



DESERT REGIONAL MEDICAL CENTER

Date: December 4, 2023
To: Desert Healthcare District Board of Directors
Jeffrey G. Scott, Esq.
Chris Christensen, Interim CEO
From: Michele Finney, CEO, Desert Care Network & Desert Regional Medical Center
Subject: CNA Press Release Response

This memo is a response to the November 27, 2023 email request to provide a written response to the press release issued by the California Nurses Association on November 22, 2023 regarding Desert Regional Medical Center (DRMC). This written response is in accordance with District Operations Policy OP-7 – Lease Compliance Policy.

DRMC has held a lease with the District since 1997, after a public process led by the District occurred to select a high quality operator. When Tenet assumed operations of DRMC, the hospital was financially and operationally distressed. To resolve these challenges, Tenet Healthcare invested approximately \$163 million to relieve the District’s debt obligations and give the hospital a fresh start.

Under Tenet Healthcare’s management, DRMC transformed a struggling hospital into a nationally recognized high-quality healthcare delivery network, providing critical access to the most complex levels of Trauma, Stroke, and Neonatal services for the greater Coachella Valley. Tenet also developed a valley-wide healthcare network, Desert Care Healthcare Network (DCN), of which DRMC is a part. DRMC has provided outstanding healthcare to Coachella Valley residents and visitors for decades, and has contributed tens of millions of dollars in tax revenue to the region due to our investor-owned status. In addition, DCN annually delivers over \$100 million in community benefits that include discounts to the uninsured, charity care and community giving.

DRMC’s commitment to the community is evident in the improvements in healthcare access we have made and our ongoing expansion of capabilities to meet healthcare needs. Tenet Healthcare has made an investment in a growing compliment of experienced physicians and staff to increase access to care. Our collaboration and support of community organizations demonstrate our unwavering and continued dedication across the Coachella Valley; reaching beyond the hospital campus. Just this year, Tenet Healthcare further invested in our Trauma Program, elevating the facility from a Level II to a Level I Trauma Center (the only Level I in the region). This elevated designation, required DRMC to invest in further clinical research/scholarly activity and expand its Graduate Medical Education to include an accredited General Surgery Residency. As an additional note, it is through the Graduate Medical Education Program for Family Medicine residents, that DRMC and Desert Physicians Medical Group serve the unhoused and less fortunate. These achievements have been accomplished by providing mobile clinic care in concert with the Healthcare District across the Coachella Valley.

Since our lease began in 1997, and in addition to the resources spent to relieve the District’s debt, Tenet Healthcare has invested over \$339 million in capital improvements at DRMC. When other health systems

significantly reduced capital expenditure during the COVID-19 pandemic, Tenet Healthcare funded over \$43 million in capital projects at DRMC from 2020-2022. This included investments in infrastructure such as roofing, cooling towers, elevators, patient care unit refurbishment as well as, clinical equipment expansion and replacement of infusion pumps, robotics, imaging labs, and specialty operating room equipment. This year alone, Tenet Healthcare has funded in excess of an additional \$11 million in capital at DRMC and \$10 million at JFK Memorial Hospital (JFK).

In 1997, Desert Hospital had approximately 1,200 employees. Today, DRMC employs over 2,200 people and supports over 2,800 jobs in the community. We appreciate the dedication of our team members who care for more than 330,000 patient encounters per year and we continue to attract and retain high quality nurses and staff. Through October 2023, DRMC has hired 287 RN's and 335 support staff to enhance the patient care experience. This was achieved in great part, due to the recruitment and retention resources afforded to DRMC through Tenet Healthcare's national capabilities. At a time when the industry is struggling with turnover rates in a range exceeding 22%, DRMC's annualized turnover rate is only 8% for RN's and 10.2% for all employees. These rates are a result of collaborative input and participation from our current staff to address the needs of our workforce. It also highlights the fact that we have a strong leadership team, dedicated to providing employees a safe place to work and the infrastructure to support it.

Since 1997, DRMC has remained diligent in being fully compliant with all terms of our lease. Through the lease, the District has a number of provisions to ensure both the safeguarding of the physical plant and a level of healthcare operation that provides for equitable community access to quality care. We take these obligations very seriously. We have demonstrated this through the process the District established to regularly validate lease compliance, including two District representatives on DRMC's Governing Board who deliver monthly updates at District Board meetings. In addition to a number of other provisions, DRMC must show documentation of good standing with California Department of Public Health (CDPH) through licensure, Medi-Cal Certification, Medicare Certification, as well as verification of Accreditation by the entity delegated by CMS, The Joint Commission. All of the aforementioned licensures, accreditations and contracts are in place and maintained in good standing. The CDPH licensure regulates bed classifications and thus, the appropriate placement of patients including NICU and Emergency Department holds.

