



# *Proposal to Desert Healthcare District*

July 2019

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# **Desert Care Network Background**

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# Our History in the Coachella Valley

- Tenet Healthcare has maintained a presence in the Coachella Valley for over 40 years when it first acquired John F. Kennedy Memorial Hospital in 1979
- Wanting to expand care across the region, Tenet entered into a 30-year lease with the Desert Healthcare District (“District”) to operate Desert Regional Medical Center (“DRMC”) in 1997; Tenet later entered into a lease to operate Hi-Desert Medical Center in Joshua Tree in 2015



- In 2018, Tenet introduced the Desert Care Network (“DCN”), uniting all hospitals and the associated network of outpatient centers under a coordinated strategy and enhancing care delivery to all residents of the Coachella Valley & Morongo Basin

**Tenet has exhibited a strong commitment to the Coachella Valley and looks forward to continuing to serve the community’s health needs for the long-term**

# Regional Community Presence

In the Coachella Valley & Morongo Basin, Desert Care Network is a comprehensive health network serving the entire population through its hospitals, post-acute facilities, specialty outpatient centers, and a robust physician network

## Hospitals

- 1 Desert Regional Medical Center**  
1150 N. Indian Canyon Way  
Palm Springs, CA 92262  
760-323-6511
- 2 Hi-Desert Medical Center**  
6601 White Feather Road  
Joshua Tree, CA 92252  
760-366-3711
- 3 Hi-Desert Continuing Care Center (SNF/Sub-Acute)**  
6722 White Feather Road  
Joshua Tree, CA 92252  
760-366-1500
- 4 John F. Kennedy Memorial Hospital**  
47-111 Monroe St.  
Indio, CA 92201  
760-347-6191

## Urgent Care

- 5 MedPost UC- La Quinta
- 6 MedPost - North Indio
- 7 MedPost - Palm Desert

## Outpatient Imaging Centers

- 8 El Mirador Imaging Center
- 9 La Quinta Imaging Center

## Outpatient Surgery Centers

- 10 El Mirador Surgery Center
- 11 Sedona Surgery Center

## Other Outpatient & Physician Locations

- 12 Advanced Wound Healing Center at Desert Regional Medical Center
- 13 Advanced Wound Healing Center at La Quinta
- 14 Airway Imaging & Outpatient Center
- 15 Comprehensive Cancer Center at Desert Regional Medical Center
- 16 Comprehensive Cancer Center La Quinta
- 17 Diabetes Center at Desert Regional Medical Center
- 18 Endoscopy Center
- 19 Hi-Desert Behavioral Health Services
- 20 Hi-Desert Home Health
- 21 Hi-Desert Hospice
- 22 Hi-Desert Rehabilitation Services
- 23 Institute of Clinical Orthopedics and Neurosciences - La Quinta
- 24 Institute of Clinical Orthopedics and Neurosciences - Palm Springs
- 25 Desert Region Family Medicine Palm Springs - Primary Care / Family
- 26 First California Physician Partners - Multi-Specialty Clinic
- 27 First California Physician Partners - Surgical Associates
- 28 Desert Region Family Medicine LQ - Family Medicine
- 29 UCR Health Family Medicine
- 30 First California Physician Partners - Cardiology, Internal Medicine
- 31 First California Physician Partners - Multi-Specialty Clinic
- 32 FCPP Women's Clinic—Indio



# Accreditations, Certifications & Awards



**DESERT REGIONAL  
MEDICAL CENTER**

## American College of Cardiology

Accredited Chest Pain Center - Accredited with Commendations

Atrial Fibrillation Accreditation with EPS

## American College of Radiologists

Comprehensive Breast Center of Excellence – Mammography, Stereotactic and Ultrasound

## American College of Surgeons Commission on Cancer

Comprehensive Cancer Center Accredited with Commendations

## BCBS Blue Distinction Center

Blue Distinction for Spine , Maternity - Blue Shield and Anthem

Blue Distinction for Bariatric Surgery - Blue Shield

## Get with the Guidelines

2019 Gold Plus Award for Stroke Elite Honor Roll , Heart Failure and Resuscitation

## Healthgrades

Five-Star Recipient for Total Knee Replacement, Hip Replacement and Hip Fracture Treatment  
America's 100 Best Hospitals for Joint Replacement and Orthopedic Surgery  
Joint Replacement Excellence Award

## Human Rights Campaign (HRC)

2018 Leader in LGBT Healthcare Equality

## The Joint Commission

2016 Advanced Heart Failure  
2017 Hospital Triennial Accreditation  
2018 Spine, Hip Replacement, Knee Replacement and Perinatal Care Certification



**JFK MEMORIAL  
HOSPITAL**

## Becker's Hospital Review

Lowest ED Wait Times – January 2017; JFK Recognized among only 59 Hospitals in the U.S.

