

Return of Organization Exempt From Income Tax

2017

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

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

Department of the Treasury
Internal Revenue Service

A For the 2017 calendar year, or tax year beginning 07/01, 2017, and ending 06/30, 20 18

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization ST. AGNES HEALTHCARE, INC.
 Doing business as _____
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
900 CATON AVENUE 040
 City or town, state or province, country, and ZIP or foreign postal code
BALTIMORE, MD 21229

D Employer identification number 52-0591657

E Telephone number (314) 733-8000

F Name and address of principal officer: KEITH VANDER KOLK
SAME AS C ABOVE

G Gross receipts \$ 434,441,201

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list. (see instructions)

H(c) Group exemption number ▶ 0928

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

J Website: ▶ WWW.STAGNES.ORG

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: 1862 **M** State of legal domicile: MD

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>TO IMPROVE THE HEALTH AND WELL-BEING OF ALL PEOPLE IN THE COMMUNITIES WE SERVE.</u>		
	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	<u>13</u>
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	<u>9</u>
	5	Total number of individuals employed in calendar year 2017 (Part V, line 2a)	5	<u>3,443</u>
	6	Total number of volunteers (estimate if necessary)	6	<u>300</u>
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	<u>4,178,571</u>
b	Net unrelated business taxable income from Form 990-T, line 34	7b	<u>0</u>	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	<u>1,476,708</u>	<u>888,656</u>
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<u>433,684,456</u>	<u>427,068,425</u>
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<u>89,136</u>	<u>(132,899)</u>
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<u>5,315,539</u>	<u>6,495,706</u>
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	<u>440,565,839</u>	<u>434,319,888</u>
	14	Benefits paid to or for members (Part IX, column (A), line 4)	<u>1,034,740</u>	<u>830,694</u>
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	<u>221,077,540</u>	<u>229,614,245</u>
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>0</u>	<u>0</u>	<u>0</u>
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	<u>191,144,336</u>	<u>191,889,921</u>
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	<u>413,256,616</u>	<u>422,334,860</u>
19	Revenue less expenses. Subtract line 18 from line 12	<u>27,309,223</u>	<u>11,985,028</u>	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	<u>347,832,846</u>	<u>319,467,352</u>
	22	Net assets or fund balances. Subtract line 21 from line 20	<u>201,430,379</u>	<u>177,869,548</u>
		<u>146,402,467</u>	<u>141,597,804</u>	

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 _____

Type or print name and title TONYA MERSHON, TAX OFFICER

Paid Preparer Use Only

Print/Type preparer's name _____ Preparer's signature _____ Date _____ Check if self-employed PTIN _____

Firm's name ▶ _____ Firm's EIN ▶ _____

Firm's address ▶ _____ Phone no. _____

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

For Paperwork Reduction Act Notice, see the separate instructions.

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:
OUR MISSION AS PART OF A CATHOLIC HEALTH CARE SYSTEM IS TO FURTHER THE HEALING MINISTRY OF JESUS BY CONTINUALLY IMPROVING THE HEALTH AND WELL-BEING OF ALL PEOPLE, ESPECIALLY THE POOR, IN THE COMMUNITIES WE SERVE.

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 \$ 312,409,717 including grants of \$ 830,694) (Revenue \$ 424,601,218)
ST. AGNES HEALTHCARE, INC. IS A 238-BED HOSPITAL CAMPUS PROVIDING SERVICES WITHOUT REGARD TO PATIENT RACE, CREED, NATIONAL ORIGIN, ECONOMIC STATUS, OR ABILITY TO PAY. DURING FISCAL YEAR 2018, ST. AGNES HEALTHCARE, INC. TREATED 15,306 ADULTS AND CHILDREN FOR A TOTAL OF 68,251 PATIENT DAYS OF SERVICE. THE HOSPITAL ALSO PROVIDED SERVICES FOR 316,358 OUTPATIENT VISITS, WHICH INCLUDED 4,554 OUTPATIENT SURGERIES AND 75,016 EMERGENCY ROOM VISITS. SEE SCHEDULE H FOR A NON-EXHAUSTIVE LIST OF COMMUNITY BENEFIT PROGRAMS AND DESCRIPTIONS.

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 ▶ 312,409,717

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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12 a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14 a Did the organization maintain an office, employees, or agents outside of the United States?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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 (see instructions)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part IV Checklist of Required Schedules *(continued)*

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	<input checked="" type="checkbox"/>	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<input checked="" type="checkbox"/>	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	<input checked="" type="checkbox"/>	
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		<input checked="" type="checkbox"/>
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	<input checked="" type="checkbox"/>	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		<input checked="" type="checkbox"/>
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		<input checked="" type="checkbox"/>
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		<input checked="" type="checkbox"/>
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		<input checked="" type="checkbox"/>
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		<input checked="" type="checkbox"/>
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		<input checked="" type="checkbox"/>
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		<input checked="" type="checkbox"/>
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		<input checked="" type="checkbox"/>
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	<input checked="" type="checkbox"/>	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		<input checked="" type="checkbox"/>
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		<input checked="" type="checkbox"/>
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		<input checked="" type="checkbox"/>
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	<input checked="" type="checkbox"/>	
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	<input checked="" type="checkbox"/>	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<input checked="" type="checkbox"/>	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	<input checked="" type="checkbox"/>	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		<input checked="" type="checkbox"/>
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		<input checked="" type="checkbox"/>
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O.	<input checked="" type="checkbox"/>	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for line numbers (1a-14b), descriptions, and Yes/No checkboxes. Includes entries for Form 1096, W-2G forms, backup withholding, employee reporting, foreign accounts, prohibited transactions, and charitable contributions.

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

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?		<input checked="" type="checkbox"/>
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?		<input checked="" type="checkbox"/>
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		<input checked="" type="checkbox"/>
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		<input checked="" type="checkbox"/>
6	Did the organization have members or stockholders?	<input checked="" type="checkbox"/>	
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?	<input checked="" type="checkbox"/>	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	<input checked="" type="checkbox"/>	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	The governing body?	<input checked="" type="checkbox"/>	
8b	Each committee with authority to act on behalf of the governing body?	<input checked="" type="checkbox"/>	
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		<input checked="" type="checkbox"/>

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?		<input checked="" type="checkbox"/>
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?		<input checked="" type="checkbox"/>
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	<input checked="" type="checkbox"/>	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input checked="" type="checkbox"/>	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	<input checked="" type="checkbox"/>	
13	Did the organization have a written whistleblower policy?	<input checked="" type="checkbox"/>	
14	Did the organization have a written document retention and destruction policy?	<input checked="" type="checkbox"/>	
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?		
15a	The organization's CEO, Executive Director, or top management official		<input checked="" type="checkbox"/>
15b	Other officers or key employees of the organization	<input checked="" type="checkbox"/>	
	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?	<input checked="" type="checkbox"/>	
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?	<input checked="" type="checkbox"/>	

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► MD
- 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, address, and telephone number of the person who possesses the organization's books and records: ►
 SARA O'BRIEN, 11775 BORMAN DRIVE, MARYLAND HEIGHTS, MO 63146, (314) 733-8070, FAX: (314) 733-8888

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

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JOHN E WHEELER, JR CHAIR	2.0 0.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(2) CARLOS S INCE, JR, MD SECRETARY & PHYSICIAN	50.0 0.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				499,537	0	44,427
(3) KEITH VANDER KOLK PRESIDENT & CEO - EX-OFFICIO	16.0 33.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				897,651	0	17,732
(4) BRUCE R GRINDROD, JR DIRECTOR	2.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(5) MARGARET HAYES DIRECTOR	2.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(6) MOHANNAD F JISHI DIRECTOR	2.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(7) A GREGORY KELLY, JR DIRECTOR	2.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(8) IRENE D KNOTT DIRECTOR	2.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(9) CAROLE B MILLER, MD DIRECTOR & PHYSICIAN	50.0 0.0	<input checked="" type="checkbox"/>						493,839	0	31,896
(10) JAMES B SELLINGER DIRECTOR	2.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(11) JOHN B STANSBURY DIRECTOR	2.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(12) SISTER MARY LOU STUBBS DIRECTOR	2.0 0.0	<input checked="" type="checkbox"/>						0	0	0
(13) SAM V SYDNEY, MD DIRECTOR/CHIEF OF ORTHOPEDICS	20.0 0.0	<input checked="" type="checkbox"/>						140,908	0	0
(14) SCOTT M FURNISS SVP & CFO, MINISTRY MARKET	23.0 27.0			<input checked="" type="checkbox"/>				542,107	0	34,459

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) NANCY M HAMMOND, MD EVP & CMO	48.0 2.0				✓		563,409	0	44,962	
(16) YOLANDA COPELAND SVP & CNO	49.0 1.0				✓		385,652	0	20,668	
(17) GEORGE T GRACE, MD MEDICAL DIRECTOR, RECONSTRUCTIVE SURGERY	50.0 0.0					✓	978,554	0	46,652	
(18) HOWARD S HESSAN, MD MEDICAL DIRECTOR, OTOLARYNGOLOGY	50.0 0.0					✓	788,337	0	38,154	
(19) ANDREW M AVERBACH, MD GENERAL SURGEON	50.0 0.0					✓	588,754	0	38,706	
(20) AJAY V KUMAR, MD PLASTIC SURGEON	50.0 0.0					✓	578,772	0	40,849	
(21) MARTIN A ALBORNOZ, MD CARDIOLOGY	50.0 0.0					✓	578,572	0	43,765	
(22) PATRICK F MUTCH FORMER KEY EMPLOYEE (END 7/2016)	0.0 0.0						360,918	0	5,784	
(23) BONNIE L PHIPPS FORMER OFFICER (END 7/2016)	0.0 0.0						0	720,705	7,656	
(24)										
(25)										
1b Sub-total							7,397,010	720,705	415,711	
c Total from continuation sheets to Part VII, Section A							0	0	0	
d Total (add lines 1b and 1c)							7,397,010	720,705	415,711	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **▶** 341

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CALIFORNIA EMERGENCY PHYSICIANS MEDICAL, 2100 POWELL STREET 9TH FLOOR, EMERYVILLE, CA 94608	PHYSICIAN SERVICES	1,100,000
DRS HICKEN CRANLEY & TAYLOR PA, 900 S CATON AVE, BALTIMORE, MD 21229	MEDICAL SERVICES	841,480
ARUP LABORATORIES, 500 S CHIPETA WAY, SALT LAKE CITY, UT 84108-1221	LABORATORY SERVICES	685,537
SLEEPWORKS LLC, 430 WOODRUFF RD STE 450, GREENVILLE, SC 29607	MEDICAL SERVICES	564,450
FUTURE VISION ENERGY LLC, 260 W MAIN ST STE 125, HENDERSONVILLE, TN 37075-3347	ENVIRONMENTAL SERVICES	396,030

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **▶** 37

Part VIII Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	309,077				
	e Government grants (contributions)	1e	579,579				
	f All other contributions, gifts, grants, and similar amounts not included above	1f					
	g Noncash contributions included in lines 1a-1f: \$		119,134				
	h Total. Add lines 1a-1f		888,656				
Program Service Revenue	Business Code						
	2a NET PATIENT SERVICE REVENUE	621990	425,833,914	422,866,249	2,967,665		
	b LAB SERVICES	621500	1,210,906		1,210,906		
	c SERVICES TO AFFILIATES	900099	454,054	454,054			
	d GOVERNMENT INCENTIVES	900099	229,904	229,904			
	e PHARMACY REVENUE	446110	202,558	202,558			
	f All other program service revenue .	900099	(862,911)	(862,911)	0	0	
	g Total. Add lines 2a-2f		427,068,425				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		(136,724)			(136,724)	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross rents	(i) Real	818,265				
		(ii) Personal					
		b Less: rental expenses	0				
		c Rental income or (loss)	818,265	0			
	d Net rental income or (loss)		818,265			818,265	
	7a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other		3,825			
		b Less: cost or other basis and sales expenses					0
		c Gain or (loss)	0	3,825			
	d Net gain or (loss)		3,825			3,825	
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses	b				
		c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities. See Part IV, line 19	a					
		b Less: direct expenses	b				
		c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances	a	227,580				
b Less: cost of goods sold		b	121,313				
c Net income or (loss) from sales of inventory			106,267			106,267	
Miscellaneous Revenue		Business Code					
11a CAFETERIA/VENDING REVENUE	722514	1,652,477			1,652,477		
b EDUCATION REVENUE	611430	1,222,370	1,222,370				
c ESCHEATMENT REVENUE	900099	540,532			540,532		
d All other revenue	446199	2,155,795	488,994	0	1,666,801		
e Total. Add lines 11a-11d		5,571,174					
12 Total revenue. See instructions.		434,319,888	424,601,218	4,178,571	4,651,443		

Part IX Statement of Functional Expenses

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

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	830,694	830,694		
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	3,717,247	3,345,522	371,725	
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	187,527,859	168,944,954	18,582,905	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	8,730,210	7,865,036	865,174	
9 Other employee benefits	16,993,321	15,309,188	1,684,133	
10 Payroll taxes	12,645,608	11,392,292	1,253,316	
11 Fees for services (non-employees):				
a Management	(31,578)	18,322	(49,900)	
b Legal	36,801		36,801	
c Accounting	(86,085)		(86,085)	
d Lobbying	25,581		25,581	
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 Schedule O.)	15,628,463	11,501,141	4,127,322	0
12 Advertising and promotion	634,148	112,558	521,590	
13 Office expenses	1,656,949	655,818	1,001,131	
14 Information technology	1,100,789	608,128	492,661	
15 Royalties				
16 Occupancy	7,038,629	3,926,185	3,112,444	
17 Travel	242,751	199,966	42,785	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	406,793	370,491	36,302	
20 Interest	2,704,776		2,704,776	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	19,238,624	6,605,338	12,633,286	
23 Insurance	7,528,195	3,568,088	3,960,107	
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 <u>MEDICAL SUPPLIES</u>	54,097,735	53,828,994	268,741	
b <u>MANAGEMENT FEE TO AFFILIATE</u>	41,537,187		41,537,187	
c <u>PURCHASED SERVICES</u>	25,365,174	12,069,773	13,295,401	
d <u>CONTRACT LABOR</u>	5,811,668	5,070,228	741,440	
e All other expenses	8,953,321	6,187,001	2,766,320	0
25 Total functional expenses. Add lines 1 through 24e	422,334,860	312,409,717	109,925,143	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 <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	5,030,130	1	11,717
	2 Savings and temporary cash investments	3,330,101	2	4,600,719
	3 Pledges and grants receivable, net	0	3	0
	4 Accounts receivable, net	56,916,621	4	49,457,117
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	0	7	0
	8 Inventories for sale or use	7,914,894	8	7,243,672
	9 Prepaid expenses and deferred charges	892,278	9	953,015
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	420,851,922		
	b Less: accumulated depreciation	203,562,270		
		221,529,117	10c	217,289,652
	11 Investments—publicly traded securities	0	11	0
	12 Investments—other securities. See Part IV, line 11	0	12	0
	13 Investments—program-related. See Part IV, line 11	27,004,573	13	26,124,201
	14 Intangible assets	5,187,107	14	4,141,329
15 Other assets. See Part IV, line 11	20,028,025	15	9,645,930	
16 Total assets. Add lines 1 through 15 (must equal line 34)	347,832,846	16	319,467,352	
Liabilities	17 Accounts payable and accrued expenses	45,845,634	17	46,391,414
	18 Grants payable	0	18	0
	19 Deferred revenue	601,318	19	577,305
	20 Tax-exempt bond liabilities	0	20	0
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	0	23	0
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	154,983,427	25	130,900,829
	26 Total liabilities. Add lines 17 through 25	201,430,379	26	177,869,548
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	142,219,446	27	137,204,289
	28 Temporarily restricted net assets	4,053,684	28	4,263,285
	29 Permanently restricted net assets	129,337	29	130,230
	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	146,402,467	33	141,597,804
34 Total liabilities and net assets/fund balances	347,832,846	34	319,467,352	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	434,319,888
2	Total expenses (must equal Part IX, column (A), line 25)	2	422,334,860
3	Revenue less expenses. Subtract line 2 from line 1	3	11,985,028
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	146,402,467
5	Net unrealized gains (losses) on investments	5	28,360
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	(16,818,051)
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	141,597,804

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" 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		<input checked="" type="checkbox"/>
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	<input checked="" type="checkbox"/>	
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.		<input checked="" type="checkbox"/>
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?		<input checked="" type="checkbox"/>
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.		

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2017

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

▶ Attach to Form 990 or Form 990-EZ.

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

Name of the organization ST. AGNES HEALTHCARE, INC.	Employer identification number 52-0591657
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university:
- 10 An organization that normally receives: (1) more than 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
 - f Enter the number of supported organizations
 - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total						

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2016 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2017. 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—2016. 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—2017. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2016. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

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

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2016 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2017 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2016 Schedule A, Part III, line 17	18	%
19a 33 1/3% support tests—2017. 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 <input type="checkbox"/>		
b 33 1/3% support tests—2016. 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 <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions <input type="checkbox"/>		

Part IV Supporting Organizations

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

Section A. All Supporting Organizations

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

Part IV Supporting Organizations (continued)

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

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2 Activities Test. Answer (a) and (b) below.		Yes	No
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>	2a		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>	2b		
3 Parent of Supported Organizations. Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>	3a		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>	3b		

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

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

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3.	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 Adjusted Net Income (subtract lines 5, 6, and 7 from line 4).	8		
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d Total (add lines 1a, 1b, and 1c)	1d		
e Discount claimed for blockage or other factors (explain in detail in Part VI):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d.	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035.	6		
7 Recoveries of prior-year distributions	7		
8 Minimum Asset Amount (add line 7 to line 6)	8		
Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1.	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3.	4		
5 Income tax imposed in prior year	5		
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6		
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).			

Schedule A (Form 990 or 990-EZ) 2017

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

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2017 from Section C, line 6	
10 Line 8 amount divided by line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2017	(iii) Distributable Amount for 2017
1 Distributable amount for 2017 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2017 (reasonable cause required—explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2017			
a			
b From 2013			
c From 2014			
d From 2015			
e From 2016			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2017 distributable amount			
i Carryover from 2012 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2017 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2017 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2017, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI . See instructions.			
6 Remaining underdistributions for 2017. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2018. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2013			
b Excess from 2014			
c Excess from 2015			
d Excess from 2016			
e Excess from 2017			

Schedule of Contributors

2017

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

Name of the organization ST. AGNES HEALTHCARE, INC.	Employer identification number 52-0591657
---	---

Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ
 - 501(c)(3) (enter number) organization
 - 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
 - 527 political organization
- Form 990-PF
 - 501(c)(3) exempt private foundation
 - 4947(a)(1) nonexempt charitable trust treated as a private foundation
 - 501(c)(3) taxable private foundation

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

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

General Rule

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

Special Rules

- For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33¹/₃% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

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

Name of organization ST. AGNES HEALTHCARE, INC.	Employer identification number 52-0591657
---	---

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	DEPARTMENT OF HEALTH & MENTAL HYGIENE ----- 201 WEST PRESTON STREET ----- BALTIMORE, MD 21201 -----	\$ 432,204	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	ASCENSION HEALTH ALLIANCE ----- P.O. BOX 45998 ----- ST. LOUIS, MO 63145-5998 -----	\$ 111,305	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
3	ST. AGNES FOUNDATION, INC. ----- 900 CATON AVENUE ----- BALTIMORE, MD 21229 -----	\$ 197,772	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
4	UNIVERSITY OF SOUTHERN CALIFORNIA ----- 3720 S. FLOWER ST. ----- LOS ANGELES, CA 90089 -----	\$ 50,875	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	MOSAIC GROUP, INC. ----- 702 W. LAKE AVE ----- BALTIMORE, MD 21210 -----	\$ 96,500	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization ST. AGNES HEALTHCARE, INC.	Employer identification number 52-0591657
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Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
2	COMPUTER EQUIPMENT ----- ----- -----	\$ 111,305	06/01/2018 -----
3	EQUIPMENT ----- ----- -----	\$ 7,829	06/30/2018 -----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----

Name of organization ST. AGNES HEALTHCARE, INC.	Employer identification number 52-0591657
---	---

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

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

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	-----	-----	-----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
-----	-----
-----	-----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	-----	-----	-----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
-----	-----
-----	-----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	-----	-----	-----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
-----	-----
-----	-----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	-----	-----	-----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
-----	-----
-----	-----

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2017

Department of the Treasury
Internal Revenue Service

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

Open to Public Inspection

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

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

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

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

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

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

Name of organization ST. AGNES HEALTHCARE, INC.	Employer identification number 52-0591657
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV. (see instructions for definition of "political campaign activities")
- 2 Political campaign activity expenditures (see instructions) ▶ \$
- 3 Volunteer hours for political campaign activities (see instructions)

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes," response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		✓	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
c Media advertisements?		✓	
d Mailings to members, legislators, or the public?		✓	
e Publications, or published or broadcast statements?		✓	
f Grants to other organizations for lobbying purposes?		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
i Other activities?	✓		25,581
j Total. Add lines 1c through 1i			25,581
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

SEE NEXT PAGE

Part IV

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

Return Reference - Identifier	Explanation
<p>SCHEDULE C, PART II-B, LINE 1 - DETAILED DESCRIPTION OF THE LOBBYING ACTIVITY</p>	<p>LOBBYING EXPENSES REPRESENT THE DUES PAID TO NATIONAL AND STATE HOSPITAL ASSOCIATIONS, A PORTION OF WHICH IS SPECIFICALLY ALLOCABLE TO LOBBYING.</p> <p>ST. AGNES, INC. DOES NOT PARTICIPATE IN OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS) ANY POLITICAL CAMPAIGN ON BEHALF OF (OR IN OPPOSITION TO) ANY CANDIDATE FOR PUBLIC OFFICE.</p>

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: ST. AGNES HEALTHCARE, INC. Employer identification number: 52-0591657

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4 for values, 5-6 for Yes/No questions.

