

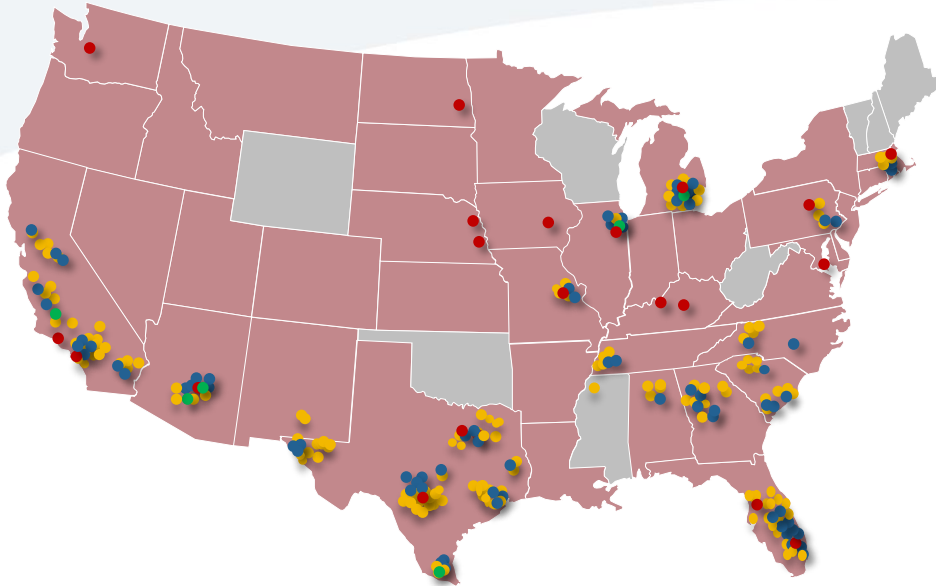


*Proposed Partnership Between  
Waterbury Hospital  
and  
Tenet Healthcare Corporation*

## *Tenet – Who We Are*

- Formed in 1976 as an investor-owned healthcare services company
- Restructured in 2002 and 2003 to address weaknesses that some of the intervenors have noted
  - *Tenet embraced a change in culture*
    - *Reconstituted its Board of Directors*
    - *Put in place new management team*
    - *Established new governance, compliance and operational best practices*
    - *Implemented measures to ensure transparency*

## Tenet Healthcare Today



**80** hospitals

**105,000+**  
employees

**198**  
outpatient facilities

**23,000+** affiliated physicians

Nearly **12 million** annual patient encounters

**12** accountable care organizations

**6** health plans

# About Northeast Region

## Massachusetts

- MetroWest Framingham – **147 Beds**
- MetroWest Leonard Morse – **122 Beds**
  - Southboro Wellness Center
- Saint Vincent Hospital - **348 Beds**
  - Cancer & Wellness Center
  - Saint Vincent Physician Therapy Center



## Philadelphia

- Hahnemann University Hospital – **496 Beds**
- St. Christopher's Hospital for Children – **189 Beds**



THOMSON REUTERS  
**100 TOP HOSPITALS** 2012

TRUVEN HEALTH ANALYTICS  
**50 TOP CARDIOVASCULAR**  
2013



# Northeast Region Distinctions

## CyberKnife

Inoperable tumors: no incisions... no pain... no kidding.

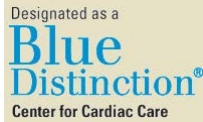
## Weiss Center for Integrative Medicine



*very important patient*  
(the personal approach)