At a minimum, we annually provide the District with a statement that addresses if there has been any loss or damage to the leased premises in excess of \$500,000. Despite the unfounded allegations of a building in a state of disrepair, there was no such loss or damage within the last reporting period. However, as we have shared at District Board meetings, we do anticipate reporting loss/damage in excess of this amount in the next reporting period due to Tropical Storm Hilary. DRMC is also required to report capital investment projects in excess of \$1 million; accordingly, we disclosed the Cath Lab Replacement project and Cooling Tower upgrade. As noted in my monthly report to the District, we are anticipating HCAI approval to upgrade the elevators and will be presenting this project in 2024, as another facility upgrade that exceeds the \$1 million threshold.

With regard to the physical plant, DRMC has fully cooperated with the District process of conducting regular site inspections. These site inspections validate continuous compliance with maintenance and repairs of the physical plant (subject to ordinary wear and tear, normal obsolescence, and the effect of

the elements). In addition, DRMC has been cooperative with routine physical plant inspections conducted by the District's plant engineering consultant.

DRMC, like any other large operation, does experience building and equipment repair and maintenance issues. We have policies and procedures in place, utilizing both in-house and licensed trade contractor's to rapidly address these needs. Based on October year-to-date, DRMC is on a run rate to exceed \$14 million in this particular expense category. This amount represents a 14% increase year-over-year in this category. Facility maintenance was required as we emerged from the COVID pandemic where we encountered inconsistent supply chains.

A portion of the above referenced expense was for plumbing issues. Over 90% of the time, repairs are needed due to people flushing items in the toilets that are not designed for toilet disposal (i.e. cleansing wipes, sanitary napkins and face cloths). It is not possible to address an upgrade to our plumbing system, without first addressing and integrating seismic retrofit upgrades that are required for completion by 2030, three years after the expiration of our lease in May 2027. Please note the photo of the water flood in the ICU was actually caused by a contractor who inadvertently drilled through a main water line. The photo represented temporary mitigation efforts while the line was disengaged and repairs were made. It is disappointing CNA would take this out of context.

In addition to a variety of maintenance contracts, DRMC also maintains a longstanding service agreement with a company for pest control, which is a common practice for businesses and residents throughout the Coachella Valley. Our contracted pest control company routinely conducts thorough inspections and remediation around the facility. These services include the sealing and barrier creation against pest entry. If staff observes an unwanted intrusion, the company is under contract to be mobilized immediately. In researching the issue presented by CNA, we validated that there were two service calls to the ICU for alleged rodent sightings. In both cases, the company came on site, inspected and did NOT find any rodents or any evidence of rodents such as nesting materials or droppings.

Mobile workstations (WOW) are under a continuous service agreement for maintenance and replacement. There is a process in place for reporting and repairing WOWs as well as, a systematic replacement plan. Over 80% of these workstations (174 units) have been replaced over the last couple of years and the remaining units are on a schedule for replacement.

A number of organizations publish different data points on healthcare outcomes utilizing various methodologies and timelines. To date, DRMC has not been fined for hospital-acquired infections. All healthcare facilities are called upon to aspire to zero infection rates and to continually update literature based clinical practice to drive this reduction. This effort is complex, multidimensional and involves all staff, physicians and patients.

DRMC follows quality standards outlined by national accrediting bodies, including achieving the Gold Seal of Approval from the Joint Commission. DRMC was also awarded Core Certification for Joint Replacement of the Hip and Knee, as well as, Advanced Certification for Perinatal Care. DRMC is designated a Level I Trauma Center by Riverside County EMS Agency. The hospital's Comprehensive Stroke Center is accredited by the international standards organization DNV-GL, and achieved the "Get with the Guidelines – Stroke Gold Plus" with "Target Stroke Honor Roll Elite" status from the American Heart and Stroke Association. The hospital's cancer programs are designated Community Comprehensive Cancer Centers by the Commission on Cancer. DRMC is committed to implementing national standards of care across its

many service lines and the awards, designations, and accreditations are reflective of the quality of care delivered to our patients. All of these accreditations and honors have been achieved under Tenet's leadership and commitment to national objectives for excellence in healthcare. We care for over 4,800 Trauma's, 20,000 Emergency Medical System ambulance transports, 600 NICU babies, and 1,600 Neuroscience patients annually. Through 2022, COVID admissions were in excess of 2,800. Our ability to deliver a higher level of care continues to meet the needs of our community regardless of insurance type or income level.

We are disappointed by the California Nurses Association (CNA) inflammatory tactics and misleading statements provided to the Desert Healthcare District and public. DRMC addresses and remediates issues when they arise.

In conclusion, since DRMC/Tenet Healthcare signed the Lease Agreement with Desert Healthcare District in 1997, DRMC has remained compliant with the Lease, annual reporting requirements, physical plant review/site inspections, and seismic compliance. We recognize and have been accountable for our obligations under the Lease, and will continue to do so without question.

Our mission remains to provide compassionate, quality care to all we serve and to provide a work environment conducive to staff success and growth. DRMC is succeeding in achieving our mission and we look forward to doing so for generations to come.

Thank you.