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

Form with multiple rows for questions 1-9 regarding conservation easements, including checkboxes and a table for 'Held at the End of the Tax Year'.

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

Form with rows 1a-2b for reporting on art and historical treasures, including revenue and asset values.

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" on 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, for escrow or custodial account liability? **Yes** **No**

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

Part V Endowment Funds.

Complete if the organization answered "Yes" on 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	658,363	624,222	625,190	614,329	570,832
b Contributions					
c Net investment earnings, gains, and losses	16,587	34,141	(968)	10,861	43,497
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	674,950	658,363	624,222	625,190	614,329

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

- a** Board designated or quasi-endowment ▶ 0.00 %
- b** Permanent endowment ▶ 19.00 %
- c** Temporarily restricted endowment ▶ 81.00 %

The percentages on 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" on line 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.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		10,252,790		10,252,790
b Buildings		265,146,741	111,155,361	153,991,380
c Leasehold improvements		9,388,056	4,420,460	4,967,596
d Equipment		104,463,129	81,864,674	22,598,455
e Other		31,601,206	6,121,775	25,479,431
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				217,289,652

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A) _____		
(B) _____		
(C) _____		
(D) _____		
(E) _____		
(F) _____		
(G) _____		
(H) _____		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ►		

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) EQUITY INVESTMENT IN MARYLAND PHYSICIANS CARE	26,124,201	COST
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ►	26,124,201	

Part IX Other Assets.

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

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

Part X Other Liabilities.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	0
(2) DUE TO AFFILIATES	55,002,851
(3) GENERAL LIABILITY RESERVE ALLOWANCE	1,038,696
(4) RECOVERY TAIL LIABILITY	631,195
(5) ACCRUED TAX LIABILITY	24,439
(6) DEBT WITH ASCENSION HEALTH ALLIANCE	74,202,184
(7) OTHER MISCELLANEOUS LIABILITIES	1,464
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	130,900,829

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

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

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

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

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

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

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

Part XIII Supplemental Information.

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

SEE STATEMENT

Part XIII

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

Return Reference - Identifier	Explanation
<p>SCHEDULE D, PART V, LINE 4 - INTENDED USES OF ENDOWMENT FUNDS</p>	<p>WHITEFORD ENDOWMENT - 50% TO BE UTILIZED TO ERECT A WING OR ADDITIONAL BUILDING, ADDITIONAL 50% MAY BE USED TO SUPPORT HOSPITAL OPERATIONS.</p> <p>BROWNE ENDOWMENT - ESTABLISHED FOR USE BY CARDIAC UNIT TO AID THE INDIGENT.</p> <p>GITTINGS ENDOWMENT - CREATED TO PROVIDE A BED IN THE CHILDREN'S WARD.</p>
<p>SCHEDULE D, PART X, LINE 2 - FIN 48 (ASC 740) FOOTNOTE</p>	<p>THE SYSTEM ACCOUNTS FOR UNCERTAINTY IN INCOME TAX POSITIONS BY APPLYING A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. THE SYSTEM HAS DETERMINED THAT NO MATERIAL UNRECOGNIZED TAX BENEFITS OR LIABILITIES EXIST AS OF JUNE 30, 2018.</p>

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2017

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization ST. AGNES HEALTHCARE, INC.	Employer identification number 52 0591657
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Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	✓	
b If "Yes," was it a written policy?	✓	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free care</i> ? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>250</u> %	✓	
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted care</i> ? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____%	✓	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	✓	
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?	✓	

7 Financial Assistance and Certain Other Community Benefits at Cost

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			17,435,971	0	17,435,971	4.13
b Medicaid (from Worksheet 3, column a)			19,054,514	10,144,349	8,910,165	2.11
c Costs of other means-tested government programs (from Worksheet 3, column b)					0	0.00
d Total Financial Assistance and Means-Tested Government Programs	0	0	36,490,485	10,144,349	26,346,136	6.24
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,364,268	26,100	1,338,168	0.32
f Health professions education (from Worksheet 5)			8,013,957	0	8,013,957	1.90
g Subsidized health services (from Worksheet 6)			29,066,059	13,428,894	15,637,165	3.70
h Research (from Worksheet 7)			480,723	291,127	189,596	0.04
i Cash and in-kind contributions for community benefit (from Worksheet 8)			544,786	0	544,786	0.13
j Total Other Benefits	0	0	39,469,793	13,746,121	25,723,672	6.09
k Total Add lines 7d and 7j	0	0	75,960,278	23,890,470	52,069,808	12.33

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing					0	0.00
2 Economic development			474,211	48,013	426,198	0.10
3 Community support					0	0.00
4 Environmental improvements					0	0.00
5 Leadership development and training for community members					0	0.00
6 Coalition building					0	0.00
7 Community health improvement advocacy					0	0.00
8 Workforce development					0	0.00
9 Other					0	0.00
10 Total	0	0	474,211	48,013	426,198	0.10

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1		✓
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.	3		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	159,156,951		
6 Enter Medicare allowable costs of care relating to payments on line 5	6	146,402,729		
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	12,754,222		
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other				

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest—see instructions)

How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

1 ST. AGNES HEALTHCARE, INC.
900 CATON AVENUE, BALTIMORE, MD 21229
HTTP://WWW.STAGNES.ORG/ STATE LICENSE NO. : 30-059

2

3

4

5

6

7

8

9

10

Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
✓	✓		✓		✓	✓			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group ST. AGNES HEALTHCARE, INC.

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

Community Health Needs Assessment

	Yes	No
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		✓
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		✓
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	✓	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: <u>20 17</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	✓	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	✓	
6b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	✓	
7 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 <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>HTTP://WWW.STAGNES.ORG/ABOUT-US/COMMUNITY/</u>		
b <input type="checkbox"/> Other website (list url): _____		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input checked="" type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	✓	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 17</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	✓	
a If "Yes," (list url): <u>HTTP://WWW.STAGNES.ORG/ABOUT-US/COMMUNITY/</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		✓
12b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group ST. AGNES HEALTHCARE, INC.

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:	✓	
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>2</u> <u>5</u> <u>0</u> % and FPG family income limit for eligibility for discounted care of <u>4</u> <u>0</u> <u>0</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input type="checkbox"/> Insurance status		
f	<input type="checkbox"/> Underinsurance status		
g	<input checked="" type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	✓	
15	Explained the method for applying for financial assistance? If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):	✓	
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Was widely publicized within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	✓	
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
c	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
j	<input checked="" type="checkbox"/> Other (describe in Section C)		

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group ST. AGNES HEALTHCARE, INC.

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

Policy Relating to Emergency Medical Care

21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	✓	
If "No," indicate why:		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d <input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group ST. AGNES HEALTHCARE, INC.

		Yes	No
22	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b	<input checked="" type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d	<input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C.	23	✓
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C.	24	✓

Schedule H (Form 990) 2017

Supplemental Information. Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ('A, 1,' 'A, 4,' 'B, 2,' 'B, 3,' etc.) and name of hospital facility.

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 3E - THE SIGNIFICANT HEALTH NEEDS OF THE COMMUNITY</p>	<p>TO BETTER TARGET COMMUNITY RESOURCES ON THE SERVICE AREA'S MOST PRESSING HEALTH NEEDS, THE HOSPITAL PARTICIPATED IN A GROUP DISCUSSION WITH ORGANIZATIONAL DECISION MAKERS AND COMMUNITY LEADERS TO PRIORITIZE THE SIGNIFICANT COMMUNITY HEALTH NEEDS WHILE CONSIDERING SEVERAL CRITERIA: ALIGNMENT WITH ASCENSION HEALTH STRATEGIES OF HEALTHCARE THAT LEAVES NO ONE BEHIND; CARE FOR THE POOR AND VULNERABLE; OPPORTUNITIES FOR PARTNERSHIP; AVAILABILITY OF EXISTING PROGRAMS AND RESOURCES; OPPORTUNITIES FOR PARTNERSHIP; ADDRESSING DISPARITIES OF SUBGROUPS; AVAILABILITY OF EVIDENCE-BASED PRACTICES; AND COMMUNITY INPUT. THE SIGNIFICANT HEALTH NEEDS ARE A PRIORITIZED DESCRIPTION OF THE SIGNIFICANT HEALTH NEEDS OF THE COMMUNITY AS IDENTIFIED THROUGH THE CHNA. SEE SCHEDULE H, PART V, LINE 7 FOR THE LINK TO THE CHNA AND SCHEDULE H, PART V, LINE 11 FOR HOW THOSE NEEDS ARE BEING ADDRESSED.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 5 - INPUT FROM PERSONS WHO REPRESENT BROAD INTERESTS OF COMMUNITY SERVED</p>	<p>FACILITY NAME: ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION: THE ASSESSMENT PROCESS INVOLVED BOTH QUANTITATIVE AND QUALITATIVE COMPONENTS. SAINT AGNES ENGAGED THE PARTICIPATION OF THE PUBLIC AS WELL AS KEY INTERNAL AND EXTERNAL STAKEHOLDERS WHO REPRESENT THE BROAD INTEREST OF THE COMMUNITIES SERVED BY SAINT AGNES TO REVIEW THE QUANTITATIVE ANALYSIS. THE PUBLIC PROVIDED INPUT THROUGH A STRUCTURED ONLINE SURVEY AND VIA FOCUS GROUPS ACROSS THE ASSESSMENT PROCESS DURING FISCAL YEAR 2018. THE INTERNAL AND EXTERNAL STAKEHOLDERS WERE INDIVIDUALS WITH EXPERTISE IN PROVISION OF HEALTH CARE SERVICES AND PUBLIC HEALTH AND INCLUDED COMMUNITY LEADERS, PHYSICIANS, NURSING, SOCIAL WORK, PASTORAL CARE, CARE MANAGEMENT, EMERGENCY OUTPATIENT AND MANAGEMENT REPRESENTATIVES.</p> <p>A FULL LIST OF INTERNAL AND EXTERNAL STAKEHOLDERS CAN BE FOUND IN APPENDIX 3 OF THE COMMUNITY HEALTH NEEDS ASSESSMENT WHICH IS LOCATED ON THE SAINT AGNES HEALTHCARE WEBSITE USING THE FOLLOWING LINK: HTTP://WWW.STAGNES.ORG/ABOUT-US/COMMUNITY/</p> <p>KEY EXTERNAL STAKEHOLDERS INCLUDE REPRESENTATIVES FROM THE AMERICAN DIABETES ASSOCIATION, BALTIMORE CITY HEALTH DEPARTMENT, BALTIMORE MEDICAL SYSTEMS, COMPREHENSIVE HOUSING ASSISTANCE, INC., GREEN AND HEALTHY HOMES, MEDSTAR CENTER FOR SUCCESSFUL AGING, MEDSTAR TOTAL ELDER CARE, UNIVERSITY OF MARYLAND GERIATRICS AND GERONTOLOGY EDUCATION AND RESEARCH PROGRAM, UNIVERSITY OF MARYLAND DEPARTMENT OF PARTNERSHIPS, PROFESSIONAL EDUCATION AND PRACTICE, COMMUNITY PUBLIC HEALTH NURSING - JOHNS HOPKINS, CHASE BREXTON HEALTH CARE, JEWISH COMMUNITY SERVICES, AS WELL AS OTHERS NOTED IN APPENDIX 3 OF THE NEEDS ASSESSMENT.</p> <p>TO GAIN INSIGHTS FROM MEMBERS OF THE COMMUNITY, A CONSUMER SURVEY WAS USED TO GAIN A QUANTITATIVE ASSESSMENT ELECTRONICALLY AND ON PAPER TO ESTABLISH BROAD PUBLIC INPUT. A COPY OF THE SURVEY IS INCLUDED IN APPENDIX 2 OF THE COMMUNITY HEALTH NEEDS ASSESSMENT WHICH IS AVAILABLE ON THE HOSPITAL'S WEBSITE.</p> <p>TO FURTHER UNDERSTAND OUR COMMUNITY SERVICE AREA, A QUALITATIVE ASSESSMENT WAS CONDUCTED OF VULNERABLE POPULATION COHORTS IN FACILITATED FOCUS GROUPS. IN SEVEN FOCUS GROUPS, THERE WERE 69 PARTICIPANTS THAT PROVIDED INPUT TO BETTER UNDERSTAND THE HEALTHCARE NEEDS OF THE MEDICALLY UNDERSERVED, LOWINCOME, MINORITY, AND OTHER VULNERABLE POPULATIONS IN THE COMMUNITY. IN THE SCREENING SURVEY, THE FOCUS GROUP PARTICIPANTS IDENTIFIED THEIR TOP THREE HEALTH AND SOCIAL CONCERNS IN THEIR COMMUNITIES SIMILAR TO THE QUESTIONS IN THE ELECTRONIC SURVEY, FOLLOWED BY A FACILITATED DISCUSSION TO UNDERSTAND CASUAL FACTORS.</p> <p>IN ORDER TO GAIN FURTHER INSIGHT ON THE COMMUNITY SAINT AGNES SERVES, CONDUENT HEALTHY COMMUNITIES INSTITUTE WAS ENGAGED TO PROVIDE COMMUNITY HEALTH INDICATOR DATA FOR BALTIMORE CITY AND BALTIMORE COUNTY. THE HEALTHY COMMUNITIES INSTITUTE PROVIDED SOCIONEED INDEX SCORE, HEALTH INDICATORS AND TOPIC DATA SCORES FOR BALTIMORE CITY AND BALTIMORE COUNTY THROUGH A VARIETY OF FEDERAL AND STATE MEASUREMENTS.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 6A - CHNA CONDUCTED WITH ONE OR MORE OTHER HOSPITAL FACILITIES</p>	<p>FACILITY NAME: ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION: THE HOSPITAL CONDUCTED ITS CHNA IN CONJUNCTION WITH LIFEBRIDGE HEALTH SYSTEM, JOHNS HOPKINS HEALTH SYSTEM, UNIVERSITY OF MARYLAND MEDICAL SYSTEM, AND MEDSTAR HEALTH.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 6B - CHNA CONDUCTED WITH ONE OR MORE ORGANIZATIONS OTHER THAN HOSPITAL FACILITIES</p>	<p>FACILITY NAME: ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION: THE HOSPITAL CONDUCTED ITS CHNA IN CONJUNCTION WITH THE BALTIMORE CITY HEALTH DEPARTMENT.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 7D - OTHER METHODS CHNA REPORT MADE WIDELY AVAILABLE</p>	<p>FACILITY NAME: ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION: ST. AGNES NOW HAS A FORMAL COMMUNITY ADVISORY COUNCIL AND HAS PRESENTED THE RESULTS TO THIS COUNCIL, WHICH HAS REPRESENTATION FROM MOST , IF NOT ALL, OF THE COMMUNITY ASSOCIATIONS AS WELL AS OTHER COMMUNITY LEADERS.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 11 - HOW HOSPITAL FACILITY IS ADDRESSING NEEDS IDENTIFIED IN CHNA</p>	<p>FACILITY NAME: ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION: AFTER USING BOTH PRIMARY AND SECONDARY RESEARCH METHODS TO ASSESS THE HEALTH NEEDS OF THE COMMUNITY AND TAKING INTO ACCOUNT THE INPUT RECEIVED FROM PERSONS WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY, INCLUDING THOSE WITH SPECIAL KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH, SAINT AGNES IDENTIFIED THREE PRIORITIES. THE TOP THREE COMMUNITY HEALTH NEED PRIORITIES THAT SAINT AGNES WILL IDENTIFY IN FY'S 2019 2021, WHICH HAVE BEEN APPROVED BY THE SAINT AGNES EXECUTIVE TEAM INCLUDE:</p> <p>*ADDRESS MENTAL HEALTH/SUBSTANCE ABUSE (SHARED PRIORITY WITH ALL BALTIMORE CITY HOSPITALS)</p> <p>*REDUCE OBESITY AND IMPACT OF CHRONIC DISEASES</p> <p>*CREATE PERSONCENTERED HEALTHY NEIGHBORHOODS TO ADDRESS SOCIAL DETERMINANTS OF HEALTH</p> <p>NOTEWORTHY, MANY OF THE TOP COMMUNITY HEALTH CONCERNS REMAIN UNCHANGED FROM THE FY16 COMMUNITY NEEDS ASSESSMENT WITH OBESITY & DIABETES AND CARDIOVASCULAR ISSUES AMONGST GREATEST PRIORITIES. SIMILAR TO THE REST OF THE COUNTY WITH THE EXPONENTIAL RISE OF THE OPIOID EPIDEMIC, THIS ASSESSMENT HIGHLIGHTED MUCH GREATER CONCERN REGARDING THE ISSUE OF SUBSTANCE USE DISORDER AND MENTAL HEALTH NEEDS IN THE COMMUNITY. NATIONAL, STATE AND LOCAL HEALTH POLICIES AND OBJECTIVES WERE USED TO VALIDATE AND ALIGN OUR PRIORITIES AND OBJECTIVES. THE IDENTIFIED PRIORITIES ARE HIGHLY ALIGNED WITH LOCAL, STATE AND NATIONAL PRIORITIES AS FOUND IN HEALTHY BALTIMORE 2020, STATE OF MARYLAND STATE HEALTH IMPROVEMENT PLAN (SHIP) VISION AREAS AND HEALTHY PEOPLE 2020, WHICH ARE SUMMARIZED IN TABLE 8 OF THE COMMUNITY HEALTH NEEDS ASSESSMENT LOCATED ON THE HOSPITAL WEBSITE.</p> <p>ST. AGNES IS DEPLOYING A MULTIFACETED APPROACH TO ADDRESS THE PRIORITIZED NEEDS. IN 2018, SAINT AGNES HOSPITAL CREATED THE HEALTH INSTITUTE TO FOCUS ON PARTNERING WITH THE COMMUNITY TO KEEP INDIVIDUALS AT THEIR BEST HEALTH. BY BRINGING TOGETHER COMMUNITY ENGAGEMENT AND ENTERPRISEWIDE CARE MANAGEMENT RESOURCES, SAINT AGNES STRIVES TO BE AS RELEVANT TO OUR COMMUNITY WHEN THEY ARE WELL AS WHEN THEY ARE SICK. THE HEALTH INSTITUTE IS GUIDED BY OUR MISSION TO SERVE ALL PERSONS, PARTICULARLY THOSE THAT ARE MOST VULNERABLE, AND TO PROVIDE HEALTHCARE THAT LEAVES NO ONE BEHIND. WITH GREATER CARE COORDINATION, THE HEALTH INSTITUTE WILL CONNECT COMMUNITY MEMBERS AND PATIENTS TO THE SERVICES, PHYSICIANS, COMMUNITYBASED ORGANIZATIONS AND RESOURCES WHERE AND WHEN THEY NEED IT MOST. THE SAINT AGNES HEALTH INSTITUTE WILL FOCUS ON FOUR PRIMARY AREAS: COMMUNITY ENGAGEMENT, CARE MANAGEMENT, CHRONIC DISEASE MANAGEMENT, AND BEHAVIORAL HEALTH. THE HEALTH INSTITUTE WILL CONTINUE TO EVOLVE AS NEW NEEDS ARE IDENTIFIED, AND PARTNERSHIPS ARE FORMED TO MEET THE DEMANDS OF A HEALTHY COMMUNITY.</p> <p>SAINT AGNES WAS FOUNDED ON A MISSION OF SERVICE TO THE COMMUNITY, PARTICULARLY THOSE WHO ARE POOR AND UNDERSERVED, AND OUR COMMUNITY OUTREACH PROGRAMS CONTINUE TO EXPAND THAT MISSION TODAY. BASED ON EVALUATIONS OF THE MOST PRESSING HEALTH NEEDS IN OUR REGION, THE HOSPITAL HAS LAUNCHED A NUMBER OF COMMUNITY INITIATIVES TO FIGHT CARDIOVASCULAR DISEASE AND OBESITY AND IMPROVE ACCESS TO PRIMARY CARE. SAINT AGNES IS FOCUSED ON ACHIEVING CLEAR AND MEASURABLE IMPROVEMENTS IN THESE AREAS THROUGH THE EXPANSION OF OUR MILLION HEARTS PROGRAM, DIABETES PREVENTION PROGRAM, AND ONGOING EFFORTS TO FIGHT METABOLIC DISEASE AND OBESITY THROUGH OUR MARYLAND METABOLIC INSTITUTE, AND THE CONTINUED GROWTH AND DEVELOPMENT OF OUR REGIONAL PRIMARY CARE NETWORK.</p> <p>SAINT AGNES HOSPITAL HAS 254 LICENSEDBEDS (FY18) THAT IS A FULLSERVICE TEACHING HOSPITAL WITH RESIDENCY PROGRAMS IN A NUMBER OF MEDICAL AND SURGICAL SPECIALTIES. IN 2014, SAINT AGNES COMPLETED A \$200+ MILLION EXPANSION THAT EMPHASIZES PATIENT SAFETY IN A HIGH-QUALITY HEALTHCARE ENVIRONMENT. THE EXPANSION INCLUDED A NEW PATIENT TOWER, THE NEW 80,000SQUARE FOOT ANGELOS MEDICAL PAVILION WHICH IS HOME TO A VARIETY OF SPECIALTIES, INCLUDING AN EXPANDED CANCER INSTITUTE, A NEW PARKING GARAGE, AND THE HACKERMANPATZ HOUSE FOR FAMILIES OF PATIENTS BEING TREATED FOR LONGTERM AILMENTS. WE HAVE DEMONSTRATED THIS COMMITMENT WITH OUR INVESTMENT IN OUR CAMPUS, SAINT AGNES MEDICAL GROUP CATONSVILLE SITE, GIBBONS COMMONS AND INVOLVEMENT IN COMMUNITY PARTNERSHIPS; WHICH INCREASES ACCESS NOT ONLY TO CLINICAL SERVICES, BUT TO JOBS AND OPPORTUNITIES AS WELL.</p> <p>THE FISCAL YEAR 2018 COMMUNITY HEALTH NEEDS ASSESSMENT IDENTIFIED A WIDE VARIETY OF COMMUNITY HEALTH NEEDS INCLUDING CANCER, SMOKING / TOBACCO USE, HIV / AIDS, LUNG DISEASES, ALZHEIMER'S OR DEMENTIA, INFANT DEATH, AND STROKE. HOWEVER, THROUGH PRIORITIZATION EXERCISES WITH COMMUNITY MEMBERS, HEALTH EXPERTISE AND OTHER COMMUNITY STAKEHOLDERS, MENTAL HEALTH / SUBSTANCE ABUSE, OBESITY AND CHRONIC DISEASES, AND HEALTHY NEIGHBORHOODS WERE DETERMINED TO BE THE GREATEST UNMET NEEDS.</p> <p>WHILE SAINT AGNES HOSPITAL WILL FOCUS THE MAJORITY OF OUR EFFORTS ON THE IDENTIFIED STRATEGIC PROGRAMS, WE WILL REVIEW THE COMPLETE SET OF NEEDS IDENTIFIED IN THE CHNA FOR FUTURE COLLABORATION. THESE AREAS, WHILE IMPORTANT TO THE HEALTH OF THE COMMUNITY, WILL BE MET THROUGH EITHER EXISTING CLINICAL PROGRAMS OR THROUGH COLLABORATION WITH OTHER HEALTH CARE ORGANIZATIONS AS NEEDED. THE UNMET NEEDS NOT ADDRESSED SPECIFICALLY BY SAINT AGNES HOSPITAL, WILL CONTINUE TO BE ADDRESSED BY KEY GOVERNMENTAL AGENCIES AND EXISTING COMMUNITYBASED ORGANIZATIONS. THE SAINT AGNES IDENTIFIED CORE PRIORITIES TARGET THE INTERSECTION OF THE IDENTIFIED COMMUNITY NEEDS AND THE ORGANIZATION'S KEY STRENGTHS AND MISSION.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 16A - FAP AVAILABLE WEBSITE</p>	<p>HTTP://WWW.STAGNES.ORG/PATIENTS-VISITORS/FINANCIAL-ASSISTANCE/</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 16B - FAP APPLICATION FORM WEBSITE</p>	<p>HTTP://WWW.STAGNES.ORG/PATIENTS-VISITORS/FINANCIAL-ASSISTANCE/</p>

