28/12)

1

The purpose of this information is to assist in improving healthcare and reducing healthcare costs.

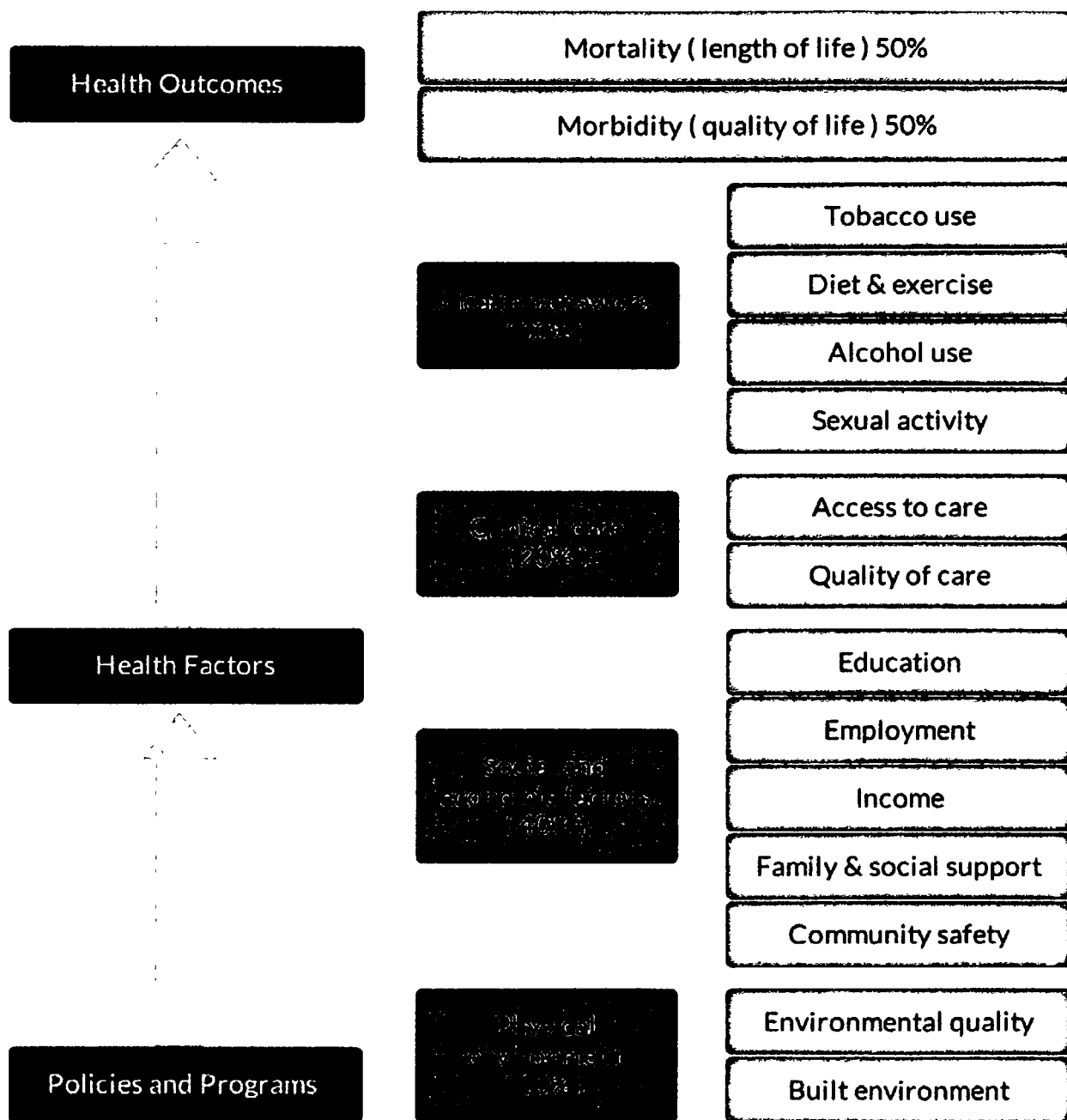
This information is not an evaluation of hospitals or other healthcare providers.