## Get with the Guidelines

2019 Gold Plus Award - Heart Failure

## Healthgrades

5 Star Recipient for Total Knee Replacement  
14 Years in a Row (2005-2018)  
5 Star Recipient for Hip Fracture Treatment  
11 Years in a Row (2008-2018)

## The Joint Commission

2018 Hospital Triennial Accreditation  
Advanced Certification for Primary Stroke Center

## California Department of Public Health

Elective PCI Certification

## Society of Chest Pain Centers

Accredited Chest Pain Center with PCI

## Surgical Review Corporation

Center of Excellence Minimally Invasive GYN (COEMIG) Inspection



**HI-DESERT  
MEDICAL CENTER**

## Aetna

Elective Delivery Infant Safe Program

## BCBS Blue Distinction Center

Blue Distinction for Maternity - Blue Shield and Anthem

## California Care California Recognition for

NTSV data

CalNoc Best Performance in Preventing Hospital Acquired Infections Total Facility for CAUTI, CLABSI, C. diff, MRSA

CMS Nursing Home Compare 5 Star Ratings  
4 Star

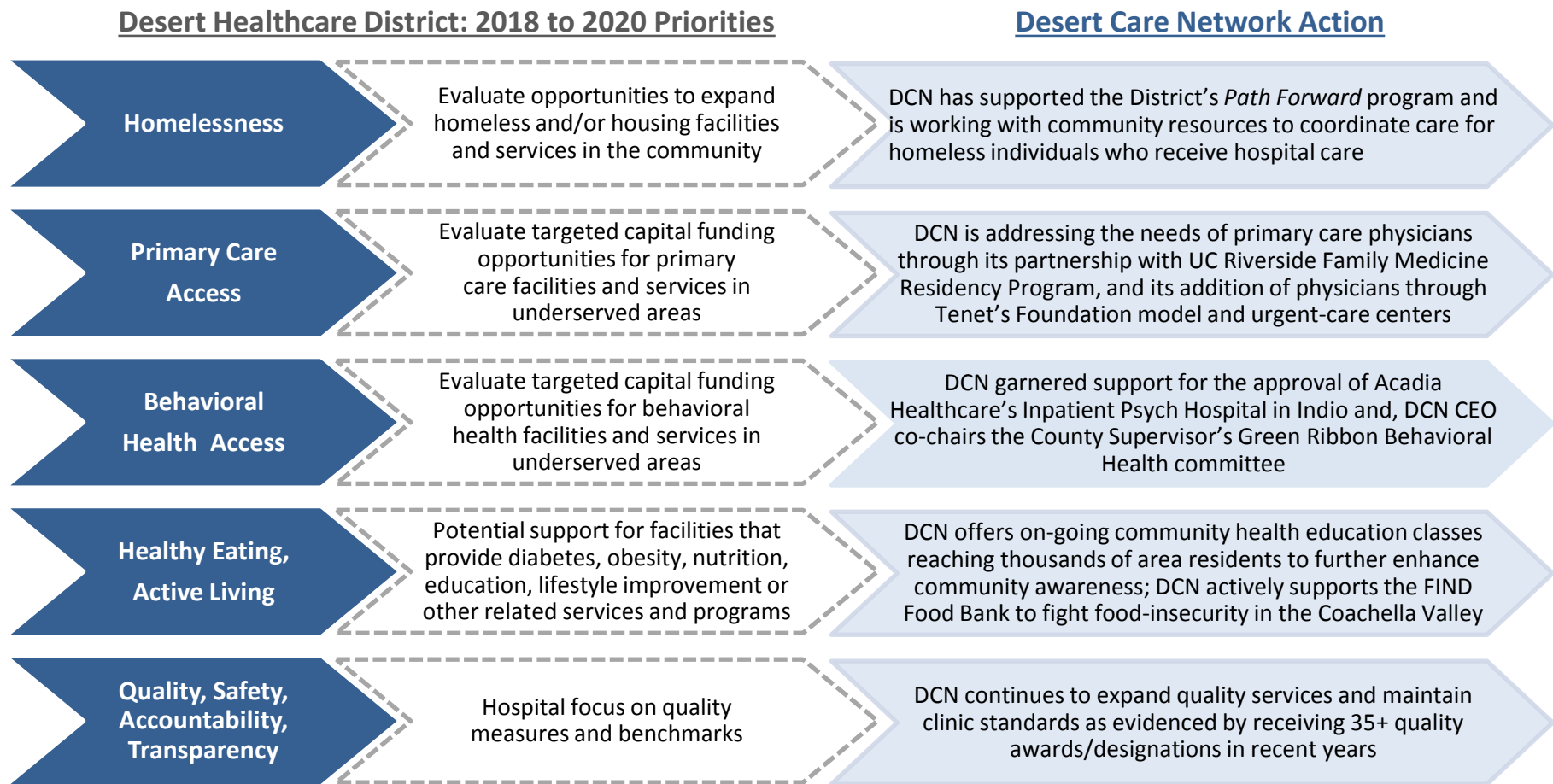
Morongo Basin Chamber 2017 Best of the Best Senior Care Facilities First Place