Return Reference - Identifier	Explanation
SCHEDULE H, PART V, SECTION B, LINE 16C - PLAIN LANGUAGE FAP SUMMARY WEBSITE	HTTP://WWW.STAGNES.ORG/PATIENTS-VISITORS/FINANCIAL-ASSISTANCE/
SCHEDULE H, PART V, SECTION B, LINE 16J - OTHER WAYS HOSPITAL PUBLICIZED FINANCIAL ASSISTANCE POLICY	<p>FACILITY NAME: ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION: IN ACCORDANCE WITH OUR MISSION AND VALUES, SAINT AGNES HOSPITAL IS COMMITTED TO CARING FOR ALL PEOPLE REGARDLESS OF THEIR ABILITY TO PAY, WITH SPECIAL ATTENTION TO THOSE WHO ARE POOR AND VULNERABLE. SAINT AGNES OFFERS FINANCIAL COUNSELING AND ASSISTANCE TO HELP ADDRESS ANY FINANCIAL CONCERNS PATIENTS OR FAMILIES MAY HAVE REGARDING THEIR CARE. OUR FINANCIAL AID POLICIES REFLECT THE HOSPITAL'S DEDICATION TO WORKING TOGETHER WITH OUR PATIENTS IN A COMPASSIONATE AND CARING MANNER TO IDENTIFY OPTIONS FOR RESOLVING THEIR FINANCIAL OBLIGATIONS. COPIES OF OUR FINANCIAL AID POLICES AND REQUESTS FOR ASSISTANCE ARE AVAILABLE BY CONTACTING OUR PATIENT ADVOCACY DEPARTMENT AT 667-234-2140, BY E-MAIL AT KTHOMPS@STAGNES.ORG, OR IN PERSON AT THE PATIENT ADVOCACY DEPARTMENT IN THE HOSPITAL'S MAIN LEVEL.</p>

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
 (list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 7

Name and address	Type of Facility (describe)
1 SETON IMAGING CENTER 3449 WILKINS AVENUE BALTIMORE, MD 21229	DIAGNOSTIC IMAGING
2 PLASTIC AND RECONSTRUCTIVE SURGERY 300 FREDERICK ROAD, SUITE 200 CATONSVILLE, MD 21228	PLASTIC SURGERY
3 MARYLAND SURGEONS SURGERY CENTER OF COLUMBIA 11055 LITTLE PATUXENT PARKWAY, SUITE L6 COLUMBIA, MD 21044	OUTPATIENT SURGICAL CENTER
4 ANGELOS MEDICAL PAVILION 3407 WILKENS AVENUE, SUITE 420 BALTIMORE, MD 21229	BLOOD DRAWING STATION
5 ST. AGNES MEDICAL CENTER 6501-D BALTIMORE NATIONAL PIKE BALTIMORE, MD 21228	BLOOD DRAWING STATION AND DIAGNOSTIC IMAGING
6 WOMEN'S CENTER IN COLUMBIA 8945 GUILFORD ROAD, SUITE 100 COLUMBIA, MD 21046	BLOOD DRAWING STATION
7 PINE HEIGHTS PROFESSIONAL BUILDING 1001 PINE HEIGHTS AVENUE, SUITE 202 BALTIMORE, MD 21229	BLOOD DRAWING STATION
8 	
9 	
10 	

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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.

Return Reference - Identifier	Explanation
SCHEDULE H, PART I, LINE 3C - OTHER CRITERIA FOR DETERMINING FREE OR DISCOUNTED CARE	<p>THE ORGANIZATION WILL PROVIDE REDUCED-COST, MEDICALLY NECESSARY CARE TO PATIENTS WITH FAMILY INCOME BELOW 500% OF THE FPL AND MEDICAL DEBT THAT EXCEEDS 25% OF THE FAMILY INCOME. ELIGIBLE PATIENTS SHALL REMAIN ELIGIBLE FOR REDUCED COST, MEDICALLY NECESSARY CARE DURING THE 12-MONTH PERIOD BEGINNING ON THE DATE ON WHICH THE REDUCED-COST, MEDICALLY NECESSARY CARE WAS INITIALLY RECEIVED. THE PATIENT AND ANY IMMEDIATE FAMILY MEMBER OF THE PATIENT LIVING IN THE SAME HOUSEHOLD MAY BE ELIGIBLE.</p> <p>ELIGIBILITY FOR FINANCIAL ASSISTANCE MAY BE DETERMINED AT ANY POINT IN THE REVENUE CYCLE AND MAY INCLUDE THE USE OF PRESUMPTIVE SCORING TO DETERMINE ELIGIBILITY NOTWITHSTANDING AN APPLICANT'S FAILURE TO COMPLETE A FINANCIAL ASSISTANCE APPLICATION ("FAP APPLICATION").</p> <p>UNLESS OTHERWISE ELIGIBLE FOR MEDICAID OR CHIP, PATIENTS WHO ARE BENEFICIARIES/RECIPIENTS OF THE FOLLOWING MEANS-TESTED SOCIAL SERVICE PROGRAMS ARE DEEMED ELIGIBLE FOR CHARITY CARE, PROVIDED THAT THE PATIENT SUBMITS PROOF OR ENROLLMENT WITHIN 30 DAYS UNLESS THE PATIENT OR THE PATIENT'S REPRESENTATIVE REQUESTS AN ADDITIONAL 30 DAYS:</p> <p>A. HOUSEHOLDS WITH CHILDREN IN THE FREE OR REDUCED LUNCH PROGRAM; B. SUPPLEMENTAL NUTRITIONAL ASSISTANCE PROGRAM (SNAP); C. LOW-INCOME HOUSEHOLD ENERGY ASSISTANCE PROGRAM; D. WOMEN, INFANTS AND CHILDREN (WIC); E. OTHER MEANS-TESTED SOCIAL SERVICES PROGRAM DEEMED ELIGIBLE FOR HOSPITAL FREE CARE BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE AND THE HSCRC.</p>
SCHEDULE H, PART I, LINE 6A - COMMUNITY BENEFIT REPORT DISCLOSURE	SUMMARY COMMUNITY BENEFIT INFORMATION IS INCLUDED IN THE SAINT AGNES HOSPITAL ANNUAL REPORT WHICH IS POSTED ON THE HOSPITAL WEBSITE.
SCHEDULE H, PART I, LINE 7 - EXPLANATION OF COSTING METHODOLOGY USED FOR CALCULATING LINE 7 TABLE	THE COST OF PROVIDING CHARITY CARE, MEANS-TESTED GOVERNMENT PROGRAMS, AND OTHER COMMUNITY BENEFIT PROGRAMS IS ESTIMATED USING INTERNAL COST DATA, AND IS CALCULATED IN COMPLIANCE WITH CATHOLIC HEALTH ASSOCIATION ("CHA") GUIDELINES. THE ORGANIZATION USES A COST ACCOUNTING SYSTEM THAT ADDRESSES ALL PATIENT SEGMENTS (FOR EXAMPLE, INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICAID, MEDICARE, UNINSURED, OR SELF PAY). THE BEST AVAILABLE DATA WAS USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE. FOR THE INFORMATION IN THE TABLE, A COST-TO-CHARGE RATIO WAS CALCULATED AND APPLIED.
SCHEDULE H, PART I, LINE 7 - FINANCIAL ASSISTANCE AT COST & HEALTH PROFESSIONS EDUCATION	MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE.
SCHEDULE H, PART I, LINE 7B - STATE WIDE DISCLOSURE FOR MARYLAND HOSPITALS	<p>MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL-PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYOR'S RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAK OUT ANY DIRECTED OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE. COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO; MEDICAID RECOGNIZES FULL REIMBURSEMENT. THE EXCEPTION TO THIS IS THE IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT. IN RECENT YEARS, THE STATE OF MARYLAND HAS CLOSED FISCAL GAPS IN THE STATE MEDICAID BUDGET BY ASSESSING HOSPITALS THROUGH THE RATE-SETTING SYSTEM.</p> <p>THE AMOUNTS REPORTED IN PART I, LINE 7B REPRESENT UNREIMBURSED MEDICAID COSTS FOR UNREGULATED HEALTH CARE ACTIVITIES AND THE MEDICAID ASSESSMENT.</p>
SCHEDULE H, PART I, LINE 7, COL (F) - BAD DEBT EXPENSE EXCLUDED FROM FINANCIAL ASSISTANCE CALCULATION	62,728