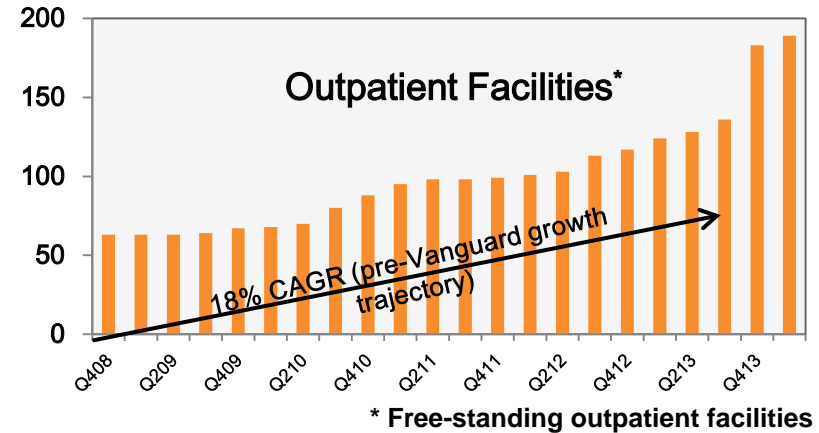


## THE HEART OF EXPERTISE. 2 YEARS IN A ROW.



# Successful History of Forming Partnerships

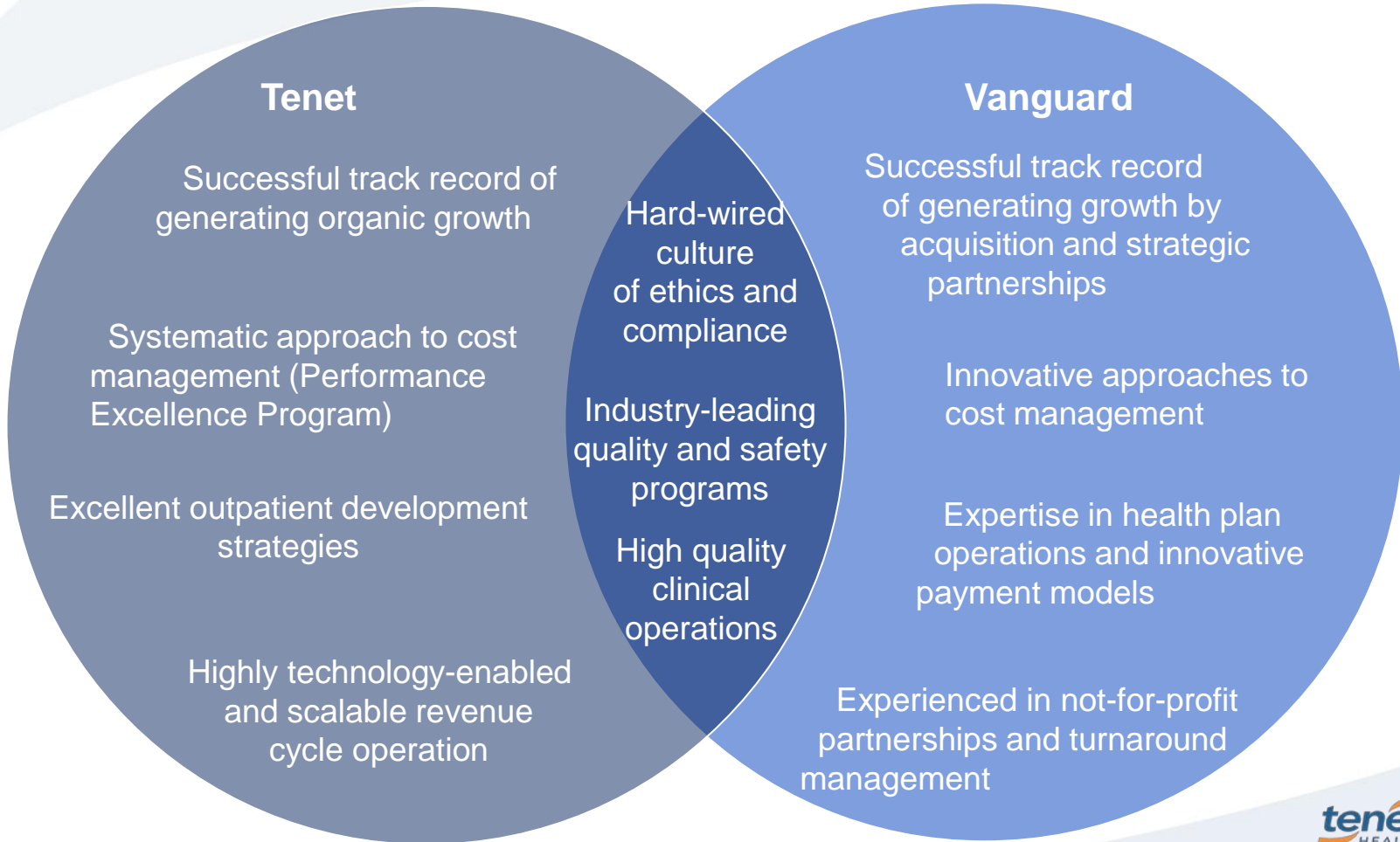
- Since 2008, Tenet has acquired or become affiliated with 30 acute care hospitals and more than tripled the number of outpatient centers.
- Tenet has demonstrated to regulators, health care providers, and community leaders that it is a company in which they can place their trust to meet the health care needs of every person located in their service area.