Bacterial Pneumonia is a serious inflammation of the lungs caused by an infection. Bacterial pneumonia primarily impacts older adults. Communities can potentially prevent hospitalizations by encouraging older adults and other

high risk individuals to get vaccinated for bacterial pneumonia.
Dehydration means the body does not have enough fluid to function well. Dehydration primarily impacts older adults or institutionalized individuals who have a limited ability to communicate thirst. Communities can potentially prevent hospitalizations by encouraging attention to the fluid status of individuals at risk.
Urinary Tract Infection (UTI) is usually caused when bacteria enter the bladder and cause inflammation and infection. It is a common condition, with older adults at highest risk. In most cases, an uncomplicated UTI can be treated with proper antibiotics. Communities can potentially prevent hospitalizations by encouraging individuals to practice good personal hygiene; drink plenty of fluids; and (if practical) avoid conducting urine cultures in asymptomatic patients who have indwelling urethral catheters.
Angina (without procedures) is chest pain that occurs when a blockage of a coronary artery prevents sufficient oxygen-rich blood from reaching the heart muscle. Communities can potentially prevent hospitalizations by encouraging regular physical activity; smoking cessation; controlling diabetes, high blood pressure, and abnormal cholesterol; maintaining appropriate body weight; and daily administration of an anti-platelet medication (like low dose aspirin) in most individuals with known coronary artery disease.
Congestive Heart Failure is the inability of the heart muscle to function well enough to meet the demands of the rest of the body. Communities can potentially prevent hospitalizations by encouraging individuals to reduce risk factors such as coronary artery disease, diabetes, high cholesterol, high blood pressure, smoking, alcohol abuse, and use of illegal drugs.
Hypertension (High Blood Pressure) is a syndrome with multiple causes. Hypertension is often controllable with medications. Communities can potentially prevent hospitalizations by encouraging an increased level of aerobic physical activity, maintaining a healthy weight, limiting the consumption of alcohol to moderate levels for those who drink, reducing salt and sodium intake, and eating a reduced-fat diet high in fruits, vegetables, and low-fat dairy food
Asthma occurs when air passages of the lungs become inflamed and narrowed and breathing becomes difficult. Asthma is treatable, and most flare-ups and deaths can be prevented through the use of medications. Communities can potentially prevent hospitalizations by encouraging people to learn how to recognize particular warning signs of asthma attacks. Treating symptoms early can result in prevented or less severe attacks.
Chronic Obstructive Pulmonary Disease is characterized by decreased flow in the airways of the lungs. It consists of three related diseases: asthma, chronic bronchitis and emphysema. Because existing medications cannot change the progressive decline in lung function, the goal of medications is to lessen symptoms and/or decrease complications. Communities can potentially prevent hospitalizations by encouraging education on smoking cessation and minimizing shortness of breath.
Diabetes Short-term Complications are extreme fluctuations in blood sugar levels. Extreme dizziness and fainting can indicate hypoglycemia (low blood sugar) or hyperglycemia (high blood sugar), and if not brought under control, seizures, shock or coma can occur. Diabetics need to monitor their blood sugar levels carefully and adjust their diet and/or medications accordingly. Communities can potentially prevent hospitalizations by encouraging the regular monitoring and managing of diabetes in the outpatient health care setting and encouraging patient compliance with treatment plans.
Diabetes Long-term Complications include risk of developing damage to the eyes, kidneys and nerves. Risk also

includes developing cardiovascular disease, including coronary heart disease, stroke, and peripheral vascular disease. Long-term diabetes complications are thought to result from long-term poor control of diabetes. Communities can potentially prevent hospitalizations by encouraging the regular monitoring and managing of diabetes in the outpatient health care setting and encouraging patient compliance with treatment plans.

For more information on potentially preventable hospitalizations, go to: www.dshs.state.tx.us/ph.



County Health Rankings model ©2012 UWPHI

The Counties of REGION 13 can be viewed using this model, with rankings among all Counties in Texas. The higher the number is for a County, the "healthier" the County.

Source: www.Countyhealthrankings.org/texas

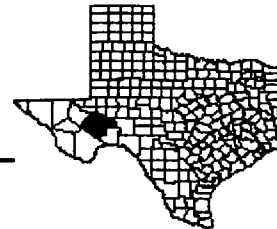
Outcomes are a measure of the overall health of the County, (mortality and morbidity), while Factors measure what influences the health of the County (behaviors, access, socio-economic, and environmental issues).

As providers within REGION 13 review the health needs within their own Communities, it is recommended that the County Health Rankings Model be utilized as one of their resources. It allows the user to compare with other Counties in Texas as well as those outside of Texas, and to engage Community leaders and citizens to begin developing strategies and plans to move forward on the way to a healthier Community.