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART II - DESCRIBE HOW BUILDING ACTIVITIES PROMOTE THE HEALTH OF THE COMMUNITY</p>	<p>GIBBONS COMMONS IS A VIBRANT, 32-ACRE, MIXED-USE COMMUNITY, BEING DEVELOPED AND DESIGNED BY SAINT AGNES HEALTHCARE- IN COLLABORATION WITH MAJOR COMMUNITY PARTNERS -IN ORDER TO PROVIDE SOUTHWEST BALTIMORE RESIDENTS WITH A SAFE AND HEALTHY PLACE TO LIVE, WORK, PLAY AND LEARN. SINCE PURCHASING THE PROPERTY, SAINT AGNES HAS WORKED CLOSELY WITH COMMUNITY PARTNERS, NEIGHBORS, THE CITY AND DEVELOPERS TO ENSURE WE ARE CREATING A COMMUNITY ASSET THAT WILL IMPROVE THE QUALITY OF LIFE OF THOSE WE HAVE SERVED FOR OVER 150 YEARS. OUR VISION IS TO PROVIDE GREEN SPACE, COMMUNITY SERVICES, RECREATIONAL FACILITIES AND COMMUNITY HOUSING.</p> <p>SAINT AGNES HAS BEEN FORTUNATE IN PARTNERING AND COLLABORATING WITH LIKE-MINDED ORGANIZATIONS, BRINGING TO THE COMMUNITY:</p> <p>*HOUSING- BON SECOURS GIBBONS APARTMENTS, BUILT AND MANAGED BY BON SECOURS BALTIMORE HEALTH SYSTEM AND ENTERPRISE HOMES. OFFERS COMMUNITY HOUSING ON THE PROPERTY. THIS FOUR-STORY FACILITY OFFERS 80 ONE-, TWO- AND THREE-BEDROOM APARTMENTS; COMMUNITY AND RECREATIONAL SPACE; AND UNDERGROUND PARKING FOR ALL RESIDENTS.</p> <p>*BABE RUTH FIELD-PROVIDING MUCH NEEDED GREEN AND RECREATION SPACE FOR THE COMMUNITY WHILE HONORING THE PROPERTIES RICH HISTORY, MOST NOTABLY BABE RUTH. BUILT BY THE CAL RIPKEN, SR. FOUNDATION AND MANAGED BY THE Y OF CENTRAL MARYLAND, THIS NEW TURF FIELD IS POSITIONED ON THE EXACT SITE WHERE RUTH PLAYED IN THE EARLY 1900'S AND PROVIDES SPACE FOR COMMUNITY RESIDENTS TO PLAY BASEBALL, FOOTBALL AND LACROSSE.</p> <p>THE Y OF CENTRAL MARYLAND WILL MANAGE BABE RUTH FIELD AND WORK CLOSELY WITH THE CAL RIPKEN SR., FOUNDATION TO SUPPORT YOUTH AND SPORTS PROGRAMMING, ENCOURAGING ACTIVITY AND EXERCISE WITHIN THE COMMUNITY. THE Y IS ALSO CONSIDERING THE OPPORTUNITY TO RENOVATE THE 30,000-SQUARE-FOOT CARDINAL GIBBONS GYM INTO A FULL SERVICE FAMILY CENTER, INCLUDING A WARM WATER POOL, A GYMNASIUM AND FULL CARDIO AND STRENGTH FITNESS FLOOR, GROUP EXERCISE ROOMS, MULTI-PURPOSE FAMILY/YOUTH SPACE, LOCKER ROOMS AND COMMUNITY GATHERING SPACE.</p> <p>*FOOD OPTIONS - THE NEXT PROJECT PHASE INCLUDES THE NEW ROYAL FARMS FRESH KITCHEN DESIGN. AS A STRONG, KNOWN ENTITY WITH A SOLID REPUTATION AS A HIGHER END CONVENIENCE OPTION, ROYAL FARMS WILL PROVIDE:</p> <p>*A SOURCE OF REVENUE FOR THE PROJECT, ALLOWING FOR GREATER SUSTAINABILITY *HIGH QUALITY CONVENIENCE OPTION WITH FOOD, SUNDRIES AND GAS *COMMUNITY GATHERING SPACES WITH INDOOR AND OUTDOOR SEATING AREAS</p> <p>THE AMOUNTS REPORTED FOR COMMUNITY SUPPORT RELATE TO THE FEDERAL HOSPITAL PREPAREDNESS PROGRAM AND THE PUBLIC HEALTH EMERGENCY PREPAREDNESS ALIGNED COOPERATIVE AGREEMENTS.</p>
<p>SCHEDULE H, PART III, LINE 2 - METHODOLOGY USED TO ESTIMATE BAD DEBT</p>	<p>AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE AND REASONABLE EFFORTS TO COLLECT FROM THE PATIENT HAVE BEEN EXHAUSTED, THE CORPORATION FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST-DUE PATIENT BALANCES WITHIN COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY ASCENSION HEALTH. ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE CORPORATION'S POLICIES. AFTER APPLYING THE COST-TO-CHARGE RATIO, THE SHARE OF THE BAD DEBT EXPENSE IN FISCAL YEAR 2018 WAS \$4,341,577 AT CHARGES, (\$3,169,351 AT COST).</p>
<p>SCHEDULE H, PART III, LINE 3 - FAP ELIGIBLE PATIENT BAD DEBT CALCULATION METHODOLOGY</p>	<p>THE PROVISION FOR DOUBTFUL ACCOUNTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL EXPERIENCE, ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS. PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY, INCLUDING THOSE AMOUNTS NOT COVERED BY INSURANCE. THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR DOUBTFUL ACCOUNTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS.</p>
<p>SCHEDULE H, PART III, LINE 4 - FOOTNOTE IN ORGANIZATION'S FINANCIAL STATEMENTS DESCRIBING BAD DEBT</p>	<p>THE ORGANIZATION IS PART OF THE ASCENSION HEALTH ALLIANCE'S CONSOLIDATED AUDIT IN WHICH THE FOOTNOTE THAT DISCUSSES THE BAD DEBT EXPENSE IS LOCATED ON PAGE 21.</p>
<p>SCHEDULE H, PART III, LINE 8 - DESCRIBE EXTENT ANY SHORTFALL FROM LINE 7 TREATED AS COMMUNITY BENEFIT AND COSTING METHOD USED</p>	<p>A COST TO CHARGE RATIO IS APPLIED TO THE ORGANIZATION'S MEDICARE EXPENSE TO DETERMINE THE MEDICARE ALLOWABLE COSTS REPORTED IN THE ORGANIZATION'S MEDICARE COST REPORT. ASCENSION HEALTH AND ITS RELATED HEALTH MINISTRIES FOLLOW THE CATHOLIC HEALTH ASSOCIATION (CHA) GUIDELINES FOR DETERMINING COMMUNITY BENEFIT. CHA COMMUNITY BENEFIT REPORTING GUIDELINES SUGGEST THAT MEDICARE SHORTFALL IS NOT TREATED AS COMMUNITY BENEFIT.</p>
<p>SCHEDULE H, PART III, LINE 9B - DID COLLECTION POLICY CONTAIN PROVISIONS ON COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR ASSISTANCE</p>	<p>ST. AGNES HEALTHCARE, INC. FOLLOWS THE ASCENSION GUIDELINES FOR COLLECTION PRACTICES RELATED TO PATIENTS QUALIFYING FOR CHARITY OR FINANCIAL ASSISTANCE. A PATIENT CAN APPLY FOR CHARITY OR FINANCIAL ASSISTANCE AT ANY TIME DURING THE COLLECTION CYCLE. ONCE QUALIFYING DOCUMENTATION IS RECEIVED THE PATIENT'S ACCOUNT IS ADJUSTED. PATIENT ACCOUNTS FOR THE QUALIFYING PATIENT IN THE PREVIOUS SIX MONTHS MAY ALSO BE CONSIDERED FOR CHARITY OR FINANCIAL ASSISTANCE. ONCE A PATIENT QUALIFIES FOR CHARITY OR FINANCIAL ASSISTANCE, ALL COLLECTION ACTIVITY IS SUSPENDED.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 2 - NEEDS ASSESSMENT</p>	<p>THE ASSESSMENT PROCESS INVOLVED QUANTITATIVE AND QUALITATIVE COMPONENTS. ST. AGNES ENGAGED THE PARTICIPATION OF THE GENERAL PUBLIC AS WELL AS KEY INTERNAL AND EXTERNAL STAKEHOLDERS WHO REPRESENT THE BROAD INTEREST OF THE COMMUNITIES SERVED BY ST. AGNES TO REVIEW THE QUANTITATIVE ANALYSIS. THE PUBLIC PROVIDED INPUT THROUGH A STRUCTURED ONLINE SURVEY AND VIA FOCUS GROUPS ACROSS THE ASSESSMENT PROCESS DURING FISCAL YEAR 2016. THE INTERNAL AND EXTERNAL STAKEHOLDERS WERE INDIVIDUALS WITH EXPERTISE IN PROVISION OF HEALTH CARE SERVICES AND PUBLIC HEALTH AND INCLUDED COMMUNITY LEADERS, PHYSICIANS, NURSING, SOCIAL WORK, PASTORAL CARE, EMERGENCY OUTPATIENT AND MANAGEMENT REPRESENTATIVES AND A BROAD RANGE OF COMMUNITY ORGANIZATIONS.</p> <p>A QUANTITATIVE ASSESSMENT WAS CONDUCTED USING A SURVEY ADMINISTERED ELECTRONICALLY AND ON PAPER TO GAIN BROAD PUBLIC INPUT. A COPY OF THE SURVEY IS INCLUDED AS APPENDIX 2 OF THE COMMUNITY HEALTH NEEDS ASSESSMENT WHICH IS AVAILABLE ON THE HOSPITAL'S WEBSITE. A QUALITATIVE ASSESSMENT WAS CONDUCTED USING FOCUS GROUPS FACILITATED BY OBSERVATION BALTIMORE; A DIVISION OF THE RESEARCH GROUP/FAMILY RESEARCH CENTER. SIX FOCUS GROUPS WERE CONDUCTED FOR SAINT AGNES HOSPITAL TO BETTER UNDERSTAND THE HEALTHCARE NEEDS OF THE MEDICALLY UNDERSERVED, LOW-INCOME, AND MINORITY POPULATIONS IN THE MOST VULNERABLE COMMUNITIES IDENTIFIED IN THE FY13 ASSESSMENT. THE COMPOSITION OF THE FOCUS GROUPS WAS RECRUITED TO MATCH THE DEMOGRAPHIC COMPOSITION OF THE COMMUNITY'S SURVEY. PARTICIPANTS WERE ALSO INCLUDED BY EITHER A PERSONAL HISTORY OR FAMILY HISTORY OF CHRONIC DISEASE WITH A CONSIDERATION OF ENVIRONMENTAL RISKS (SPECIFICALLY SMOKING TOBACCO, DRINKING ALCOHOL DAILY OR OCCASIONALLY, AND USE OF NON-PRESCRIPTION DRUGS). THE HISPANIC POPULATION WAS ALSO TARGETED TO ENSURE INPUT FROM ALL ETHNICITIES.</p>
<p>SCHEDULE H, PART VI, LINE 3 - PATIENT EDUCATION</p>	<p>ST. AGNES HEALTHCARE DISPLAYS SIGNAGE, IN BOTH ENGLISH AND SPANISH IN ALL REGISTRATION AREAS THAT INFORM PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS AND CONTACT INFORMATION. THE SIGNAGE IS ACCOMPANIED BY BROCHURES THAT EXPLAIN THE VARIOUS FINANCIAL ASSISTANCE PROGRAMS THAT ARE AVAILABLE. THE MARYLAND STATE FINANCIAL ASSISTANCE APPLICATION IS ALSO AVAILABLE. REGISTRATION AREAS ARE ROUTINELY CHECKED TO INSURE THESE MATERIALS ARE PROMINENTLY DISPLAYED. ST. AGNES HEALTHCARE HAS EMPLOYEES WHO ARE RESPONSIBLE FOR SCREENING ADMISSIONS TO IDENTIFY PATIENTS WHO MAY BE ELIGIBLE FOR CHARITY, MEDICAID, OR OTHER STATE PROGRAMS. ONCE THESE PATIENTS ARE IDENTIFIED, ST. AGNES HEALTHCARE EMPLOYEES ASSIST THEM WITH COMPLETING THE ELIGIBILITY PROCESS.</p> <p>ALL INPATIENTS ARE PROVIDED THE PATIENT BILLING AND FINANCIAL ASSISTANCE INFORMATION SHEET AT THE TIME OF ADMISSION. IT IS ALSO MAILED TO THE PATIENT WITH THE SUMMARY BILL THAT IS SENT AFTER DISCHARGE. THE INFORMATION SHEET IS PROVIDED IN BOTH ENGLISH AND SPANISH AND PROVIDES THE PATIENT WITH INFORMATION REGARDING ST. AGNES HEALTHCARE'S FINANCIAL ASSISTANCE POLICY, HOW TO APPLY FOR FINANCIAL ASSISTANCE AND MEDICAL ASSISTANCE AND THE PATIENT'S RIGHTS AND OBLIGATIONS. A PUBLIC NOTICE IS ALSO PUBLISHED ANNUALLY IN THE BALTIMORE SUN NEWSPAPER NOTIFYING THE PUBLIC OF THE AVAILABILITY OF UNCOMPENSATED CARE AT ST. AGNES HEALTHCARE.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 4 - COMMUNITY INFORMATION</p>	<p>WITH THE FY18 COMMUNITY NEEDS ASSESSMENT, OUR COMMUNITY BENEFIT SERVICE AREA (CBSA) HAS REDEFINED. FIRST, DUE TO MULTIPLE INTERNAL AND EXTERNAL CHANGES OVER THE LAST TWO DECADES, THE ZIP CODES THAT COMPRISE THE SAINT AGNES HOSPITAL SERVICE AREA HAVE SHIFTED EAST AND THE PRIMARY SERVICE AREA (TOP 60% OF LIVES SERVED) HAS ORIENTED TO INCLUDE A GREATER SHARE OF WEST BALTIMORE CITY COMMUNITIES. SECOND, ANTICIPATING PHASE 2 WAIVER THE CBSA WAS REDEFINED TO BETTER ALIGN WITH PHASE 2 TOTAL COST OF CARE PATIENT ATTRIBUTION GEOGRAPHY. AND FINALLY, THE CBSA WAS ALIGNED TO THOSE ZIPS CODES WHERE SAINT AGNES HAS THE GREATEST ABILITY TO DEMONSTRATE MEANINGFUL IMPACT ON COMMUNITY HEALTH OUTCOMES.</p> <p>THE WIDE VARIETY OF NEEDS THAT EXIST THROUGHOUT THE SERVICE AREA CAN BE ADDRESSED MOST EFFECTIVELY WITH AN ACUTE FOCUS ON THOSE CRUCIAL NEEDS UPON WHICH SAINT AGNES HOSPITAL CAN HAVE THE GREATEST IMPACT. IT IS THIS FOCUS THAT WILL GUIDE THE ALLOCATION OF RESOURCES, AND DEVELOPMENT OF HEALTH CARE PROGRAMS, WHICH WILL MOST SIGNIFICANTLY IMPROVE COMMUNITY HEALTH. DUE TO ITS LOCATION IN THE SOUTHWEST SEGMENT OF THE BALTIMORE METROPOLITAN AREA, SAINT AGNES SERVES A DIVERSE PATIENT POPULATION. SAINT AGNES' CBSA (BALTIMORE CITY AND BALTIMORE COUNTY) HAS A POPULATION OF APPROXIMATELY 400,514 (ALL POPULATION DATA WAS TAKEN FROM SG2 DATA FOR 2018).</p> <p>THE SERVICE AREA FOR STUDY IN THE COMMUNITY HEALTH NEEDS ASSESSMENT REPRESENTS THE ZIP CODES THAT COMPRISE 70% OF SAINT AGNES HOSPITAL DISCHARGES. A MAP OF THE COMMUNITIES SAINT AGNES SERVES CAN BE SEEN IN THE COMMUNITY HEALTH NEEDS ASSESSMENT WHICH IS LOCATED ON THE HOSPITAL WEBSITE. WITHIN THE CBSA, SAINT AGNES HAS DEFINED EIGHT DIFFERENT COMMUNITIES. THE COMMUNITIES ARE GROUPINGS OF ZIP CODES IN THE DEFINED CBSA BASED ON SIMILAR DEMOGRAPHIC CHARACTERISTICS AND GEOGRAPHIC BOUNDARIES. DETAILS ABOUT EACH OF THE INDIVIDUAL COMMUNITIES FOLLOWS:</p> <p>ARBUTUS (ZIP CODE 21227): ARBUTUS IS AN OLDER SUBURBAN COMMUNITY, LOCATED SOUTH OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 34,139. THE TRADITIONALLY BLUE-COLLAR COMMUNITY IS PART OF THE BALTIMORE COUNTY HEALTH JURISDICTION. SAINT AGNES HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>BROOKLYNLINTHICUM (ZIP CODE 21225): BROOKLYNLINTHICUM IS AN OLDER URBAN/SUBURBAN COMMUNITY, LOCATED SOUTHEAST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 33,550. THE INDUSTRIAL AND BLUE-COLLAR COMMUNITY HAS SEEN AN INCREASE IN THE UNINSURED POPULATION AND IS PART OF BOTH THE BALTIMORE CITY AND BALTIMORE COUNTY HEALTH JURISDICTIONS. HARBOR HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>CATONSVILLE (ZIP CODE 21228): CATONSVILLE IS AN OLDER SUBURBAN COMMUNITY, LOCATED WEST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 49,758, WITH A GROWING PROPORTION OF SENIORS. THE TRADITIONALLY WHITE-COLLAR COMMUNITY IS PART OF THE BALTIMORE COUNTY HEALTH JURISDICTION. SAINT AGNES HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>CURTIS BAY (ZIP CODE 21226) CURTIS BAY IS A RESIDENTIAL / COMMERCIAL / INDUSTRIAL NEIGHBORHOOD IN THE SOUTHERN PORTION OF THE CITY OF BALTIMORE, WHICH HAS A POPULATION OF 7,929. THE NEIGHBORHOOD IS ON STEEP SLOPING HEIGHTS, ABOUT FOUR CITY BLOCKS WIDE (WEST TO EAST) AND FIFTEEN BLOCKS LONG (NORTH TO SOUTH) AND ABOVE AND SURROUNDED ON THREE SIDES (NORTHEAST EAST SOUTHEAST) IN A HIGHLY INDUSTRIALIZED WATERFRONT AREA IN THE SOUTHERN PART OF THE CITY.</p> <p>SOUTHWEST BALTIMORE CITY (ZIP CODE 21229): SOUTHWEST BALTIMORE CITY IS AN OLDER URBAN COMMUNITY, LOCATED AT CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 44,537. SIMILAR TO OTHER URBAN AREAS, SOUTHWEST BALTIMORE IS PROJECTED TO EXPERIENCE POPULATION DECLINES. SOUTHWEST BALTIMORE CITY IS PART OF THE BALTIMORE CITY HEALTH JURISDICTION. SAINT AGNES HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>WEST BALTIMORE CITY (ZIP CODE 21215, 21216, 21217): WEST BALTIMORE CITY IS AN OLDER URBAN COMMUNITY, LOCATED NORTH OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 123,222. SIMILAR TO OTHER URBAN AREAS, WEST BALTIMORE IS PROJECTED TO EXPERIENCE POPULATION DECLINES. WEST BALTIMORE CITY IS PART OF THE BALTIMORE CITY HEALTH JURISDICTION. SINAI HOSPITAL, UNIVERSITY OF MARYLAND AND BON SECOURS HOSPITAL ARE THE PRIMARY HOSPITAL PROVIDERS BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>SOUTH BALTIMORE CITY (ZIP CODE 21223, 21230): SOUTH BALTIMORE CITY IS AN OLDER URBAN COMMUNITY, LOCATED EAST/SOUTHEAST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 59,923. THE URBAN COMMUNITY IS PROJECTED TO EXPERIENCE POPULATION DECLINES. SOUTH BALTIMORE CITY IS PART OF THE BALTIMORE CITY HEALTH JURISDICTION. BALTIMORE WASHINGTON MEDICAL CENTER AND MEDSTAR HARBOR HOSPITAL ARE THE PRIMARY HOSPITALS PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>WOODLAWN (ZIP CODE 21207): WOODLAWN IS A SUBURBAN COMMUNITY, LOCATED NORTHWEST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 47,456, WITH A GROWING PROPORTION OF SENIORS. WOODLAWN IS PART OF THE BALTIMORE COUNTY HEALTH JURISDICTION. NORTHWEST HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH</p>	<p>THE INFORMATION PROVIDED AS COMMUNITY SUPPORT, IN PART II, COMMUNITY BUILDING ACTIVITIES, REPRESENTS FUNDS SPENT FOR DISASTER READINESS AND PUBLIC HEALTH EMERGENCY ACTIVITIES. THESE COSTS, WHICH ARE PARTIALLY FUNDED BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE, SUPPORT ACTIVITIES SUCH AS EDUCATION AND PREPAREDNESS TRAINING, DECONTAMINATION EQUIPMENT AND SUPPLIES NEEDED FOR VICTIM'S EASE, COMFORT AND TRACKING DURING DECONTAMINATION.</p> <p>ST. AGNES HEALTHCARE FURTHERS ITS EXEMPT PURPOSE BY PROMOTING THE HEALTH OF THE COMMUNITY IN VARIOUS WAYS. A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY RESIDES IN ST. AGNES HEALTHCARE'S SERVICE AREA AND IS NEITHER COMPOSED OF EMPLOYEES NOR CONTRACTORS OF THE ORGANIZATION. THE GOVERNING BODY HAD THIRTEEN VOTING MEMBERS, TEN OF WHICH WERE INDEPENDENT COMMUNITY MEMBERS. ADDITIONALLY, ST. AGNES HEALTHCARE HAS AN OPEN MEDICAL STAFF AND CREDENTIALS ALL QUALIFIED MEDICAL STAFF, INCLUDING COMMUNITY BASED PROVIDERS. ST. AGNES HEALTHCARE APPLIES SURPLUS FUNDS TO IMPROVE PATIENT CARE IN VARIOUS WAYS. FOR INSTANCE, SURPLUS FUNDS ARE USED TO REINVEST IN THE LATEST EQUIPMENT AND TECHNOLOGIES TO IMPROVE PATIENT SAFETY, COMFORT, AND OUTCOMES. SURPLUS FUNDS ARE ALSO USED TO RENOVATE EXISTING FACILITIES AND CONSTRUCT NEW FACILITIES IN ORDER TO IMPROVE THE HEALTHCARE ENVIRONMENT. AS A MEMBER OF A NATIONAL HEALTH SYSTEM, ASCENSION HEALTH, SURPLUS FUNDS GENERATED BY ST. AGNES HEALTHCARE MAY ALSO BE DIRECTED TO ASCENSION HEALTH TO APPLY TOWARDS STRATEGIC INITIATIVES OR TO BE RE-DISTRIBUTED TO OTHER MEMBER HEALTHCARE PROVIDERS WITHIN ASCENSION HEALTH. THIS ALLOWS ST. AGNES TO NOT ONLY SERVICE THE SURROUNDING COMMUNITY, BUT ALSO HELP FUND THE CARE FOR THE UNDERPRIVILEGED THROUGHOUT MANY PARTS OF THE UNITED STATES.</p>
<p>SCHEDULE H, PART VI, LINE 6 - DESCRIPTION OF AFFILIATED GROUP</p>	<p>ST. AGNES HEALTHCARE IS A MEMBER OF ASCENSION HEALTH, A NATIONAL HEALTH CARE SYSTEM. ASCENSION HEALTH IS THE SOLE CORPORATE MEMBER OF SAINT AGNES HEALTHCARE. SAINT AGNES HEALTHCARE IS THE SOLE CORPORATE MEMBER OF SETON MEDICAL GROUP INC., WHICH PROVIDES PRIMARY CARE, GYNECOLOGY AND OBSTETRICS CARE FOR PATIENTS IN THE SAINT AGNES HEALTHCARE'S SERVICE AREA. SAINT AGNES HEALTHCARE IS ALSO THE SOLE CORPORATE MEMBER OF SAINT AGNES FOUNDATION, THE PHILANTHROPIC ARM OF SAINT AGNES HEALTHCARE.</p>
<p>SCHEDULE H, PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT</p>	<p>SAINT AGNES HEALTHCARE FILES A COMMUNITY BENEFITS REPORT WITH THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC), THE REGULATORY AGENCY IN THE STATE OF MARYLAND. THE REPORT IS THEN MADE PUBLIC BY THE HSCRC. ADDITIONALLY, COMMUNITY BENEFIT INFORMATION IS AVAILABLE IN THE SAINT AGNES HEALTHCARE ANNUAL REPORT AND THE SAINT AGNES HEALTHCARE FACT SHEET. BOTH DOCUMENTS ARE AVAILABLE ON THE HOSPITAL WEBSITE.</p>

**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

ST. AGNES HEALTHCARE, INC.

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

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

▶ Attach to Form 990.

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

OMB No. 1545-0047

2017

**Open to Public
Inspection**

Employer identification number

52-0591657

Part I General Information on Grants and Assistance

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? **Yes** **No**
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of noncash assistance	(h) Purpose of grant or assistance
(1) BALTIMORE MEDICAL SYSTEM, INC. PO BOX 1593, MERRIFIELD, VA 22116	52-1358241	501(C)(3)	800,044				OPERATING SUPPORT
(2) AMERICAN CANCER SOCIETY 250 WILLIAMS STREET NW, ATLANTA, GA 30303	13-1788491	501(C)(3)	5,000				OPERATING SUPPORT
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

- 2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 2
- 3** Enter total number of other organizations listed in the line 1 table ▶ 0

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

Cat. No. 50055P

Schedule I (Form 990) (2017)

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of noncash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of noncash assistance
1					
2					
3					
4					
5					
6					
7					

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

(SEE STATEMENT)

Part IV

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

Return Reference - Identifier	Explanation
SCHEDULE I, PART I, LINE 2 - PROCEDURES FOR MONITORING USE OF GRANT FUNDS.	DISCRETIONARY GRANTS OR ASSISTANCE TO OTHER ORGANIZATIONS ARE APPROVED BY EITHER THE CHIEF EXECUTIVE OFFICER OR THE CHIEF FINANCIAL OFFICER.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

ST. AGNES HEALTHCARE, INC.