## *Tenet Facts*

- Tenet is now the third largest healthcare service company in the country and a recognized leader among its peers.
- As a publicly traded company in a highly regulated industry, the company is subject to a **higher degree of scrutiny** in our business operations.
- We are proud of the fact that regulators at both the federal and state levels, investors, physicians, employees, owners, most importantly, partners have commended us for our performance.

# *Tenet – Vanguard: Complementary operational strengths and shared values*





## Tenet's Principles

*We are united around a common mission – to help people live happier, healthier lives.* As we seek to serve our patients, customers and communities – to provide an exceptional environment for our employees and affiliated physicians and an attractive return to our shareholders – *we are guided by five core values.* They are the reasons our patients and physicians choose us, and we seek relationships with those who share them.

**Quality.** Quality is at the core of everything we do and every decision we make.

**Integrity.** We manage our business with integrity and the highest ethical standards.

**Service.** We have a culture of service that values teamwork and focuses on the needs of others.

**Innovation.** We have a culture of innovation that creates new solutions for our patients, physicians and employees.

**Transparency.** We operate with transparency by measuring our results and sharing them with others.

# Tenet – Evolving Business Model Reflecting the Changing Environment

- Healthcare is changing as a result of Federal Mandates requiring innovation in Technology, Patient Outcomes, Cost Containment
- Moving from fee for service to fee for value requires whole person care thinking beyond the number of procedures and reimbursement codes

## Current State

- Transactional care
- Volume driven
- Acute focus
- Fragmented delivery system
- Patients as passive recipients of care
- Volume incentive

Fee-for-service



## Future State

- Population health management
- Continuum of care
- Bundled payments + Risk
- Integrated delivery systems
- Patient engagement
- Value incentive