Health Facts Profile 2009

Pecos County



Demography / Population									
Estimated Population:		16,983		Population Per Square Mile:		3.6			
Population Rank Among Texas' 254 Counties:		132		Area in Square Miles:		4,763.7			
Ethnicity	Total	County Percent	State Percent	Age	Females	Males	Total	County Percent	State Percent
Anglo	5,203	30.6%	45.8%	00 - 04	603	630	1,233	7.3%	7.9%
Hispanic	11,008	64.8%	38.2%	05 - 14	1,105	1,124	2,229	13.1%	14.1%
Black	647	3.8%	11.5%	15 - 44	3,011	4,716	7,727	45.5%	44.6%
Other	125	0.7%	4.4%	45 - 64	1,805	1,967	3,772	22.2%	23.5%
Relative % distribution				65+	1,096	926	2,022	11.9%	10.0%
Anglo			30.6%	Total	7,620	9,363	16,983	100.0%	100.0%
Hispanic			64.8%	County	44.9%	55.1%			
Black			3.8%	State	49.8%	50.2%			
Other			0.7%						

Socioeconomic Indicators									
Average Monthly TANF Recipients (Temporary Assistance to Needy Families)		County	State	Average Monthly CHIP Enrollment (Children's Health Insurance Program)		County	State		
		30	104,696			170	466,242		
Average Monthly SNAP Participants (Supplemental Nutrition Assistance Program)		1,602	2,819,469					Percent	
						Number	County	State	
Unduplicated Count of Medicaid Clients		3,487	4,760,721	Without Health Insurance					
Medicaid Covered Births		Not Available	Not Available	0 - 64 Years		4,534	32.2%	26.3%	
Medicaid Births as % of Total Births		Not Available	Not Available	0 - 17 Years		915	21.4%	16.2%	
Unemployment Rate		9.1%	7.6%	Persons Living Below Poverty					
Per Capita Personal Income		\$24,941	\$38,609	All Ages		2,852	19.7%	17.1%	
				0 - 17 Years		947	22.4%	24.3%	

Natality					Communicable Diseases - Reported Cases				
	Births ¹	County	State	Rate ²		Cases	County	State	
Total Live Births	252				Tuberculosis	0	—	5.9	
Adolescent Mothers (<18)	22	8.7%	4.7%		Sexually Transmitted Diseases				
Unmarried Mothers	135	53.6%	42.6%		Primary and Secondary Syphilis	1	5.9	6.6	
Low Birth Weight ³	15	6.0%	8.5%		Gonorrhea	8	47.1	116.1	
Prenatal Care in First Trimester ⁴	147	58.8%	58.6%		Chlamydia	77	453.4	419.0	
					AIDS	0	—	9.2	
Fertility Rate ⁵		83.7	75.1		Pertussis (Whooping Cough)	2	11.8	13.5	
					Varicella (Chickenpox)	0	—	17.9	

Mortality ⁶									
	Deaths ¹	County	State	Rate ⁴		Deaths ¹	County	State	
Deaths from All Causes	100	669.0	781.2		Accidents	6	—	40.0	
Heart Disease	26	174.6	186.7		Motor Vehicle Accidents	1	—	14.0	
Cerebrovascular Disease (Stroke)	3	—	45.8		Diabetes	3	—	23.1	
All Cancer	15	—	167.6		Alzheimer's	3	—	26.9	
Respiratory/Lung Cancer	5	—	45.7		Influenza and Pneumonia	2	—	16.7	
Female Breast Cancer	0	—	21.6		Assault (Homicide)	0	—	5.9	
Colon, Rectum and Anus	1	—	15.9		Suicide	3	—	11.4	
Male Prostate Cancer	2	—	19.9		Septicemia	1	—	15.0	
Chronic Lower Respiratory Disease	8	—	43.4		Chronic Liver Disease & Cirrhosis	2	—	11.6	
Nephritis, Nephrotic Syndrome and Nephrosis	1	—	18.2		Infant Deaths	1	—	6.0	
					Fetal Deaths ⁵	0	—	5.2	

- ¹ All births and deaths are by county of residence. Low birth weight represents live-born infants weighing less than 2,500 grams at birth. Fetal deaths are those occurring after 20 weeks gestation and prior to birth. Fertility rates are per 1,000 women ages 15 - 44.
- ² Disease rates are per 100,000 population. Use caution interpreting rates based on small numbers of cases.
- ³ Due to a revised birth certificate in 2005, onset of prenatal care is not comparable to values published in prior years.
- ⁴ Infant death rates are per 1,000 live births. Fetal death rates are per 1,000 live births plus fetal deaths. All other death rates were age adjusted to the 2000 standard per 100,000 population. No age-adjusted rates were calculated if based on 20 or fewer deaths. Infant and fetal death rates were not calculated if 20 or fewer births or births plus fetal deaths occurred. Missing rates are indicated by "—".
- ⁵ Current mortality rates by cause are not comparable with data reported prior to 1999. Refer to the Data Sources Document for more detail.