## The Joint Commission

Hospital Triennial Accreditation  
Home Care Triennial Accreditation

# Aligned Strategic Vision

DCN has worked collaboratively with District leadership to support the District's priorities:



# Local Impact in the Community

Across the Coachella Valley, Desert Care Network's hospitals are stewards of the community by investing locally, creating jobs, and providing care for the underserved



Home of Five Residency Training Programs and the Region's only Trauma Center and NICU



Serving the East Valley since 1966 – the largest population growth area in the Coachella Valley



Quality Care for Every Stage of Life – Acute Care, Skilled Nursing, Sub-Acute, Home Health and Hospice

## Annual Desert Care Network Community Benefit (2018)

<b>28.2k</b> Admissions	<b>5.2k</b> Babies Delivered	<b>154k</b> ER Patients Served
<b>13.4k</b> Surgeries	<b>\$32mm</b> Capital Funds Committed	<b>\$2.0mm</b> Property Taxes Paid
<b>\$25mm</b> Charity Care	<b>\$56mm</b> Discounts to Uninsured	<b>\$4mm</b> Sales Taxes Paid
<b>+\$3.0mm</b> Pledged to Desert AIDS Project and other local charities	<b>3.3k</b> Employees	<b>\$351mm</b> Salaries, wages, benefits



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# Future Path

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# Solidifying an Uncertain Future

- **The lease between the District and Tenet for DRMC expires in June 2027**
  - There is a need to begin planning for long-term strategic investment throughout the community and future required capital investment at DRMC (e.g. seismic retrofit)
  - It is difficult for Tenet to commit to a go-forward strategy to meet these needs with an uncertain future beyond 2027
- **In addition, last year's expansion of the District (Measure BB) has created the need for additional funding to support District programs and priorities**
- **Tenet would like to propose a near-term purchase of DRMC from the District. We believe that a purchase of DRMC will:**
  - Provide the District with additional funding to support its various healthcare expansion initiatives
  - Allow Desert Care Network to better plan and prioritize future investments, ensuring the continuation and expansion of services in order to meet the community's needs across the Coachella Valley

# Tenet's Proposal to the District

## Components of our proposal including the following:

- **Base Purchase price for DRMC: \$120mm<sup>1</sup>**
  - The purchase of the hospital would be at Fair Market Value (FMV), consistent with the analysis performed by the District's independent consultants (VMG Health)
  - The purchase price to be paid in installments over remaining eight year term of lease
- **Seismic Investment: \$119mm to \$180mm<sup>2</sup> (current District estimate)**
  - Current California state seismic regulations require all acute care hospitals to comply with certain building regulations by January 2030
  - Capital improvements would be made to ensure that DRMC meets any required seismic compliance guidelines to keep facility operational by the applicable deadline(s)
- **Investment in Coachella Valley healthcare services: minimum of \$80mm**
  - Tenet would commit to making future investments in healthcare services and capital projects over the next 8 years to further enhance the community's access to health care, such as the development of primary care access-points and additional physician resource investment

**Tenet proposes a total financial commitment of approximately \$319mm to \$380mm allowing for the continuation and expansion of critical healthcare services for residents of the Coachella Valley**

1) Subject to final fair market value and approval of Tenet board of directors

2) Based on a Seismic Evaluation and Compliance Planning Study engaged by the District, DRMC will require an estimated \$119mm to \$180mm for its campus to be seismically compliant

