## Legacy DMC TENET COVENANTS as of 2015

## **CAPITAL EXPENDITURES** INDIGENT CARE HOSPITALS AND OTHER ROUTINE SPECIFIED COMMITMENT COMMITMENT \$500M \$350M Vanguard Adopted Maintain Hospitals and and Publicized Provide Core services: 2011-2015 2011-2015 More Benevolent Cumulative Cumulative Requirement -\$500M ♦ 6 Hospitals Requirement Policy; Continued by ♦ 39 Service Locations 2016-2017 2011-2015 \$350M Tenet ♦ 11 Service Lines (5 Years) (2 Years) (5 Years) Charity Care Shortfall No sale of Hospitals (Detroit reduced dramatically \$80 M Shortfall since April 2014 Surgery Hospital mothballed) \$ 4M Uncompensated Support historic Research mission Care down 63% Support historic Education mission as Medicaid expands Actual and exchanges open Support Supplier Diversity Program Expenditures \$420M Met to provide minority opportunities Enhance Health and Support Project Genesis Actual Expenditures Wellness Initiatives Summer Program \$346M -25,271 new patients Maintain Karmanos Relationship by year end 2015 2016 2017 -expanded through (Litigation settled) \$80M community ambassador \$47M and coney island events Did Not Meet Will Meet Near Miss Met Met

## YEAR FIVE OF TEN STATUS

- Capital Expenditure commitments not met
  - · Specified Capital Projects
  - Routine
- Indigent Care costs significantly reduced through Medicaid expansion and health care insurance exchanges under ACA
- Tenet Annual Report received on schedule
- Legacy DMC Annual Report filed with extension
- FORWARD YEAR RISKS
- CHM Tower completion planned for December 2017
- Potential significant decline in Routine Capital Expenditures

- Failed to make \$80M Escrow deposit; Tenet and Legacy disagree on classification of adjustment to DSH subsidy
- Finished \$4M less than commitment despite 2015 expenditures of \$126M
- Not anticipated in PSA
- February 29
- June 9
- Maximum delay authorized in PSA
- Legacy to request continued reporting of Capital Expenditures