# EXHIBIT D

# DMC Notification to Legacy Board Letter

DMC

DETROIT MEDICAL CENTER

December 23, 2015

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Richard Widgren, Chair
Legacy DMC Board
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Dear Dick,

Conrad Mallett shared with me your recent letter regarding the capital investments by the Detroit Medical Center. I was disappointed that the Board did not approve our request for an extension of time for the completion of our capital spend, and even more disappointed that the Board believes Tenet will fail to invest appropriately in the DMC facilities when the required expenditures have been made. Tenet and DMC are dedicated to the continued success of these hospitals, continued excellence in health care for our patients and continued leadership in the Detroit community.

We would like to continue the dialogue with the Legacy DMC Board on this issue. As previously shared with the Legacy DMC Board, DMC has fully committed the Required Capital and Special Capital called for in the Purchase and Sale Agreement between the Detroit Medical Center ("Legacy DMC"), and VHS of Michigan, Inc., et al.("DMC"), and Vanguard Health Systems, Inc. (the "Purchase Agreement"). Escrowing the committed but unspent funds will have a chilling effect on the DMC's ability to fund on-going business.

Notwithstanding DMC's desire to reach a mutually acceptable resolution on this issue, we believe that escrow is not required according to Section 12.4(i) of the Purchase Agreement That provision states, in relevant part:

> (i) In the event of discriminatory reductions in state or federal funding and reimbursement for graduate medical education or services provided to beneficiaries of the Medicaid program or to the uninsured that are applicable to the Hospitals, that are materially disproportionate to reductions in such funding and reimbursement to all other general acute care hospitals in the State of Michigan and that cause one or more of the Hospitals to suffer material declines in EBITDA, and Buyer provides Seller written notice thereof, notwithstanding any provision to the contrary contained in this Section 12.4 or in Sections 1.1 or 12.5, without further action of the Parties: (i) the Anniversary Date CapEx Commitment shall be modified so that such commitment is (A) $400,000,000 as of the fifth anniversary of the Closing Date, (B) $480,000,000 as the sixth anniversary of the Closing Date and (C) $500,000,000 as of the seventh of the Closing Date, but

without any change or modification to the obligation of Buyer to Expend funds in accordance with Sections 12.4(b) and (c) in the first four CapEx Year after Closing; ...

In summary, the tests under this provision are whether:

(1) There is a reduction in state or federal funding and reimbursement for graduate medical education or to beneficiaries of the Medicaid program or to the uninsured that is applicable to DMC.
(2) Such a reduction is discriminatory in that it is materially disproportionate to reductions in funding and reimbursement to all other general acute care hospitals in the State.
(3) The reduction causes one or more of DMC's hospitals to suffer material declines in EBITDA.

The results of the 2014 fiscal year clearly demonstrate that these tests have been satisfied,.

Reductions in State or Federal Funding

In 2014, Children's Hospital of Michigan (CHM) was the subject of a discriminatory reduction in Medicaid. In May of 2014, the State of Michigan Department of Community Health (DCH) which oversees the State's Medicaid program notified CHM that its Medicaid reimbursement would be reduced by $16M going back to 2011 due to the fact that the State had previously overpaid for Medicaid disproportionate share funding. In August of that same year another letter was received taking back $13.7M for 2012. Subsequent to that, it was determined by DCH that CHM owed the State $14.1M for 2013 due to the same issue bringing the total for these 3 years to $43.8M in funding reductions. Medicaid disproportionate share amounts are limited to the difference between a hospital's costs and payments. If a hospital treats a disproportionate amount of Medicaid patients relative to its other patient volume, it is eligible to receive Medicaid disproportionate share payments up to the difference between its Medicaid reimbursement and costs as determined on the hospital's Medicaid cost report filed with the State. In calculating this DSH limit, the following patient types are included per CMS rules: Medicaid Fee for Service (FFS), Medicaid Managed Care, Medicare Duals (patients having both Medicare and Medicaid coverage) and Commercial Duals (patients having both commercial insurance and Medicaid. As an example, if a hospitals total costs are $10M higher than its total payments for these patient types mentioned above the hospital would be entitled to $10M in disproportionate share funding.

Reduction is Discriminatory and Disproportionate to all other Hospitals in the State

The Medicaid DSH reduction discussed above is a discriminatory reduction in funding provided to children qualified for Medicaid services at CHM. The discrimination in these reductions is not required to be intentional. It is manifested in the partiality and prejudice of these reductions toward CHM. The reductions individually and in aggregate constitute a reduction that is disproportionate to all other hospitals in the State. This very test of disproportionality is the measure of discrimination required of Section 12.4(i).

Children's Hospital of Michigan has Suffered Material Declines in EBITDA

As a direct consequence of the discriminatory and disproportionate reductions in Medicaid funding described above, CHM has seen a reduction in EBITDA representative of the $43.8M of these cuts. This contributed to a 60% reduction in CHM's EBITDA between its 2013 and 2014 fiscal years, and reduction in its EBITDA margin from 10.24% in 2013 to 4.28% in 2014. The amount of this decline was $22.7M in 2014. This is a material decline in EBITDA for CHM justifying this notice and is the basis upon which the DMC has determined to provide this notice.

Utilizing EBITDA to measure materiality under Section 12.4(i) links EBITDA, as a proxy for cash being annually generated by the hospitals, to the cash needed for scheduled progress of the Specified Capital Projects, particularly the Children's Tower Project. When disproportionate State Medicaid reductions materially affect CHM's EBITDA, less cash is generated and lower escrow thresholds are allowed under the Agreement. Final construction deadlines are not changed by Section 12.4(i).

I hope we can resume discussion of these issues soon after the holiday. We expect to fully fund all of the required capital and more through on-going projects in the early part of 2016 and share your commitment to assuring the DMC continues to have the funds it needs to serve the people of Michigan.

Sincerely,

Joseph J. Mullany

Joseph Mullany
Chief Executive Officer