Compensation Information

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

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

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

OMB No. 1545-0047

2017

Open to Public Inspection

Employer identification number

52-0591657

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- | | | | |
|--|-----------|---|---|
| a Receive a severance payment or change-of-control payment? | 4a | ✓ | |
| b Participate in, or receive payment from, a supplemental nonqualified retirement plan? | 4b | ✓ | |
| c Participate in, or receive payment from, an equity-based compensation arrangement? | 4c | | ✓ |

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- | | | | |
|--|-----------|--|---|
| a The organization? | 5a | | ✓ |
| b Any related organization? | 5b | | ✓ |

If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- | | | | |
|--|-----------|--|---|
| a The organization? | 6a | | ✓ |
| b Any related organization? | 6b | | ✓ |

If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a	✓	
4b	✓	
4c		✓
5a		✓
5b		✓
6a		✓
6b		✓
7		✓
8		✓
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)–(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation in column (B) reported as deferred on prior Form 990	
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation					
1	CARLOS S INCE, JR, MD	(i)	455,033	42,083	2,421	14,850	29,577	543,964	0
	SECRETARY & PHYSICIAN	(ii)	0	0	0	0	0	0	0
2	KEITH VANDER KOLK	(i)	424,829	387,626	85,197	12,685	5,048	915,384	0
	PRESIDENT & CEO - EX-OFFICIO	(ii)	0	0	0	0	0	0	0
3	CAROLE B MILLER, MD	(i)	414,781	75,027	4,031	17,550	14,346	525,734	0
	DIRECTOR & PHYSICIAN	(ii)	0	0	0	0	0	0	0
4	BONNIE L PHIPPS	(i)	0	0	0	0	0	0	0
	FORMER OFFICER (END 7/2016)	(ii)	0	14,910	705,795	0	7,656	728,362	0
5	SCOTT M FURNISS	(i)	318,408	186,115	37,584	16,522	17,937	576,566	0
	SVP & CFO, MINISTRY MARKET	(ii)	0	0	0	0	0	0	0
6	PATRICK F MUTCH	(i)	3,947	55,740	301,231	0	5,784	366,702	0
	FORMER KEY EMPLOYEE (END 7/2016)	(ii)	0	0	0	0	0	0	0
7	NANCY M HAMMOND, MD	(i)	356,074	167,693	39,643	17,250	27,712	608,372	0
	EVP & CMO	(ii)	0	0	0	0	0	0	0
8	YOLANDA COPELAND	(i)	245,904	123,375	16,373	15,704	4,965	406,320	0
	SVP & CNO	(ii)	0	0	0	0	0	0	0
9	GEORGE T GRACE, MD	(i)	797,931	173,099	7,524	14,850	31,802	1,025,206	0
	MEDICAL DIRECTOR, RECONSTRUCTIVE SURGERY	(ii)	0	0	0	0	0	0	0
10	HOWARD S HESSAN, MD	(i)	740,580	40,234	7,524	14,850	23,304	826,492	0
	MEDICAL DIRECTOR, OTOLARYNGOLOGY	(ii)	0	0	0	0	0	0	0
11	ANDREW M AVERBACH, MD	(i)	578,469	2,761	7,524	16,200	22,506	627,460	0
	GENERAL SURGEON	(ii)	0	0	0	0	0	0	0
12	AJAY V KUMAR, MD	(i)	277,796	300,039	938	14,710	26,139	619,621	0
	PLASTIC SURGEON	(ii)	0	0	0	0	0	0	0
13	MARTIN A ALBORNOZ, MD	(i)	540,871	32,799	4,902	14,850	28,915	622,336	0
	CARDIOLOGY	(ii)	0	0	0	0	0	0	0
14		(i)							
		(ii)							
15		(i)							
		(ii)							
16		(i)							
		(ii)							

Part III

Supplemental Information. Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Return Reference - Identifier	Explanation
<p>SCHEDULE J, PART I, LINE 3 - ARRANGEMENT USED TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION</p>	<p>ASCENSION HEALTH, A RELATED ORGANIZATION OF ST. AGNES HEALTHCARE, INC., USES THE FOLLOWING TO ESTABLISH THE COMPENSATION OF THE ORGANIZATION'S PRESIDENT:</p> <ul style="list-style-type: none"> - COMPENSATION COMMITTEE, - INDEPENDENT COMPENSATION CONSULTANT, - COMPENSATION SURVEY OR STUDY, AND - APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.
<p>SCHEDULE J, PART I, LINE 4A - SEVERANCE OR CHANGE-OF-CONTROL PAYMENT</p>	<p>THE FOLLOWING INDIVIDUAL(S) RECEIVED SEVERANCE PAYMENTS FROM THE ORGANIZATION OR A RELATED ORGANIZATION:</p> <p>BONNIE L PHIPPS - \$699,851 PATRICK F MUTCH - \$291,667</p>
<p>SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN</p>	<p>ELIGIBLE EXECUTIVES PARTICIPATE IN A PROGRAM THAT PROVIDES FOR SUPPLEMENTAL RETIREMENT BENEFITS. THE PAYMENT OF BENEFITS UNDER THE PROGRAM, IF ANY, IS ENTIRELY DEPENDENT UPON THE FACTS AND CIRCUMSTANCES UNDER WHICH THE EXECUTIVE TERMINATES EMPLOYMENT WITH THE ORGANIZATION. BENEFITS UNDER THE PROGRAM ARE UNFUNDED AND NON-VESTED. DUE TO THE SUBSTANTIAL RISK OF FORFEITURE PROVISION, THERE IS NO GUARANTEE THAT THESE EXECUTIVES WILL EVER RECEIVE ANY BENEFIT UNDER THE PROGRAM. ANY AMOUNT ULTIMATELY PAID UNDER THE PROGRAM TO THE EXECUTIVE IS REPORTED AS COMPENSATION ON FORM 990, SCHEDULE J, PART II, COLUMN B IN THE YEAR PAID.</p> <p>NO INDIVIDUALS RECEIVED CURRENT YEAR DISTRIBUTIONS.</p>

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2017

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Department of the Treasury
Internal Revenue Service

- ▶ **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**
- ▶ **Attach to Form 990.**
- ▶ **Go to www.irs.gov/Form990 for the latest information.**

Name of the organization

ST. AGNES HEALTHCARE, INC.

Employer identification number

52-0591657

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	✓	2	119,134	MARKET VALUE
26				
27				
28				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29** 0

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which isn't required to be used for exempt purposes for the entire holding period?		✓
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any nonstandard contributions?	✓	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		✓
b If "Yes," describe in Part II.		
33 If the organization didn't report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.		

Part II

Supplemental Information. Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference - Identifier	Explanation
SCHEDULE M, PART I - EXPLANATIONS OF REPORTING METHOD FOR NUMBER OF CONTRIBUTIONS	OTHER - EQUIPMENT NUMBER OF CONTRIBUTIONS

**SCHEDULE O
(Form 990 or 990-EZ)**

Department of Treasury Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

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

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the Organization
ST. AGNES HEALTHCARE, INC.

Employer Identification Number
52-0591657

Return Reference - Identifier	Explanation								
FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS	ST. AGNES HEALTHCARE HAS A SOLE CORPORATE MEMBER, ASCENSION HEALTH.								
FORM 990, PART VI, LINE 7A - MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	ST. AGNES HEALTHCARE HAS A SOLE CORPORATE MEMBER, ASCENSION HEALTH, WHO HAS THE ABILITY TO ELECT MEMBERS TO THE GOVERNING BODY OF ST. AGNES HEALTHCARE.								
FORM 990, PART VI, LINE 7B - DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	ASCENSION HEALTH HAS DESIGNED A SYSTEM AUTHORITY MATRIX WHICH ASSIGNS AUTHORITY FOR KEY DECISIONS THAT ARE NECESSARY IN THE OPERATION OF THE SYSTEM. SPECIFIC AREAS THAT ARE IDENTIFIED IN THE AUTHORITY MATRIX ARE: NEW ORGANIZATIONS & MAJOR TRANSACTIONS; GOVERNING DOCUMENTS; APPOINTMENTS/REMOVALS; EVALUATION; DEBT LIMITS; STRATEGIC & FINANCIAL PLANS; ASSETS; SYSTEM POLICIES & PROCEDURES. THESE AREAS ARE SUBJECT TO CERTAIN LEVELS OF APPROVAL BY ASCENSION PER THE SYSTEM AUTHORITY MATRIX.								
FORM 990, PART VI, LINE 11B - REVIEW OF FORM 990 BY GOVERNING BODY	DURING THE RETURN PREPARATION PROCESS, THE TAX DEPARTMENT WORKS WITH OTHER FUNCTIONAL AREAS INCLUDING FINANCE, ACCOUNTING, TREASURY, LEGAL, HUMAN RESOURCES, AND CORPORATE COMPLIANCE FOR ADVICE, INFORMATION AND ASSISTANCE IN ORDER TO PREPARE A COMPLETE AND ACCURATE RETURN. UPON COMPLETION, THE FORM 990 IS REVIEWED BY THE ORGANIZATION'S INTERNAL TAX DEPARTMENT WHICH CONSISTS OF ATTORNEYS AND CPAS. A COMPLETE FINAL COPY OF THE RETURN IS PROVIDED TO THE ORGANIZATION'S PRESIDENT, FINANCIAL OFFICER, AND/OR OTHER KEY OFFICERS IN LIEU OF THE FULL BOARD.								
FORM 990, PART VI, LINE 12C - CONFLICT OF INTEREST POLICY	THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY IN THAT ANY DIRECTOR, PRINCIPAL OFFICER, OR MEMBER OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS, WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST, MUST DISCLOSE THE EXISTENCE OF THE FINANCIAL INTEREST AND BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF THE COMMITTEES WITH GOVERNING BOARD DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT. THE REMAINING INDIVIDUALS ON THE GOVERNING BOARD OR COMMITTEE WILL DECIDE IF CONFLICTS OF INTEREST EXIST. EACH DIRECTOR, PRINCIPAL OFFICER AND MEMBER OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS ANNUALLY SIGNS A STATEMENT WHICH AFFIRMS SUCH PERSON HAS RECEIVED A COPY OF THE CONFLICTS OF INTEREST POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH THE POLICY, AND UNDERSTANDS THAT THE ORGANIZATION IS CHARITABLE AND IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ITS TAX-EXEMPT PURPOSE.								
FORM 990, PART VI, LINE 15A - PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	IN DETERMINING THE COMPENSATION OF THE ORGANIZATION'S CEO, THE PROCESS PERFORMED BY ASCENSION HEALTH, A RELATED ORGANIZATION OF ST. AGNES HEALTHCARE, INCLUDED A REVIEW AND APPROVAL BY INDEPENDENT PERSONS, COMPARABILITY DATA, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION. THE COMPENSATION COMMITTEE REVIEWED AND APPROVED THE COMPENSATION. IN THE REVIEW OF THE COMPENSATION, THE CEO WAS COMPARED TO INDIVIDUALS AT OTHER ORGANIZATIONS IN THE AREA WHO HOLD THE SAME TITLE. DURING THE REVIEW AND APPROVAL OF THE COMPENSATION, DOCUMENTATION OF THE DECISION WAS RECORDED IN THE COMMITTEE MINUTES. THE INDIVIDUAL WAS NOT PRESENT WHEN HIS COMPENSATION WAS DECIDED.								
FORM 990, PART VI, LINE 15B - PROCESS TO ESTABLISH COMPENSATION OF OTHER EMPLOYEES	IN DETERMINING COMPENSATION OF THE ORGANIZATION'S OFFICERS OR KEY EMPLOYEES, THE PROCESS, PERFORMED BY ST. AGNES HEALTHCARE, INC. INCLUDED A REVIEW AND APPROVAL BY INDEPENDENT PERSONS, COMPARABILITY DATA, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION. THE AUDIT COMMITTEE REVIEWED AND APPROVED THE COMPENSATION. IN THE REVIEW OF THE COMPENSATION, THE OTHER OFFICERS OR KEY EMPLOYEES OF THE ORGANIZATION WERE COMPARED TO INDIVIDUALS AT OTHER ORGANIZATIONS IN THE AREA WHO HOLD THE SAME TITLE. DURING THE REVIEW AND APPROVAL OF THE COMPENSATION DOCUMENTATION OF THE DECISION WAS RECORDED IN THE COMMITTEE MINUTES. INDIVIDUALS WERE NOT PRESENT WHEN THEIR COMPENSATION WAS DECIDED.								
FORM 990, PART VI, LINE 19 - REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC	THE ORGANIZATION WILL PROVIDE ANY DOCUMENTS OPEN TO PUBLIC INSPECTION UPON WRITTEN REQUEST.								
FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">(a) Description</th> <th style="text-align: center;">(b) Amount</th> </tr> </thead> <tbody> <tr> <td>CHANGE IN VALUE OF INTEREST OF ST. AGNES FOUNDATION, INC.</td> <td style="text-align: right;">- 37,004</td> </tr> <tr> <td>NET TRANSFERS WITH ALPHA FUND</td> <td style="text-align: right;">- 16,751,047</td> </tr> <tr> <td>REFUND PRIOR YEAR PLEDGE</td> <td style="text-align: right;">- 30,000</td> </tr> </tbody> </table>	(a) Description	(b) Amount	CHANGE IN VALUE OF INTEREST OF ST. AGNES FOUNDATION, INC.	- 37,004	NET TRANSFERS WITH ALPHA FUND	- 16,751,047	REFUND PRIOR YEAR PLEDGE	- 30,000
(a) Description	(b) Amount								
CHANGE IN VALUE OF INTEREST OF ST. AGNES FOUNDATION, INC.	- 37,004								
NET TRANSFERS WITH ALPHA FUND	- 16,751,047								
REFUND PRIOR YEAR PLEDGE	- 30,000								

Return Reference - Identifier	Explanation
FORM 990, PART XII, LINE 2B - AUDITED FINANCIAL STATEMENTS	THE ACTIVITY OF ST. AGNES HEALTHCARE IS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF ASCENSION HEALTH ALLIANCE. NO INDIVIDUAL AUDIT OF ST. AGNES HEALTHCARE IS COMPLETED. THEREFORE, THE ATTACHED AUDITED FINANCIAL STATEMENTS ARE OF ASCENSION HEALTH ALLIANCE AND AFFILIATES, WHICH INCLUDE THE ACTIVITY OF ST. AGNES HEALTHCARE.
FORM 990, PART XII, LINE 2C - AUDIT COMMITTEE	ST. AGNES HEALTHCARE, INC. IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF ASCENSION HEALTH ALLIANCE. THE FINANCE AND AUDIT COMMITTEE OF ASCENSION HEALTH ALLIANCE'S BOARD ASSUMES RESPONSIBILITY FOR THE CONSOLIDATED ORGANIZATION AS A WHOLE.

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

ST. AGNES HEALTHCARE, INC.

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990.

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

OMB No. 1545-0047

2017

**Open to Public
Inspection**

Employer identification number

52-0591657

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) GIBBONS COMMONS, LLC (52-0591657) 900 CATON AVENUE, BALTIMORE, MD 21229	REAL PROPERTY TO SUPPORT COMMUNITY ACTIVITIES	MD	48,013	16,890,574	ST. AGNES HEALTHCARE, INC.
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) ASCENSION HEALTH ALLIANCE (45-3358926) P.O. BOX 45998, ST. LOUIS, MO 63145	NATIONAL HEALTH SYSTEM	MO	501(C)(3)	12 TYPE I	N/A		✓
(2) ASCENSION HEALTH (31-1662309) P.O. BOX 45998, ST. LOUIS, MO 63145	NATIONAL HEALTH SYSTEM	MO	501(C)(3)	12 TYPE I	ASCENSION HEALTH ALLIANCE		✓
(3) SAINT AGNES FOUNDATION, INC. (52-1415083) 900 CATON AVENUE, BALTIMORE, MD 21229	FUNDRAISING	MD	501(C)(3)	12 TYPE I	ST. AGNES HEALTHCARE, INC.	✓	
(4)							
(5)							
(6)							
(7)							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512–514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												
(2) -----												
(3) -----												
(4) -----												
(5) -----												
(6) -----												
(7) -----												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) (SEE STATEMENT)									
(2) -----									
(3) -----									
(4) -----									
(5) -----									
(6) -----									
(7) -----									

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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
ST. AGNES FOUNDATION, INC.	C	197,772	FAIR MARKET VALUE
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part IV**Identification of Related Organizations Taxable as a Corporation or Trust** (continued)

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C-corp, S-corp or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) ST. AGNES HEALTH VENTURES, INC. (52-1733632) 900 CATON AVENUE, BALTIMORE, MD 21229	HOLDING COMPANY	MD	ST. AGNES HEALTHCARE, INC.	C CORPORATION	3,462	1,236,254	100.00	✓	

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Ascension Health Alliance
d/b/a Ascension
Years Ended June 30, 2018 and 2017
With Reports of Independent Auditors

Ascension
Consolidated Financial Statements
and Supplementary Information
Years Ended June 30, 2018 and 2017

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Report of Independent Auditors

The Board of Directors
Ascension Health Alliance d/b/a Ascension

We have audited the accompanying consolidated financial statements of Ascension Health Alliance d/b/a Ascension, which comprise the consolidated balance sheets as of June 30, 2018 and 2017, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health Alliance d/b/a Ascension at June 30, 2018 and 2017, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

September 12, 2018

Ascension

Consolidated Balance Sheets (Dollars in Thousands)

	June 30,	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 850,958	\$ 857,605
Short-term investments	83,166	103,857
Accounts receivable, less allowance for doubtful accounts (\$1,384,294 and \$1,316,163 at June 30, 2018 and 2017, respectively)	3,163,172	2,758,554
Inventories	414,169	354,041
Due from brokers (see Notes 4 and 5)	91,919	197,195
Estimated third-party payor settlements	129,693	133,715
Other (see Notes 4 and 5)	780,713	762,900
Total current assets	5,513,790	5,167,867
Long-term investments (see Notes 4 and 5)	19,404,559	16,999,371
Property and equipment, net	10,597,730	9,182,978
Other assets:		
Investment in unconsolidated entities	1,139,306	1,196,651
Capitalized software costs, net	793,322	880,819
Other (see Notes 4 and 5)	1,078,905	892,739
Total other assets	3,011,533	2,970,209
 Total assets	 \$ 38,527,612	 \$ 34,320,425

Continued on next page.

Ascension

Consolidated Balance Sheets (continued) (Dollars in Thousands)

	June 30,	
	2018	2017
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	\$ 100,919	\$ 298,270
Long-term debt subject to short-term remarketing arrangements*	738,770	999,785
Accounts payable and accrued liabilities (see Notes 4 and 5)	2,915,838	2,742,377
Estimated third-party payor settlements	683,229	480,694
Due to brokers (see Notes 4 and 5)	253,264	115,783
Current portion of self-insurance liabilities	288,975	206,787
Other	407,496	340,756
Total current liabilities	5,388,491	5,184,452
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	7,123,611	5,699,440
Self-insurance liabilities	756,028	513,010
Pension and other postretirement liabilities	914,045	1,318,331
Other (see Notes 4 and 5)	1,227,680	1,191,068
Total noncurrent liabilities	10,021,364	8,721,849
Total liabilities	15,409,855	13,906,301
Net assets:		
Unrestricted		
Controlling interest	20,446,065	17,933,923
Noncontrolling interests	1,930,466	1,798,361
Unrestricted net assets	22,376,531	19,732,284
Temporarily restricted	508,900	468,938
Permanently restricted	232,326	212,902
Total net assets	23,117,757	20,414,124
Total liabilities and net assets	\$ 38,527,612	\$ 34,320,425

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2019. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, a draw on the line of credit totaling \$1 billion, and issuing commercial paper. The commercial paper program is supported by \$300 million of the \$1 billion line of credit.

The accompanying notes are an integral part of the consolidated financial statements.

Ascension

Consolidated Statements of Operations and Changes in Net Assets *(Dollars in Thousands)*

	Year Ended June 30,	
	2018	2017
Operating revenue:		
Net patient service revenue	\$ 22,795,035	\$ 22,104,376
Less provision for doubtful accounts	1,129,175	1,083,661
Net patient service revenue, less provision for doubtful accounts	21,665,860	21,020,715
Other revenue	1,493,096	1,693,038
Total operating revenue	23,158,956	22,713,753
Operating expenses:		
Salaries and wages	9,407,216	9,301,057
Employee benefits	1,856,103	1,829,642
Purchased services	2,320,700	1,931,021
Professional fees	1,258,652	1,299,517
Supplies	3,387,222	3,267,278
Insurance	237,275	177,352
Interest	238,981	223,356
Provider tax	531,703	445,791
Depreciation and amortization	1,132,378	1,083,684
Other	2,518,918	2,415,575
Total operating expenses before impairment, restructuring and nonrecurring losses, net	22,889,148	21,974,273
Income from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net	269,808	739,480
Self-insurance trust fund investment return	28,000	43,621
Income from recurring operations	297,808	783,101
Impairment, restructuring and nonrecurring losses, net	(193,047)	(230,407)
Income from operations	104,761	552,694
Nonoperating gains (losses):		
Investment return	1,589,337	1,420,160
Contributions from business combinations	734,127	-
Other	(53,239)	(111,671)
Total nonoperating gains, net	2,270,225	1,308,489
Excess of revenues and gains over expenses and losses	2,374,986	1,861,183
Less noncontrolling interests	213,948	222,266
Excess of revenues and gains over expenses and losses attributable to controlling interest	2,161,038	1,638,917

Continued on next page.