# Moving Forward Together

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- **Desert Healthcare District and Desert Care Network have a long-standing and successful partnership delivering critical healthcare services to the community**
- **Ensuring Coachella Valley residents' healthcare needs are met is critical, and requires an operator with a strong regional network, experience and commitment to serving all residents and visitors**
- **By purchasing DRMC today, Desert Care Network can build upon its existing foundation and make the investments required to enhance healthcare for all Coachella Valley residents**
- **By selling DRMC today, the District will have ample funding to focus on near-term expansion of its community health initiatives**

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# Appendix

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# Tenet Today: National scale to support local care

## National delivery platform supports providers and patients across many local communities

65  
Hospitals

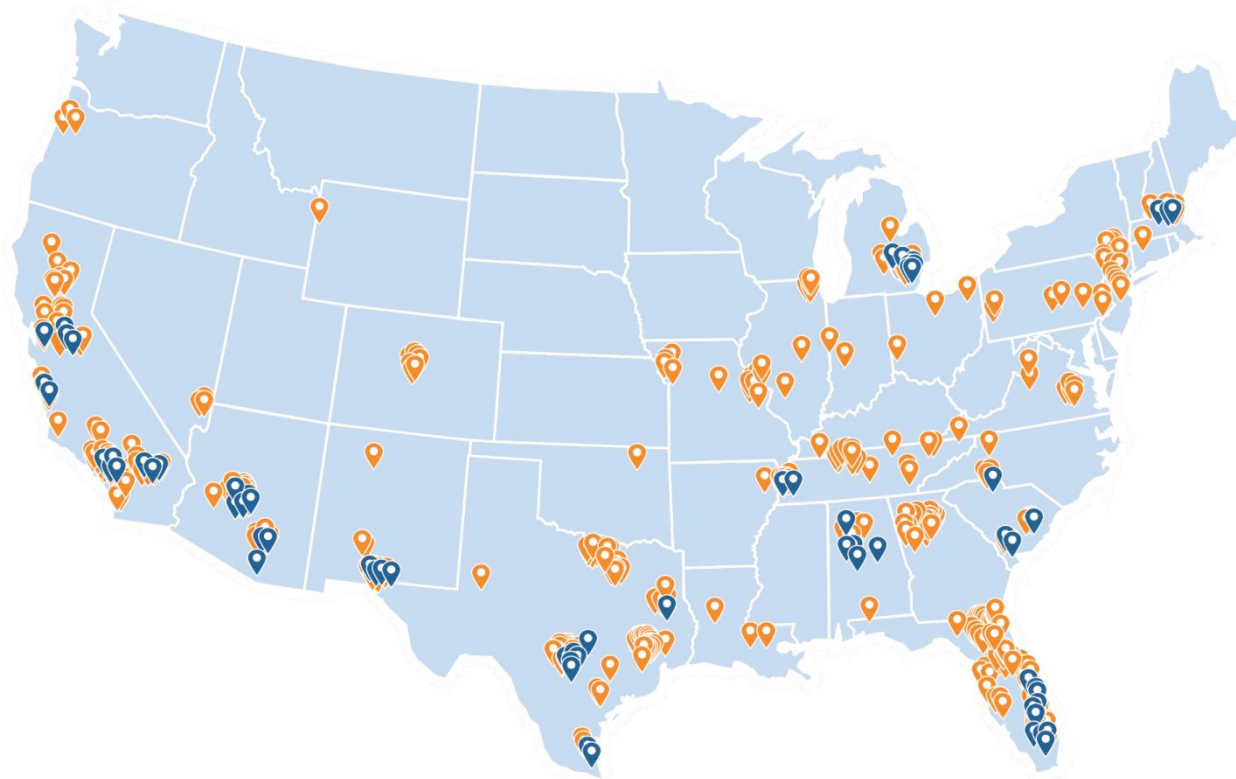
265  
Ambulatory  
Surgery Centers

106  
Urgent Care  
Centers

78  
Imaging  
Centers

23  
Surgical  
Hospitals

20  
Off-Campus EDs  
& Micro-Hospitals



 Hospitals  
 Outpatient facilities and surgical hospitals

\$18B  
2018 Revenue

10M  
Patient  
Encounters

730  
Conifer  
Clients

\$30B  
Revenue managed  
by Conifer

50  
Health System  
Partners

110K  
Employees