Fee-for-value

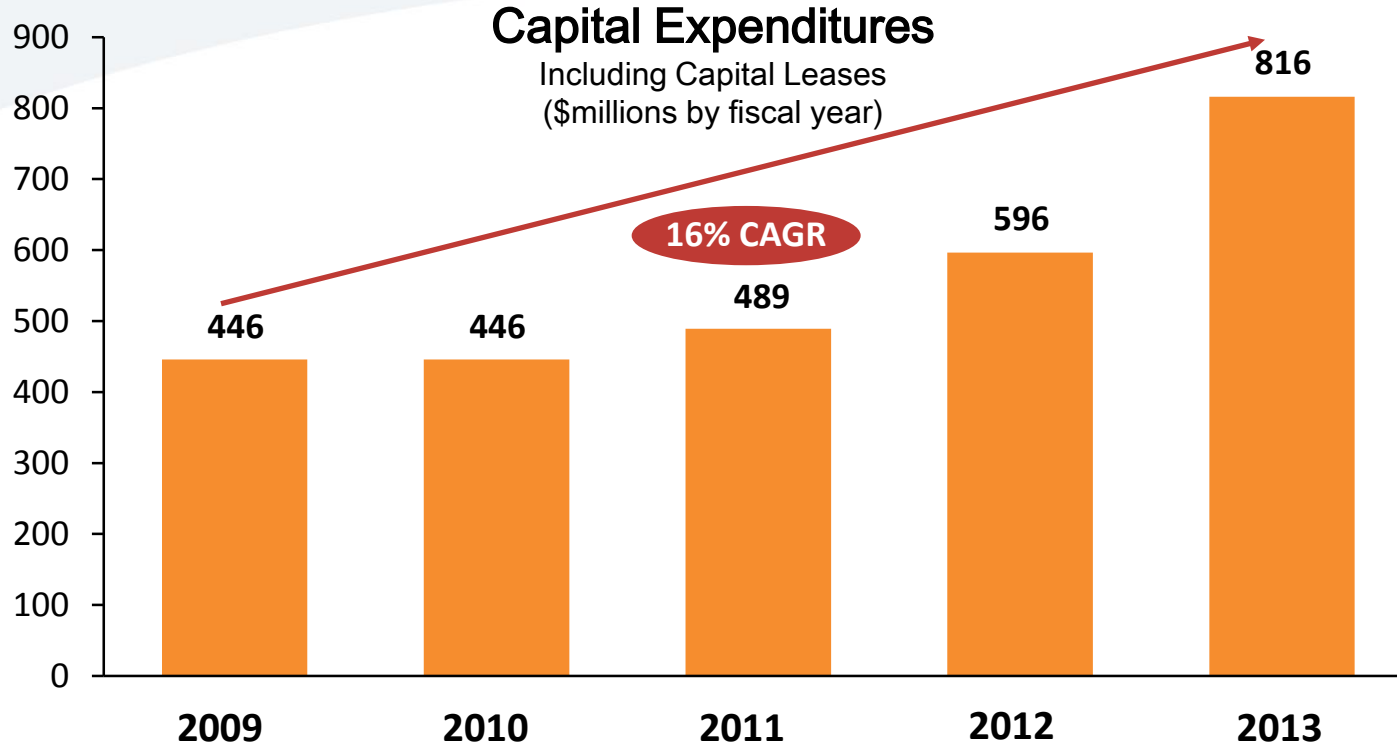
# *Tenet Business Model*

Tenet is piloting and employing a variety of approaches to embrace the new environment:

- *Employ innovative care delivery methods*
  - *ACOs*
  - *Bundled payment*
  - *Risk assumption*
- *Attract best talent*
  - *Competitive compensation*
  - *Tenet Leadership Academy*
  - *Access to state of the art technology*
- *Implement efficiencies and economies of scale*
  - *Supply Chain via group purchasing organizations*
  - *Performance Management and Innovation Department*
  - *Clinical Care Councils*

**This model requires capital resources and access to capital markets that Tenet can provide**

# Investing in Our Business



Healthcare is a local service, and hospitals are foundational community institutions. We provide our hospitals and related facilities with access to capital to ensure their service offerings meet the needs of their communities.

# *Connecticut Strategic Rationale*

Positive  
Demographics

Able to  
Leverage  
Regional  
Infrastructure

Affiliation with  
Yale New-Haven  
Health System

Community  
hospitals in need  
of experienced  
partner

## *Why Waterbury Hospital?*

Hospital  
provides full  
range of  
services

Excellent  
employees and  
medical staff

Good clinical  
reputation

Strong patient  
following

## *Our Due Diligence*

**Having an interest is one thing, making it a reality is another**

- Studied Waterbury Hospital
- Consulted with members of the medical staff
- Consulted with the Mayor and local business leaders
- Consulted with community leaders
- Assessed the demographics
- Analyzed the numbers
- Decided we could help make a difference, and that it made sense for us to do so

# *Negotiated the Transaction Under Consideration*

## Contribution Agreement Operating Agreement Management Agreement Highlights

- *\$45 million purchase price*
- *80% interest in joint venture with GWHN*
- *Long term debt will be paid at closing*
- *Pension plan obligations will be satisfied per collective bargaining agreement*
- *Equal representation on the Board of Directors*
- *Board of Trustees comprised of physicians and local community leaders*
- *\$55 Million Capital Contribution*
  - *Additional \$30 million as part of the proposed transaction with St. Mary's Hospital*
- *Yale Participation*
  - *Strategic Alliance Agreement*



# *What We End Up With*

## Stronger Connecticut Hospital

- *Commitment to delivering the very best care*
  - *Tenet Quality Program*
  - *Clinical Councils*
- *No reduction in clinical services*
- *Plans for improvement and growth*
- *Improved medical staff recruitment*
- *Broader ambulatory services*
- *Investment in physical plant and equipment*
- *Increased physician collaboration and alignment*
- *Improved discharge care coordination*

## *What We End Up With*

### Commitment to efficiency and controlling costs

- *Implementation of best practices*
  - *error prevention training*
  - *detection of safety threats*
- *Control costs through volume purchasing and improved technology*
- *Strong workforce*

### Commitment to the community

- *Charity care policy*
- *Corporate Citizen*
- *Compliance Program*

## *Conclusion*

- Tenet is proud of who we are and what we do
- Tenet knows how to provide high-quality care at reasonable cost
- Tenet has financial strength and experience in operating hospitals
- Tenet will bring its experience and best practices to Waterbury Hospital and will make it an even better institution
- Tenet is committed to Connecticut