Ascension

Consolidated Statements of Operations and Changes in Net Assets (continued) *(Dollars in Thousands)*

	Year Ended June 30,	
	2018	2017
Unrestricted net assets, controlling interest:		
Excess of revenues and gains over expenses and losses	\$ 2,161,038	\$ 1,638,917
Transfers to sponsors and other affiliates, net	(5,189)	(5,062)
Net assets released from restrictions for property acquisitions	51,458	92,104
Pension and other postretirement liability adjustments	313,638	(301,182)
Change in unconsolidated entities' net assets	1,612	8,039
Other	5,740	2,795
Increase in unrestricted net assets, controlling interest, before gain (loss) from discontinued operations	2,528,297	1,435,611
(Loss) gain from discontinued operations	(16,155)	226
Increase in unrestricted net assets, controlling interest	2,512,142	1,435,837
Unrestricted net assets, noncontrolling interests:		
Excess of revenues and gains over expenses and losses	213,948	222,266
Distributions of capital	(149,990)	(139,477)
Contributions of capital	92,301	285,894
Membership interest changes, net	(27,653)	210
Contributions from business combinations	5,478	-
Other	(1,979)	24
Increase in unrestricted net assets, noncontrolling interests	132,105	368,917
Temporarily restricted net assets, controlling interest:		
Contributions and grants	102,954	123,594
Investment return	22,795	29,410
Net assets released from restrictions	(104,873)	(153,648)
Contributions from business combinations	17,853	-
Other	1,233	1,588
Increase in temporarily restricted net assets, controlling interest	39,962	944
Permanently restricted net assets, controlling interest:		
Contributions	6,512	8,046
Investment return	4,603	7,263
Contributions from business combinations	13,497	-
Other	(5,188)	77
Increase in permanently restricted net assets, controlling interest	19,424	15,386
Increase in net assets	2,703,633	1,821,084
Net assets, beginning of year	20,414,124	18,593,040
Net assets, end of year	\$ 23,117,757	\$ 20,414,124

The accompanying notes are an integral part of the consolidated financial statements.

Ascension

Consolidated Statements of Cash Flows (Dollars in Thousands)

	Year Ended June 30,	
	2018	2017
Operating activities		
Increase in net assets	\$ 2,703,633	\$ 1,821,084
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,132,378	1,083,684
Amortization of bond premiums and debt issuance costs	(18,814)	(19,241)
Loss (gain) on extinguishment of debt	9,850	(10,907)
Provision for doubtful accounts	1,133,640	1,086,621
Pension and other postretirement liability adjustments	(313,638)	301,182
Contributions from business combinations	(770,955)	-
Unrealized gains on investments, net	(506,736)	(624,047)
Change in fair value of interest rate swaps	(49,019)	(70,119)
Change in equity of unconsolidated entities	(95,224)	(118,630)
Gain on sale of assets, net	(34,796)	(250,594)
Impairment and nonrecurring expenses	11,482	40,482
Transfers to sponsor and other affiliates, net	5,189	5,062
Restricted contributions, investment return, and other	(152,401)	(144,085)
Other restricted activity	(31,988)	18,976
Distributions (contributions) of noncontrolling interest, net	57,689	(146,417)
Other	(234)	(234)
Decrease (increase) in:		
Short-term investments	64,739	11,268
Accounts receivable	(1,197,269)	(1,114,753)
Inventories and other current assets	43,202	(57,727)
Due from brokers	105,276	116,522
Investments classified as trading	(1,170,443)	(1,282,576)
Other assets	(134,160)	(13,502)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(153,406)	206,615
Estimated third-party payor settlements, net	31,963	19,880
Due to brokers	137,481	10,123
Other current liabilities	35,633	55,323
Self-insurance liabilities	(30,182)	(13,751)
Other noncurrent liabilities	(196,950)	(180,709)
Net cash provided by continuing operating activities	615,940	729,530
Net cash provided by discontinued operations	14,540	7,513
Net cash provided by operating activities	630,480	737,043

Continued on next page.

Ascension

Consolidated Statements of Cash Flows (continued) (Dollars in Thousands)

	Year Ended June 30,	
	2018	2017
Investing activities		
Property, equipment, and capitalized software additions, net	\$ (1,170,085)	\$ (1,272,212)
Proceeds from sale of property and equipment	15,335	3,830
Distributions from unconsolidated entities, net	208,663	52,990
Net proceeds from sale/acquisition of other assets	298,825	354,933
Net cash used by continuing investing activities	(647,262)	(860,459)
Net cash provided by discontinued operations - investing	-	112,238
Net cash used by investing activities	(647,262)	(748,221)
Financing activities		
Issuance of debt	695,501	1,308,307
Repayment of debt	(789,442)	(1,407,063)
Debt issuance costs paid	(3,091)	(5,989)
Decrease in assets under bond indenture agreements	15,869	498
Transfers to sponsors and other affiliates, net	(5,189)	(10,062)
Restricted contributions, investment return, and other	154,176	140,438
(Distributions) contributions of noncontrolling interest, net	(57,689)	146,417
Net cash provided by financing activities	10,135	172,546
Net (decrease) increase in cash and cash equivalents	(6,647)	161,368
Cash and cash equivalents at beginning of year	857,605	696,237
Cash and cash equivalents at end of year	\$ 850,958	\$ 857,605

The accompanying notes are an integral part of the consolidated financial statements.

Ascension

Notes to Consolidated Financial Statements *(Dollars in Thousands)*

June 30, 2018

1. Organization and Mission

Organizational Structure

Ascension Health Alliance, d/b/a Ascension (Ascension), is a Missouri nonprofit corporation formed on September 13, 2011. Ascension is the sole corporate member and parent organization of Ascension Health (d/b/a Ascension Healthcare), a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Ministry Markets, located in 22 states and the District of Columbia.

Ascension serves as the member or shareholder of various subsidiaries as listed below:

- Ascension Care Management
- Ascension Global Mission
- Ascension Healthcare
- Ascension Holdings
- Ascension Technologies
- Ascension Investment Management (AIM)
- Ascension Leadership Institute
- Ascension Ministry and Mission Fund
- Ascension Ministry Service Center
- Ascension Ventures (AV)
- AV Holding Company
- Consulting Network
- The Resource Group
- Smart Health Solutions

Ascension is also the majority investor in Ascension Alpha Fund, LLC (Alpha Fund) as discussed in the Pooled Investment Fund note. Ascension and its member organizations are hereafter referred to collectively as the System.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

1. Organization and Mission (continued)

Sponsorship

Ascension is sponsored by Ascension Sponsor, a Public Juridic Person. The Participating Entities of Ascension Sponsor are the Daughters of Charity of St. Vincent de Paul, St. Louise Province; the Congregation of St. Joseph; the Congregation of the Sisters of St. Joseph of Carondelet; the Congregation of Alexian Brothers of the Immaculate Conception Province, Inc. – American Province; and the Sisters of the Sorrowful Mother of the Third Order of St. Francis of Assisi – US/Caribbean Province.

Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Ministry Market accepts patients regardless of their ability to pay. The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured.
- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.
- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.
- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

1. Organization and Mission (continued)

Discounts are provided to all uninsured and underinsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for financial assistance are not included in the cost of providing care of persons living in poverty and other community benefit programs. The cost of providing care to persons living in poverty and other community benefit programs is estimated by reducing charges forgone by a factor derived from the ratio of each entity's total operating expenses to the entity's billed charges for patient care. Certain costs such as graduate medical education and certain other activities are excluded from total operating expenses for purposes of this computation.

The amount of traditional charity care provided, determined on the basis of cost, was \$576,267 and \$537,672 for the years ended June 30, 2018 and 2017, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information.

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by the System or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as follows:

	Year Ended June 30,	
	2018	2017
Other revenue	\$ 106,584	\$ 105,473
Nonoperating gains	5,248	2,601

Ascension

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of financial instruments measured at fair value are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with original maturities of three months or less.

Short-Term Investments

Short-term investments consist of investments with original maturities exceeding three months and up to one year.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value using first-in, first-out (FIFO) or a methodology that closely approximates FIFO.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Long-Term Investments and Investment Return

Investments, excluding investments in unconsolidated entities, are measured at fair value, are classified as trading securities, and include pooled short-term investment funds; U.S. government, state, municipal and agency obligations; corporate and foreign fixed income securities; asset-backed securities; and equity securities. Investments also include alternative investments and other investments which are valued based on the net asset value of the investments, as further discussed in the Fair Value Measurements note. Investments also include derivatives held by the Alpha Fund, also measured at fair value, as discussed in the Pooled Investment Fund note.

Long-term investments include assets limited as to use of approximately \$1,391,000 and \$1,342,000 at June 30, 2018 and 2017, respectively, comprised primarily of investments placed in trust and held by captive insurance companies for the payment of self-insured claims and investments which are limited as to use, as designated by donors.

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns consist of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the FIFO method. Investment returns, excluding returns of self-insurance trust funds, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets, unless the return is restricted by donor or law. Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. The range of estimated useful lives used in computing depreciation is as follows: buildings and leasehold improvements, 2 to 40 years; and equipment, 2 to 20 years. Depreciation expense for the years ended June 30, 2018 and 2017 was \$900,676 and \$851,540, respectively.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

A summary of property and equipment at June 30, 2018 and 2017 is as follows:

	June 30,	
	2018	2017
Land and improvements	\$ 1,252,833	\$ 950,074
Buildings and equipment	18,684,610	17,069,585
	19,937,443	18,019,659
Less accumulated depreciation	10,019,090	9,447,994
	9,918,353	8,571,665
Construction in progress	679,377	611,313
Total property and equipment, net	\$10,597,730	\$ 9,182,978

Several capital projects have remaining construction and related equipment purchase commitments of approximately \$591,600 as of June 30, 2018.

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Intangible assets are included in the Consolidated Balance Sheets as presented in the table that follows. Capitalized software costs in the following table include software in progress of \$143,562 and \$228,499 at June 30, 2018 and 2017, respectively:

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

	June 30,	
	2018	2017
Capitalized software costs	\$ 2,319,947	\$ 2,213,989
Less accumulated amortization	1,526,625	1,333,170
Capitalized software costs, net	793,322	880,819
Goodwill	212,061	211,278
Other, net	23,361	27,781
Intangible assets included in other assets	235,422	239,059
 Total intangible assets, net	 <u>\$ 1,028,744</u>	 <u>\$ 1,119,878</u>

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets for the years ended June 30, 2018 and 2017 was \$231,702 and \$232,144, respectively.

Estimated future amortization of intangible assets with definite lives, excluding software in progress, as of June 30 is as follows:

Year ending June 30:	
2019	\$ 204,825
2020	171,291
2021	131,523
2022	93,658
2023	45,531
Thereafter	17,141
Total	<u>\$ 663,969</u>

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

During the year ended June 30, 2018, the System substantially completed a significant multi-year, System-wide enterprise resource planning project (Symphony). Capitalized costs of Symphony were approximately \$363,000 and \$351,000 at June 30, 2018 and 2017, respectively, and are being amortized on a straight-line basis over the expected useful life of the software. Accumulated amortization of Symphony was approximately \$195,000 and \$160,000 at June 30, 2018 and 2017, respectively. See the Impairment, Restructuring, and Nonrecurring Losses discussion below for additional information about costs associated with Symphony.

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues, and expenses of entities that are controlled by the System and therefore consolidated. Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

Temporarily and permanently restricted net assets consist solely of controlling interests of the System.

Performance Indicator

The performance indicator is the excess of revenues and gains over expenses and losses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, and change in unconsolidated entities' net assets.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the System's primary mission are considered to be nonoperating.

Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. The System recognizes patient service revenue at the time services are rendered, even though the patient's ability to pay may not be completely assessed at that time. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by \$60,037 and \$128,100 for the year ended June 30, 2018 and 2017, respectively.

Ascension

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

2. Significant Accounting Policies (continued)

The percentage of net patient service revenue, less provision for doubtful accounts earned by payor for the years ended June 30, 2018 and 2017, is as follows:

	Year Ended June 30,	
	2018	2017
Medicare - traditional and managed	36 %	36 %
Medicaid - traditional and managed	14	13
Commercial and other managed care	45	46
Self-Pay and other	5	5
	100 %	100 %

The System grants credit without collateral to its patients, who are primarily local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable, less allowance for doubtful accounts, at June 30, 2018 and 2017, are as follows:

	June 30,	
	2018	2017
Medicare - traditional and managed	27 %	27 %
Medicaid - traditional and managed	12	11
Commercial and other managed care	40	42
Self-Pay and other	21	20
	100 %	100 %

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

The provision for doubtful accounts is based upon management's assessment of expected net collections considering historical experience, economic conditions, trends in healthcare coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies. The methodology for determining the allowance for doubtful accounts and related write-offs on uninsured patient accounts has remained consistent with the prior year.

Other Operating Revenue

Other operating revenue includes gains on sales of assets, retail pharmacy revenue, income from unconsolidated entities, premium revenue, net assets released from restrictions for operating purposes, and other nonpatient service revenue. Gains on sales of assets were \$47,624 and \$258,631 for the years ended June 30, 2018 and 2017, respectively. Assets sold during the years ended June 30, 2018 and 2017 include certain nonhospital operating entities and patient care equipment.

Impairment, Restructuring, and Nonrecurring Losses

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on future discounted net cash flows or other estimates of fair value.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Nonrecurring expenses associated with Symphony primarily include deployment costs to implement Symphony in certain Health Ministries.

During the year ended June 30, 2018, the System recorded total impairment, restructuring, and nonrecurring losses, net of \$193,047. This amount was comprised primarily of software implementation costs, including Symphony, of \$11,881, one-time termination benefits and other restructuring expenses of \$97,565, impairment expenses of \$11,482 and other nonrecurring expenses of \$72,119.

During the year ended June 30, 2017, the System recorded total impairment, restructuring, and nonrecurring losses, net of \$230,407. This amount was comprised primarily of \$110,390 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of \$86,669, impairment expenses of \$34,689, and other nonrecurring expenses of \$38,659 partially offset by a pension curtailment gain of \$40,000.

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method.

Capitalized software, including internally developed software, is amortized on a straight-line basis over the expected useful life of the software.

Income Taxes

The member healthcare entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a).

The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The System has determined that no material unrecognized tax benefits or liabilities exist as of June 30, 2018.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

In compliance with the Tax Cuts and Jobs Act of 2017, enacted in December 2017, the federal components of the deferred tax assets were revalued from 35% to 21%. The valuation allowance related to these deferred tax assets was reduced accordingly.

The System had deferred tax assets of approximately \$386,000 and \$461,000 for federal and state income tax purposes primarily related to net operating loss carryforwards for the years ended June 30, 2018 and 2017, respectively, with expiration dates through 2038. A valuation allowance of approximately \$384,000 and \$459,000 was recorded due to the uncertainty regarding use of the deferred tax assets for the years ended June 30, 2018 and 2017, respectively.

Regulatory Compliance

Ascension periodically undergoes investigations or audits by federal, state and local agencies involving compliance with a variety of laws and regulations. These investigations seek to determine compliance with, among other things, laws and regulations relating to Medicare and Medicaid reimbursement, including billing practice for certain services.

While no assurance can be given concerning the outcome of any current investigation, management believes that adequate reserves have been established, when available information indicates that a loss is probable and the range of loss can be reasonably estimated, and the outcome of any current investigations will not have a material effect on the financial statements of the System.

Reclassifications

Certain reclassifications were made to the accompanying June 30, 2017 consolidated financial statements to conform to the June 30, 2018 presentation.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 also requires expanded disclosures regarding an entity's revenue recognition policies and significant judgements employed in the determination of revenue. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The requirements of ASU 2014-09 will result in changes to the presentation and disclosure of revenue from services to patients. Currently, a significant portion of the System's provision for doubtful accounts relates to uninsured patients as well as deductibles and co-pays due from patients with insurance. Under ASU 2014-09, the estimated uncollectible amounts due from patients are generally considered implicit price concessions that are a direct reduction to net patient service revenue, with a corresponding significant reduction in the amounts presented separately as provision for doubtful accounts. Although the adoption of ASU 2014-09 will have a significant impact on the amounts presented in certain categories of the System's Consolidated Statements of Operations and Changes in Net Assets, it will not materially impact the System's financial position, results of operations or cash flows. Ascension adopted the standard effective July 1, 2018 using the full retrospective method.

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date but before the consolidated financial statements are issued, for potential recognition or disclosure in the consolidated financial statements as of the Consolidated Balance Sheet date. For the year ended June 30, 2018, the System evaluated subsequent events through September 12, 2018, representing the date on which the accompanying consolidated financial statements were issued.

Refer to the Discontinued Operations disclosure in Note 3 for information on the sale of Our Lady of Lourdes Hospital at Pasco in Pasco, Washington.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

3. Organizational Changes

Business Combinations

Presence Health Network - Illinois

Effective March 1, 2018 (the Closing Date), certain entities formerly controlled by Presence Health Network (Presence) were acquired by Ascension Healthcare in a series of transactions. These transactions were accounted for as an acquisition in accordance with Accounting Standards Codification (ASC) Topic 958-805, *Business Combinations – Not-for-Profit Entities* and acquired assets and liabilities were recorded at fair value. Third party valuation specialists assisted in the fair value determination of certain assets and liabilities. The preliminary fair value of the net assets of Presence totaling \$770,955 was recognized in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2018 as a nonoperating contribution from business combination. The valuation of the acquired assets and liabilities was substantially complete as of June 30, 2018.

	Presence
Net working capital	\$ 241,128
Long-term investments	713,389
Property and equipment	1,420,158
Investment in unconsolidated entities	14,420
Other long-term assets	45,771
Long-term debt	(1,106,782)
Self-insurance liabilities	(355,388)
Pension and other post retirement liabilities	(124,524)
Other long-term liabilities	(77,217)
Fair value of total net assets	\$ 770,955

The fair value of net assets of \$770,955 in the preceding table was recognized in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2018, as a nonoperating contribution from business combinations of \$734,127, and contributions of unrestricted – noncontrolling, temporarily and permanently restricted net assets of \$5,478, \$17,853 and \$13,497, respectively.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

3. Organizational Changes (continued)

For the year ended June 30, 2018, Ascension recognized four months of revenues from Presence totaling \$802,573, and a deficit of revenues and gains over expenses and losses totaling \$18,395, of which \$18,714 was attributable to controlling interest.

The following unaudited pro forma financial information presents the combined results of operations of Ascension and Presence for the years ended June 30, 2018 and 2017, respectively, as though the business combination transaction had occurred on June 30, 2016. This pro forma financial information is not necessarily indicative of the results of operations that would occur if these entities were consolidated into the System during those periods, nor is it necessarily indicative of future operating results.

	Year Ended June 30,	
	2018	2017
Total operating revenue	\$ 24,780,242	\$ 25,226,723
Excess of revenues and gains over expenses and losses attributable to controlling interest	1,462,912	1,647,479
Increase in unrestricted net assets		
- controlling interest	1,841,128	1,532,569
Increase in unrestricted net assets		
- noncontrolling interests	126,428	368,917
Increase (decrease) in temporarily restricted net assets	14,418	(733)
Increase in permanently restricted net assets	3,424	15,703

The pro forma excess of revenues and gains over expenses and losses and other changes in net assets above excludes certain adjustments attributable to the business combination transactions.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

3. Organizational Changes (continued)

Divestitures

Discontinued Operations

During the year ended June 30, 2018 and 2017, Ascension, including certain of its wholly owned subsidiaries, completed the sale of, or undertook actions to sell or transfer ownership of, certain assets and liabilities, as follows:

- On September 28, 2016, St. Joseph Regional Medical Center, Inc. in Lewiston, Idaho (St. Joseph Regional), a wholly owned subsidiary of Ascension Healthcare, and Capella Healthcare, Inc. (a predecessor corporation of RCCH HealthCare Partners) (RCCH) entered into an asset purchase agreement, whereby RCCH purchased substantially all assets and assumed certain liabilities associated with the operations of St. Joseph Regional. Assets and liabilities of St. Joseph Regional's foundation remain with Ascension Healthcare. The sale was completed on May 1, 2017.
- On September 28, 2016, Our Lady of Lourdes Hospital at Pasco in Pasco, Washington, d/b/a Lourdes Health Network (Lourdes Health), a wholly owned subsidiary of Ascension Healthcare, and RCCH entered into an asset purchase agreement, whereby RCCH will purchase substantially all assets and assume certain liabilities associated with the operations of Lourdes Health. Assets and liabilities of Lourdes Health's foundation will remain with Ascension Healthcare. The sale closed on September 1, 2018.

Assets and liabilities associated with the Lourdes Health transaction were held for sale and qualified for discontinued operations as of June 30, 2018 and 2017, and are included in other current assets and other current liabilities, respectively, in the System's Consolidated Balance Sheets. Assets held for sale were \$33,184 and \$44,935 at June 30, 2018 and 2017, respectively, while liabilities held for sale were \$24,518 and \$22,531 at June 30, 2018 and 2017, respectively.

Net income of the entities, which include revenues over expenses of both entities, was included in discontinued operations in the Consolidated Statements of Operations and Changes in Net Assets. The (loss) gain from discontinued operations was (\$16,155) and \$226 for the years ended June 30, 2018 and 2017, respectively. Total operating revenues of the entities were \$145,254 and \$260,219 for the years ended June 30, 2018 and 2017, respectively.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

3. Organizational Changes (continued)

Assets Held for Sale

On March 31, 2017, St. Joseph's Hospital of Marshfield, Inc. in Marshfield, Wisconsin (SJHM), a subsidiary of Ministry Health Care (Ministry), entered into an asset sale agreement with MCHS Hospitals Inc. (Marshfield Clinic) whereby Marshfield Clinic purchased substantially all the assets and assumed certain liabilities associated with SJHM. Ministry is a subsidiary of Ascension Healthcare. The sale was completed on June 30, 2017.

Net income of SJHM is included in the excess of revenues and gains over expenses and losses in the Consolidated Statements of Operations and Changes in Net Assets and is \$32,766 for the year ended June 30, 2017. Revenues of SJHM total \$300,346 for the year ended June 30, 2017.

Other

On March 23, 2018, Ascension signed a nonbinding letter of intent with Hartford HealthCare Corporation for the nonprofit system to acquire St. Vincent's Medical Center, an Ascension subsidiary located in Bridgeport, Connecticut, and substantially all of its related operations (St. Vincent facilities). Completion of the proposed transaction is subject to due diligence and execution of a final definitive agreement, including obtaining all necessary regulatory approvals. Operating revenue of the St. Vincent facilities was approximately \$500,000 for the year ended June 30, 2018.

On November 2, 2017, Ascension and Ascension Ventures (collectively "Ascension") entered into a contribution and redemption agreement with Narayana Hrudayalaya Limited, Narayana Cayman Holdings LTD and Health City Cayman Islands LTD for Ascension to sell its interest in Health City Cayman Islands Ltd. The transaction was completed on January 3, 2018.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

4. Pooled Investment Fund

At June 30, 2018 and 2017, a significant portion of the System's investments consists of the System's interest in the Alpha Fund, a limited liability company organized in the state of Delaware. Certain System investments, including some held by the Health Ministries and their consolidated foundations, are managed outside of the Alpha Fund.

The Alpha Fund includes the investment interests of the System and other Alpha Fund members. AIM, a wholly owned subsidiary of the System, serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members. AIM provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management. The Alpha Fund is consolidated in the System's financial statements. The portion of the Alpha Fund's net assets representing interests held by entities other than the System are reflected in noncontrolling interests in the Consolidated Balance Sheets, which amount to \$1,714,371 and \$1,598,399 at June 30, 2018 and 2017, respectively.

The Alpha Fund invests in a diversified portfolio of investments including alternative investments, such as real asset funds, hedge funds, private equity funds, commodity funds, and private credit funds. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 180 days. Due to redemption restrictions, investments in certain of these funds, whose fair value was approximately \$2,838,000 at June 30, 2018, cannot currently be redeemed for periods ranging from one to eleven years. However, the potential for the Alpha Fund to sell its interest in these funds in a secondary market prior to the end of the fund term does exist.

The Alpha Fund's investments in certain alternative investment funds also include contractual commitments to provide capital contributions during the investment period, which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require the Alpha Fund to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2018, contractual agreements of the Alpha Fund expire between July 2018 and April 2024. The remaining unfunded capital commitments of the Alpha Fund total approximately \$1,913,000 for 199 individual funds as of June 30, 2018. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

4. Pooled Investment Fund (continued)

In the normal course of operations and within established Alpha Fund guidelines, the Alpha Fund may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, options, and forward contracts as well as warrants and swaps. These instruments are used primarily to adjust the portfolio duration, restructure term structure exposure, change sector exposure, and arbitrage market inefficiencies. See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined.

At June 30, 2018 and 2017, the notional value of Alpha Fund derivatives outstanding was approximately \$7,215,000 and \$5,533,000, respectively. The fair value of Alpha Fund derivatives in an asset position was \$27,533 and \$30,032 at June 30, 2018 and 2017, respectively, while the fair value of Alpha Fund derivatives in a liability position was \$71,584 and \$28,809 at June 30, 2018 and 2017, respectively. These derivatives are included in long-term investments in the Consolidated Balance Sheets at June 30, 2018 and 2017.

Due from brokers and due to brokers on the Consolidated Balance Sheets at June 30, 2018 and 2017, represent the Alpha Fund's positions and amounts due from or to various brokers, primarily for security transactions not yet settled, and cash held by brokers for securities sold, not yet purchased.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Cash and Investments

The System's cash and investments are reported in the Consolidated Balance Sheets as presented in the table that follows. Total cash and investments, net, includes both the System's membership interest in the Alpha Fund and the noncontrolling interests held by other Alpha Fund members. System unrestricted cash and investments, net, represent the System's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	June 30,	
	2018	2017
Cash and cash equivalents	\$ 850,958	\$ 857,605
Short-term investments	83,166	103,857
Long-term investments	19,404,559	16,999,371
Subtotal	20,338,683	17,960,833
Other Alpha Fund assets and liabilities:		
In other current assets	38,161	34,314
In other long-term assets	-	2,174
In accounts payable and other accrued liabilities	(12,403)	(14,698)
In other current liabilities	-	(330)
In other noncurrent liabilities	(3,321)	(2,342)
Due (to) from brokers, net	(161,345)	81,412
Total cash and investments, net	20,199,775	18,061,363
Less noncontrolling interests of Alpha Fund	1,714,371	1,598,399
System cash and investments, including assets limited as to use	18,485,404	16,462,964
Less assets limited as to use:		
Under bond indenture agreement	3,635	19,504
Self-insurance trust funds	697,588	689,197
Temporarily or permanently restricted	689,988	649,891
Total assets limited as to use	1,391,211	1,358,592
System unrestricted cash and investments, net	\$ 17,094,193	\$ 15,104,372

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2018 and 2017, the composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows.

	June 30,	
	2018	2017
Cash and cash equivalents and short-term investments	\$ 1,137,098	\$ 1,200,191
Pooled short-term investment funds	965,960	515,516
U.S. government, state, municipal and agency obligations	2,752,951	2,534,968
Corporate and foreign fixed income securities	1,983,790	2,501,060
Asset-backed securities	1,610,733	1,190,364
Equity securities	5,766,018	4,282,517
Alternative investments and other investments:		
Private equity and real estate funds	2,334,655	2,002,292
Hedge funds	2,325,236	2,068,742
Commodities funds and other investments	1,462,242	1,665,183
Total alternative investments and other investments	6,122,133	5,736,217
Total cash and cash equivalents, short-term investments, and long-term investments	\$ 20,338,683	\$ 17,960,833

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Cash and Investments (continued)

Investment return recognized by the System for the year ended June 30, 2018 and 2017, is summarized in the following table. Total investment return includes the System's return on certain investments held and managed outside the Alpha Fund and the investment return of the Alpha Fund. System investment return represents the System's total investment return, net of the investment return earned by the noncontrolling interests of other Alpha Fund members.

	Year Ended June 30,	
	2018	2017
Interest and dividends	\$ 363,228	\$ 256,949
Net gains on investments reported at fair value	1,254,109	1,206,832
Restricted investment return and unrealized gains, net	27,398	36,673
Total investment return	1,644,735	1,500,454
Less return earned by noncontrolling interests of Alpha Fund	113,207	140,511
System investment return	\$ 1,531,528	\$ 1,359,943

6. Fair Value Measurements

The System measures the fair value of assets and liabilities in accordance with FASB ASC 820, *Fair Value Measurement*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date. Assets and liabilities reported at fair value are classified and disclosed in one of the following four categories:

Level 1 – Quoted prices (unadjusted) that are readily available in active markets/exchanges for identical assets or liabilities.

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets/exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability. Inputs to determine the fair value of Level 3 assets and liabilities require management judgment and estimation.

Net Asset Value – Values are based on the calculated net asset value. The calculated net asset values for underlying investments are fair value estimates determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector factors.

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

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

There were no significant transfers between Levels 1 and 2 during the years ended June 30, 2018 and 2017.

As of June 30, 2018, and 2017, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents and certain short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates. Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach. Significant observable inputs include security cost, maturity, credit rating, interest rate, and par value.

Pooled Short-term Investment Fund

The pooled short-term investment fund is a short term exchange traded money market fund primarily invested in treasury securities.

U.S. Government, State, Municipal, and Agency Obligations

The fair value of investments in U.S. government, state, municipal, and agency obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, and issuer spreads.

Corporate and Foreign Fixed Income Securities

The fair value of investments in U.S. and international corporate bonds and foreign government bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security-specific characteristics (e.g., such as early redemption options).

Asset-backed Securities

The fair value of U.S. agency, mortgage, and other asset-backed securities is primarily determined using techniques that are consistent with the income approach. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and observable broker/dealer quotes.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

Equity Securities

The fair value of investments in U.S. and international equity securities is primarily determined using techniques that are consistent with the market and income approaches. The values for underlying investments are based on readily available quoted market prices or represent fair value estimates determined by an external fund manager based on market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

Alternative Investments and Other Investments

Alternative investments consist of private equity, hedge funds, private equity funds, commodity funds, and real estate partnerships. The fair value of private equity is primarily determined using techniques consistent with both the market and income approaches, based on the System's estimates and assumptions in the absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company.

The fair value of hedge funds, private equity funds, commodity funds, and real estate partnerships is primarily determined using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals.

Other investments include derivative assets and derivative liabilities of the Alpha Fund, whose fair value is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

Benefit Plan Assets

The fair value of benefit plan assets is based on original investment into a guaranteed fund, plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

Interest Rate Swap Assets and Liabilities

The fair value of interest rate swaps is primarily determined using techniques consistent with the income method. Under the income method, fair values are calculated based on present value of expected future cash flows using discount rates appropriate with risks involved. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

Investments Sold, Not Yet Purchased

The fair value of investments sold, not yet purchased is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2018, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2018				
Cash equivalents	\$ 43,822	\$ 370	\$ -	\$ 44,192
Short-term investments	49,070	100,793	1,130	150,993
Pooled short-term investment funds	965,960	-	-	965,960
U.S. government, state, municipal and agency obligations	-	2,752,951	-	2,752,951
Corporate and foreign fixed income securities	-	1,971,834	11,956	1,983,790
Asset-backed securities	-	1,305,455	305,278	1,610,733
Equity securities	4,705,172	44,329	29,239	4,778,740
Alternative investments and other investments:				
Private equity and real estate funds	1,952	2,400	295,109	299,461
Commodities funds and other investments	(13,648)	(12,221)	1,121	(24,748)
Assets at net asset value:				
Corporate and foreign fixed income securities				-
Equity securities				987,278
Private equity and real estate funds				2,035,194
Hedge funds				2,325,236
Commodities funds and other investments				1,390,328
Cash and other investments not at fair value				1,038,575
Cash and investments				\$ 20,338,683
Benefit plan assets, in other noncurrent assets	\$ 453,193	\$ 762	\$ 47,827	\$ 501,782
Interest rate swaps, in other noncurrent assets	-	1,930	-	1,930
Investments sold, not yet purchased, in other noncurrent liabilities	2,912	409	-	3,321
Interest rate swaps, included in other noncurrent liabilities	-	108,781	-	108,781

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2018, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following:

Year Ended	Short-term investments	Corporate and Foreign Fixed Income Securities	Asset- Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Commodities Funds and Other Investments	Benefit Plan Assets
June 30, 2018							
Beginning balance	\$ 345	\$ 28,119	\$ 193,211	\$ 4,738	\$ 241,420	\$ 7,493	\$ 54,698
Total realized and unrealized gains (losses):							
Included in nonoperating gains (losses)	-	383	1,585	7,856	101,835	(11,994)	-
Included in changes in net assets	-	-	-	-	-	(173)	-
Purchases	1,130	8,255	239,778	18,547	55,733	329	61,744
Sales	-	(27,625)	(134,369)	(1,902)	(84,008)	5,280	(56,111)
Transfers into Level 3	-	13,638	5,073	-	-	186	44,057
Transfers out of Level 3	(345)	(10,814)	-	-	(19,871)	-	(56,561)
Ending balance	<u>\$ 1,130</u>	<u>\$ 11,956</u>	<u>\$ 305,278</u>	<u>\$ 29,239</u>	<u>\$ 295,109</u>	<u>\$ 1,121</u>	<u>\$ 47,827</u>
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2018	<u>\$ -</u>	<u>\$ (735)</u>	<u>\$ (2,029)</u>	<u>\$ 7,725</u>	<u>\$ (6,243)</u>	<u>\$ (3,783)</u>	<u>\$ -</u>

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2017, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2017				
Cash equivalents	\$ 61,317	\$ 579	\$ -	\$ 61,896
Short-term investments	109,387	103,344	345	213,076
Pooled short-term investment funds	515,516	-	-	515,516
U.S. government, state, municipal and agency obligations	-	2,534,968	-	2,534,968
Corporate and foreign fixed income securities	-	2,371,296	28,119	2,399,415
Asset-backed securities	-	997,153	193,211	1,190,364
Equity securities	3,775,634	43,353	4,738	3,823,725
Alternative investments and other investments:				
Private equity and real estate funds	1,873	2,400	241,420	245,693
Commodities funds and other investments	12,537	5,339	7,493	25,369
Assets at net asset value:				
Corporate and foreign fixed income securities				101,645
Equity securities				458,792
Private equity and real estate funds				1,756,599
Hedge funds				2,068,742
Commodities funds and other investments				1,553,370
Cash and other investments not at fair value				1,011,663
Cash and investments				<u>\$ 17,960,833</u>
Benefit plan assets, in other noncurrent assets	\$ 312,120	\$ 47,163	\$ 54,698	\$ 413,981
Interest rate swaps, in other noncurrent assets	-	1,648	-	1,648
Investments sold, not yet purchased, in other noncurrent liabilities	-	2,342	-	2,342
Interest rate swaps, included in other noncurrent liabilities	-	157,518	-	157,518

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2017, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following.

Year Ended	Short-term investments	Corporate and Foreign Fixed Income Securities	Asset- Backed Securities	Equity Securities	Private Equity and Real Estate Funds	Commodities Funds and Other Investments	Benefit Plan Assets
June 30, 2017							
Beginning balance	\$ 287	\$ 29,545	\$ 142,831	\$ 3,759	\$ 197,886	\$ 4,464	\$ 56,070
Total realized and unrealized gains (losses):							
Included in income from operations	-	-	-	-	-	-	-
Included in nonoperating gains (losses)	58	3,428	14,434	663	28,731	19	-
Included in changes in net assets	-	-	-	-	-	(35)	-
Purchases	-	6,357	154,039	1,158	57,900	2,880	127,432
Sales	-	(5,033)	(84,813)	(584)	(43,141)	-	(127,097)
Transfers into Level 3	-	2,379	-	121	44	320	54,003
Transfers out of Level 3	-	(8,557)	(33,280)	(379)	-	(155)	(55,710)
Ending balance	<u>\$ 345</u>	<u>\$ 28,119</u>	<u>\$ 193,211</u>	<u>\$ 4,738</u>	<u>\$ 241,420</u>	<u>\$ 7,493</u>	<u>\$ 54,698</u>
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2017	<u>\$ -</u>	<u>\$ 3,377</u>	<u>\$ 8,404</u>	<u>\$ 705</u>	<u>\$ 800</u>	<u>\$ 3,339</u>	<u>\$ -</u>

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt

Long-term debt at June 30, 2018 and 2017 is comprised of the following and is presented in accordance with the specific master trust indenture to which the debt relates. As further discussed below, certain portions of long-term debt are secured under the Mercy Regional Health Center, Inc. Master Trust Indenture; the Alexian Brothers Health System Master Trust Indenture (discharged on October 10, 2017); and the St. John Health System Master Trust Indenture (discharged on September 7, 2017).

	June 30,	
	2018	2017
Tax-exempt hospital revenue bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2047; interest (1.48% to 1.58% at June 30, 2018) set at prevailing market rates	\$ 519,965	\$ 533,935
Fixed rate serial, term and mode bonds fixed to maturity payable in installments through November 2051; interest at 3.00% to 5.00%	3,854,395	2,723,220
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from March 2019 through July 2024; interest at 1.10% to 5.00% through the purchase dates	1,210,955	1,386,245
Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture:		
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2025; interest (1.48% at June 30, 2018) set at prevailing market rates	35,065	39,085
Fixed rate serial mode bonds with maturity payable installments through November 2027; interest at 4.00%	51,955	-
Fixed rate serial mode bonds payable through 2027 with purchase dates through August 2020; interest at 1.25% to 2.80%	298,140	387,260

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30,	
	2018	2017
Taxable bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:		
Taxable fixed rate term bonds payable in installments through November 2053; interest at 4.847%	\$ 425,000	\$ 425,000
Taxable fixed rate term bonds payable as of November 2046; interest at 3.945%	1,170,000	925,000
Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture	7,565,475	6,419,745
Tax-exempt hospital revenue bonds – secured under Mercy Regional Health Center, Inc. Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through November 2029; interest at 4.00% to 5.00%	19,615	20,790
Total hospital revenue bonds under the Mercy Regional Health Center, Inc. Master Trust Indenture	19,615	20,790
Tax-exempt hospital revenue bonds – secured under Alexian Brothers Health System Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through February 2038; interest at 4.25% to 5.50%	-	49,090
Total hospital revenue bonds under the Alexian Brothers Health System Master Trust Indenture	-	49,090
Tax-exempt hospital revenue bonds – secured under St. John Health System Master Trust Indenture:		
Fixed rate serial and term bonds payable in installments through February 2042; interest at 4.00% to 5.00%	-	165,110
Total hospital revenue bonds under the St. John Health System Master Trust Indenture	-	165,110
Total hospital revenue bonds – all Master Trust Indentures	7,585,090	6,654,735

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30,	
	2018	2017
Other debt:		
Obligations under capital leases	\$ 10,340	\$ 22,134
Other	46,803	84,783
	7,642,233	6,761,652
Unamortized premium, net	360,164	274,438
Less debt issuance cost, net	(39,097)	(38,595)
Less current portion	(100,919)	(298,270)
Less long-term debt subject to short-term remarketing arrangements	(738,770)	(999,785)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	\$ 7,123,611	\$ 5,699,440

	June 30,	
	2018	2017
Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium and cost of issuance, net	\$ 6,741,328	\$ 5,332,260
Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium and cost of issuance, net	323,050	239,406
Alexian Brothers Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	-	34,498
Mercy Regional Health Center, Inc. Master Trust Indenture long-term debt obligations, including unamortized premium, net	19,664	21,158
Other	39,569	72,118
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	\$ 7,123,611	\$ 5,699,440

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2018, are as follows:

	Ascension Health Alliance MTIs	Mercy Regional Health Center, Inc. MFI	Other Debt	Total
Year Ending June 30:				
2019	\$ 82,115	\$ 1,230	\$ 17,574	\$ 100,919
2020	91,880	1,285	3,675	96,840
2021	121,465	1,350	2,989	125,804
2022	129,145	1,420	13,742	144,307
2023	134,540	1,495	1,653	137,688
Thereafter	7,006,330	12,835	17,510	7,036,675
Total	\$ 7,565,475	\$ 19,615	\$ 57,143	\$ 7,642,233

The carrying values of fixed rate bonds were \$7,030,060 and \$6,081,715 at June 30, 2018 and 2017, respectively. The fair values of these fixed rate bonds were \$7,391,287 and \$6,446,481 at June 30, 2018 and 2017, respectively, representing Level 2 measurements obtained from an independent third party valuation service. The carrying amounts of variable rate bonds and other notes payable approximate fair value.

During the years ended June 30, 2018 and 2017, interest paid was approximately \$248,000 and \$236,000, respectively. Capitalized interest was approximately \$1,500 and \$5,700 for the years ended June 30, 2018 and 2017, respectively.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

Certain members of the System formed the Ascension Health Alliance Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, a senior designated affiliate, or a senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by the System.

Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. The System may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations. Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with the System with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by the System. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI.

The System may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with the System, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to the System at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2018, the principal amount of such bonds has been classified as a current liability in the accompanying Consolidated Balance Sheets. Management believes the likelihood of a material amount of bonds being put to the System to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including the line of credit, commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

Alexian Brothers and St. John Health System joined Ascension Healthcare on January 1, 2012 and April 1, 2013, respectively. Prior to October 2017, a portion of the bonds issued for the benefit of Alexian Brothers was secured by the Alexian Brothers Health System Master Trust Indenture (As Amended and Restated), dated October 1, 1992, between the Members of the Alexian Brothers Health System Obligated Group established under this document and the Alexian Brothers Health System Master Trustee. Prior to October 2017, the St. John Health System bonds were secured by the St. John Health System Restated Master Trust Indenture dated October 1, 1999, by and between St. John Health System and the St. John Health Master Trustee.

In September and October 2017, all previously outstanding bonds issued under the Alexian Brothers and St. John Health System Master Trust Indentures were defeased. Certain entities of Alexian Brothers and St. John Health System have been added to the Ascension Senior Credit Group. In October 2017, Ascension issued \$245,000 of taxable bonds through a reopening of the Series 2016A taxable bond offering, a Senior Credit Group Obligation. The debt was issued primarily to refund the Series 2012 St. John Health System bonds and the Series 2008 and Series 2010 Alexian Brothers bonds. The only remaining bond series outside of the Ascension Master Trust Indenture is the Master Trust Indenture dated January 15, 2013, between Mercy Regional Health Center, Inc. and the Mercy Regional Health Center, Inc. Master Trustee.

Ascension

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

7. Long-Term Debt (continued)

In May 2018, Ascension issued an Ascension Credit Group Master Trust Indenture Obligation (the “Ascension Obligation”) to secure the \$1,000,000 Illinois Finance Authority Revenue Bonds, Series 2016C (Presence Health Network) (the “Presence Bonds”). As permitted by the bond trust indenture for the Presence Bonds, the Direct Note Obligation originally issued under the Presence Master Trust Indenture dated as of August 1, 2016 was surrendered and cancelled concurrent with the execution of the Ascension Obligation. The Presence Master Trust Indenture was also cancelled simultaneously.

Due to aggregate financing activity during the fiscal years ended June 30, 2018 and 2017, (losses) gains on extinguishment of debt of (\$9,850) and \$10,907, respectively, were recorded, which are included in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

As of June 30, 2018, the Senior Credit Group had two lines of credit totaling \$1,000,000. The first line of credit totals \$300,000 which may be used as a source of funding for unremarketed variable debt (including commercial paper) or for general corporate purposes. The second line of credit totals \$700,000 which may be used for general corporate purposes. Both lines are committed to December 4, 2020 and as of June 30, 2018 and 2017, there were no borrowings under either line of credit.

As of June 30, 2018, the Senior Credit Group had a \$100,000 revolving line of credit related to its letters of credit program toward which a bank commitment of \$100,000 extends to November 21, 2018. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this \$100,000 revolving line of credit, letters of credit totaling \$72,358 have been issued as of June 30, 2018. No borrowings were outstanding under the letters of credit as of June 30, 2018 and 2017.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Derivative Instruments

The System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. Interest rate swaps with varying characteristics are outstanding under the Master Trust Indentures of the System and St. John Health. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2018 and 2017, the notional values of outstanding interest rate swaps were as follows:

	June 30,	
	2018	2017
Ascension Health Alliance MTI	\$ 1,084,975	\$ 1,146,600
St. John Health System MTI	-	100,000
Total	\$ 1,084,975	\$ 1,246,600

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. The respective fair values of interest rate swaps in an asset and liability position for the System and St. John Health were as follows:

	June 30, 2018		June 30, 2017	
	Asset	Liability	Asset	Liability
Ascension Health Alliance MTI	\$ 1,930	\$ 108,781	\$ 1,648	\$ 157,394
St. John Health System MTI	-	-	-	124
Total	\$ 1,930	\$ 108,781	\$ 1,648	\$ 157,518

The System's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria, subject to master netting arrangements. Collateral requirements are separately calculated for the System and St. John Health based on the credit ratings of each. The St. John Health swap agreement was terminated on September 8, 2017. In the case of the System, the applicable credit rating is the Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies. Credit rating and the net liability position of total interest rate swap agreements outstanding with each counterparty determine the amount of collateral to be posted. No collateral was posted at June 30, 2018 and 2017.

Ascension

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

8. Derivative Instruments (continued)

The System does not account for any of its interest rate swaps as hedges, and accordingly, all changes in the fair value of interest rate swaps are recognized in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets. The System does not offset fair value amounts recognized for derivative instruments.

9. Retirement Plans

Defined-Benefit Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans. Benefits are based on each participant's years of service and compensation. All of the System Plans' assets are invested in Trusts, which include the Master Pension Trust (the Trust) and one additional other trust (the Other Trust). The System Plans' assets primarily consist of short-term investments, equity, fixed income, and alternative investments, consisting of various hedge funds, real estate funds, private equity funds, commodity funds, private credit funds, and certain other private funds. Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants.

Most System defined benefit plans were frozen effective December 31, 2012. Two of the System Plans remain ongoing at June 30, 2018. During the year ended June 30, 2017, the System froze a defined benefit plan which resulted in the recognition of a curtailment gain of \$40,000 which was recognized in total impairment, restructuring, and nonrecurring losses as discussed in Note 2.

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2018 and 2017, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements.

	Year Ended June 30,	
	2018	2017
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 9,173,650	\$ 9,435,964
Service cost	6,418	28,174
Interest cost	352,931	341,998
Assumption change	(535,210)	(64,274)
Actuarial loss	51,229	45,331
Acquisitions	893,732	-
Curtailment	(3,780)	(58,351)
Benefits paid	(497,416)	(555,192)
Projected benefit obligation at end of year	<u>9,441,554</u>	<u>9,173,650</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	7,919,767	8,199,379
Actual return on plan assets	405,550	269,419
Employer contributions	5,601	6,161
Acquisitions	769,208	-
Benefits paid	(497,416)	(555,192)
Fair value of plan assets at end of year	<u>8,602,710</u>	<u>7,919,767</u>
Net amount recognized at end of year and funded status	<u>\$ (838,844)</u>	<u>\$ (1,253,883)</u>
Accumulated benefit obligation at end of year	\$ 9,438,370	\$ 9,169,399

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The System Plans' funded status as a percentage of both the projected and accumulated benefit obligations was 91.1% at June 30, 2018. The System Plans' funded status as a percentage of the projected and accumulated benefit obligations at June 30, 2017, was 86.3% and 86.4%, respectively.

Included in unrestricted net assets at June 30, 2018 and 2017, are the following amounts that have not yet been recognized in net periodic pension cost for the System Plans:

	Year Ended June 30,	
	2018	2017
Unrecognized prior service credit	\$ (2,509)	\$ (5,285)
Unrecognized actuarial loss	1,576,969	1,857,547
	\$ 1,574,460	\$ 1,852,262

Changes in plan assets and benefit obligations recognized in unrestricted net assets for System Plans during 2018 and 2017 include:

	Year Ended June 30,	
	2018	2017
Current year actuarial (gain) loss	\$ (206,792)	\$ 334,981
Amortization of actuarial loss	(73,786)	(24,141)
Amortization of prior service credit	2,776	3,008
	\$ (277,802)	\$ 313,848

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

	Year Ended June 30,	
	2018	2017
Components of net periodic benefit cost		
Service cost	\$ 6,418	\$ 28,174
Interest cost	352,931	341,998
Expected return on plan assets	(686,518)	(681,695)
Amortization of prior service credit	(2,740)	(2,842)
Amortization of actuarial loss	74,540	60,827
Curtailement gain	(36)	(40,000)
Settlement (gain) loss	(754)	3,148
Net periodic benefit	\$ (256,159)	\$ (290,390)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2019, are \$2,500 and \$65,196, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below:

	June 30,	
	2018	2017
To determine benefit obligations:		
Weighted-average discount rate	4.30%	3.87%
To determine net periodic benefit cost:		
Weighted-average discount rate	3.87%	3.80%
Weighted-average expected long-term rate of return on plan assets	8.50%	8.50%

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The expected long-term rate of return on the System Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

The System Plans' assets invested in the Trust are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies: growth, deflation, and inflation. Growth strategies include U.S. equity, emerging market equity, global equity, international equity, directional hedge funds, private equity, high yield, and private credit. Deflation strategies include core fixed income, absolute return hedge funds, and cash. Inflation strategies include inflation-linked bonds, commodity-related investments, and real assets. The System Plans use multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the System Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

In accordance with the System Plans' asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, real asset funds, private equity funds, commodity funds, private credit funds, and certain other private funds. These investments do not have observable market values. As such, each of these investments is valued at net asset value (NAV) as determined by each fund's investment manager, which approximates fair value. Management elected to use the NAV per share, or equivalent, for fair value. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 180 days. Due to redemption restrictions, investments of certain private funds, whose fair value was approximately \$1,007,000 at June 30, 2018, cannot currently be redeemed. However, the potential for the System Plans to sell their interest in real asset funds and private equity funds in a secondary market prior to the end of the fund term does exist.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2018, investment periods expire between July 2018 and April 2024. The remaining unfunded capital commitments of the Trust total approximately \$715,000 for 118 individual contracts as of June 30, 2018. The weighted-average asset allocation for the System Plans in the Trust at the end of fiscal 2018 and 2017 and the target allocation for fiscal 2019, by asset category, are as follows:

Asset Category	Target Allocation 2019	Percentage of Plan Assets at June 30, 2018 2017	
Growth	57 %	60 %	57 %
Deflation	28	25	27
Inflation	15	15	16
Total	100 %	100 %	100 %

The System Plans' assets in the Other Trust are invested in portfolios designated to best serve the participants of the System Plans' through a long-term investment strategy designed to ensure that funds are available to pay benefits as they become due and to maximize the total return at a prudent level of investment risk. The System Plans' assets invested in the Other Trust are diversified among various asset classes based upon established investment guidelines. The allocation of the System Plans' assets in the Other Trust at the end of fiscal 2018 and the target allocation of fiscal 2019, by asset category, are as follows:

Asset Category	Target Allocation 2019	Percentage of Plan Assets at June 30, 2018
Equity securities	60 %	68 %
Fixed-income securities and real assets	40	31
Cash and cash equivalents	-	1
Total	100 %	100 %

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The following tables summarize fair value measurements at June 30, 2018 and 2017, by asset class and by level, for the System Plans' assets and liabilities. As also discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values. The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans' assets and liabilities as presented in the following tables.

	Level 1	Level 2	Level 3	Total
June 30, 2018				
Short-term investments	\$ 480,368	\$ 57,743	\$ -	\$ 538,111
Derivatives receivable	3,461	93,046	-	96,507
U.S. government, state, municipal and agency obligations	-	1,392,245	-	1,392,245
Corporate and foreign fixed income securities	-	741,841	1,034	742,875
Asset-backed securities	-	676,429	6,078	682,507
Equity securities	2,702,687	7,073	1,778	2,711,538
Assets at net value:				
Corporate and foreign fixed income securities				10,256
Equity securities				238,192
Private equity and real estate funds				1,091,535
Hedge funds				1,057,421
Commodities funds and other investments				131,694
Other receivables				336,253
Total				<u>9,029,134</u>
Derivatives payable	5,061	313,649	391	319,101
Other payables				107,323
Total				<u>426,424</u>
Fair value of plan assets				<u>\$ 8,602,710</u>

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2017				
Short-term investments	\$ 459,619	\$ 21,466	\$ -	\$ 481,085
Derivatives receivable	73	21,900	19,144	41,117
U.S. government, state, municipal and agency obligations	-	1,389,683	-	1,389,683
Corporate and foreign fixed income securities	-	876,984	931	877,915
Asset-backed securities	-	467,600	4,523	472,123
Equity securities	2,092,749	323	12,481	2,105,553
Assets at net value:				
Corporate and foreign fixed income securities				10,723
Equity securities				259,556
Private equity and real estate funds				965,209
Hedge funds				1,033,739
Commodities funds and other investments				303,244
Other receivables				229,757
Total				<u>8,169,704</u>
Derivatives payable	1,267	187,443	19,347	208,057
Other payables				41,880
Total				<u>249,937</u>
Fair value of plan assets				<u>\$ 7,919,767</u>

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

For the years ended June 30, 2018 and 2017, the changes in the fair value of the System Plans' assets measured using significant unobservable inputs (Level 3) consisted of the following:

	Net Derivatives	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities
June 30, 2018				
Beginning balance	\$ (203)	\$ 931	\$ 4,523	\$ 12,481
Total actual return on assets	8,376	(472)	640	1,166
Purchases, issuances, and settlements	(8,564)	(1,044)	617	(12,420)
Transfers into Level 3	-	1,619	298	551
Ending balance	<u>\$ (391)</u>	<u>\$ 1,034</u>	<u>\$ 6,078</u>	<u>\$ 1,778</u>

Actual return on plan assets relating to plan assets still held at June 30, 2018	\$ -	\$ 4	\$ 638	\$ (4)
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	Net Derivatives	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities
June 30, 2017				
Beginning balance	\$ 50,368	\$ 7,870	\$ 41,220	\$ 12,321
Total actual return on assets	-	1,282	3,013	(1,758)
Purchases, issuances, and settlements	(203)	(9,319)	(33,183)	(1,529)
Transfers (out of) into Level 3	(50,368)	1,098	(6,527)	3,447
Ending balance	<u>\$ (203)</u>	<u>\$ 931</u>	<u>\$ 4,523</u>	<u>\$ 12,481</u>

Actual return on plan assets relating to plan assets still held at June 30, 2017	\$ -	\$ 450	\$ 177	\$ (33)
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Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The Trust has entered into a series of swap agreements with a net notional amount of approximately \$2,273,800. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 50% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

Information about the expected cash flows for the System Plans follows:

Expected employer contributions 2019	\$	6,520
Expected benefit payments:		
2019		654,636
2020		681,579
2021		679,165
2022		682,465
2023		666,948
2024-2028		3,116,913

The contribution amount above includes expected amounts paid to Trusts. The benefit payment amounts above reflect the total benefits expected to be paid from Trusts.

Other Postretirement Benefit Plans

In addition to the retirement plan described above, certain Health Ministries sponsor postretirement benefit plans that provide healthcare benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2018 and 2017 is \$22,635 and \$28,987, respectively. The net asset included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2018 and 2017 is \$27,244 and \$17,972, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2018 and 2017, was an increase of \$2,293 and \$4,468, respectively.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually, and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period, and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were \$391,397 and \$349,514 during 2018 and 2017, respectively, and are included in employee benefits in the Consolidated Statements of Operations and Changes in Net Assets.

10. Self-Insurance Programs

Certain System hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. Within these pooled risk programs, various insurance policies have been purchased to provide coverage in excess of the self-insured limits. The System provides this self-insurance through various trust funds and captive insurance companies. Actuarially determined amounts, discounted at 5.5%, are contributed to the trust funds and the captive insurance companies to provide for the estimated cost of claims. The associated loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported, which were discounted at 5.5% in 2018 and 2017.

Entities acquired in the Presence business combination did not participate in the Ascension pooled risk program as of June 30, 2018. At June 30, 2018, the loss reserves for estimated self-insured professional, general liability, and workers' compensation claims for Presence entities were actuarially determined and recorded on an undiscounted basis. The self-insured professional and general liabilities for these entities are retained up to \$20,000 per occurrence with no aggregate and subject to reinsurance by commercial carriers up to \$170,000.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Self-Insurance Programs (continued)

Professional and General Liability Programs

Professional and general liability coverage is primarily provided on a claims-made basis through a wholly owned onshore trust and through Ascension Health Insurance, Ltd. (AHIL), a direct subsidiary of Ascension Risk Services.

The wholly owned onshore revocable trust has a self-insured retention up to \$10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to \$225,000. AHIL retains \$5,000 per incident and in the aggregate for professional liability. The excess coverage is reinsured by commercial carriers.

Employed physicians and certain entities in the states of Indiana, Kansas, Pennsylvania, and Wisconsin are provided coverage by ProAssurance Corporation (ProAssurance) on a fronted basis and are reinsured through AHIL. These entities and physicians are provided professional liability coverage with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit, except the Fund in Kansas, which only covers claims up to the first \$1,000 and then the trust and AHIL cover amounts above \$1,000.

Effective July 1, 2014, the reinsurance of Ascension's independent physician professional liability program with ProAssurance, the System's partner insurance company, was transferred from AHIL to Sunflower Assurance, Ltd. (Sunflower), a wholly owned subsidiary of Ascension Risk Services

Beginning July 1, 2014, Sunflower offered physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at the System's various facilities, primarily in Michigan, Indiana, Texas, Florida, Illinois and Alabama. Coverage is offered to physicians with limits ranging from \$100 per claim to \$1,000 per claim with various aggregate limits. Beginning July 1, 2014, AHIL offered similar coverage to employed physicians in the states of Indiana, Kansas, Pennsylvania and Wisconsin.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Self-Insurance Programs (continued)

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of \$185,050 and \$167,393 for the years ended June 30, 2018 and 2017, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of \$867,297 and \$541,177 at June 30, 2018 and 2017, respectively.

Workers' Compensation

Workers' compensation coverage is primarily provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to \$1,500 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members

Included in employee benefits in the accompanying Consolidated Statements of Operations and Changes in Net Assets is workers' compensation expense of \$31,064 and \$49,767 for the years ended June 30, 2018 and 2017, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of \$135,052 and \$131,566 at June 30, 2018 and 2017, respectively.

11. Lease Commitments

Certain System entities are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment. In addition, certain System entities have subleased space within buildings where the entity has a current operating lease commitment. Certain System entities are also lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the System entity.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Lease Commitments (continued)

The System's future minimum noncancelable payments associated with operating leases with terms of one year or more where a System entity is the lessee, as well as future minimum noncancelable receipts associated with operating leases where a System entity is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

		Future Payments		Future Receipts		
		Where the		Where the		Net Future
		System is Lessee		System is		Payments
		Sublessor/Lessor		Sublessor/Lessor		
Year ending June 30:						
2019	\$	213,362	\$	43,397	\$	169,965
2020		203,260		34,628		168,632
2021		163,658		28,040		135,618
2022		131,698		22,640		109,058
2023		108,201		17,521		90,680
Thereafter		449,441		256,378		193,063
Total	\$	1,269,620	\$	402,604	\$	867,016

Rental expense under operating leases amounted to \$425,750 and \$396,656 in 2018 and 2017, respectively.

12. Related Parties

The System has agreements with related parties for revenue cycle management services and clinical engineering services. The System expensed approximately \$877,000 and \$585,000 for these services during the years ended June 30, 2018 and 2017.

Ascension

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Contingencies and Commitments

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's Consolidated Balance Sheet.

The System enters into agreements with non-employed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The maximum amount of future payments that the System could be required to make under these guarantees is approximately \$7,600.

The System entered into Master Service Agreements for information technology services provided by third parties. The maximum amount of future payments that the System could be required to make under these agreements is approximately \$259,400.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 21 years. The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at June 30, 2018:

Hospital de la Concepción 2017 Series A debt guarantee	\$	24,870
St. Vincent de Paul Series 2000 A debt guarantee		28,300
Other guarantees and commitments		19,700

Supplementary Information



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Report of Independent Auditors on Supplementary Information

The Board of Directors
Ascension Health Alliance d/b/a Ascension

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Net Cost of Providing Care of Persons Living in Poverty and Other Community Benefit Programs is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Ernst + Young LLP

September 12, 2018

Ascension

Schedule of Net Cost of Providing Care of Persons
Living in Poverty and Other Community Benefit Programs
(Dollars in Thousands)

Years Ended June 30, 2018 and 2017

The net cost of providing care to persons living in poverty and other community benefit programs is as follows:

	Year Ended June 30,	
	2018	2017
	<hr/>	<hr/>
Traditional charity care provided	\$ 576,267	\$ 537,672
Unpaid cost of public programs for persons living in poverty	913,131	793,905
Other programs for persons living in poverty and other vulnerable persons	171,757	149,271
Community benefit programs	320,817	362,455
Care of persons living in poverty and other community benefit programs	<u>\$ 1,981,972</u>	<u>\$ 1,843,303</u>

Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2017, or tax year beginning 07/01, 2017, and ending 06/30, 20 18

2017

Department of the Treasury
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

Name of exempt organization

ST. AGNES HEALTHCARE, INC.

Employer identification number

52-0591657

Part I Type of Return and Return Information (Whole Dollars Only)


Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

1a	Form 990 check here ▶	<input checked="" type="checkbox"/>	b	Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	<u>434,319,888</u>
2a	Form 990-EZ check here ▶	<input type="checkbox"/>	b	Total revenue, if any (Form 990-EZ, line 9)	2b	
3a	Form 1120-POL check here ▶	<input type="checkbox"/>	b	Total tax (Form 1120-POL, line 22).	3b	
4a	Form 990-PF check here ▶	<input type="checkbox"/>	b	Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a	Form 8868 check here ▶	<input type="checkbox"/>	b	Balance due (Form 8868, line 3c)	5b	

Part II Declaration of Officer

- 6** I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.
- If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2017 electronic return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign Here ▶		<u>5/10/2019</u>	▶ TAX OFFICER
	Signature of officer	Date	

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's Use Only	ERO's signature ▶	Date	Check if also paid preparer <input type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code ▶				EIN
					Phone no.

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.