



# Updated Proposal for Desert Regional Medical Center

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May 28, 2024

## Review of Process to Date

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- **Following an assessment of Fair Market Value provided by the District’s advisors, Tenet and the Desert Care Network (“DCN”) originally presented a proposal for a new lease with purchase option of Desert Regional Medical Center (“DRMC”) to the District board on September 18, 2023**
- **After subsequent feedback from the District Board, we responded in December with clarifying information and revised terms**
- **Since that time, we have worked closely with the District’s CEO and legal & financial advisors to respond to additional questions**
- **Throughout this process, Tenet / DCN has been committed to offering the District “fair and reasonable consideration” for the assets being transferred, as required by CA statute**

## Tenet / DCN's Revised Proposal

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- **The existing lease agreement between the District and Tenet / DCN will continue until its expiration (May 30, 2027)**
- **Subject to approval by both the Desert Healthcare District Board and voters within the District in the November 2024 election, Tenet / DCN and the District would enter into a new lease with purchase (the “New Lease”) on 12/1/2024 (the “Effective Date”), subject to voter approval in the November 2024 election**
- **The New Lease would begin on May 31, 2027 (the “Commencement Date”)**
- **The Term of the New Lease would be 30 years (through May 31, 2057)**

## Tenet / DCN's Revised Proposal – Economic Terms

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- Tenet / DCN shall make an initial payment to the District of \$100,000,000 on May 31, 2027
- On May 31, 2028, Tenet / DCN shall make the first of nineteen annual payments to the District of \$19,536,814, which shall increase each year subject to an annual escalator
- Tenet / DCN shall make a final payment of \$100,000,000 to the District on May 31, 2057, at which time, title to DRMC shall fully transfer to Tenet / DCN
- Total payments to the District will be approximately \$650 million
- When adjusted for the time value of money to the Effective Date (using an 8.0% discount rate) this is equivalent to the fair market value of DRMC (the “Business Enterprise Value”) as determined by VMG, plus a \$10,000,000 premium

# Tenet / DCN's Revised Proposal – Scheduled Payments

Year	Payment Date	Cash Amount
1	May 31, 2027	\$100,000,000
2	May 31, 2028	\$19,536,814
3	May 31, 2029	\$19,927,550
4	May 31, 2030	\$20,326,101
5	May 31, 2031	\$20,732,624
6	May 31, 2032	\$21,147,276
7	May 31, 2033	\$21,570,222
8	May 31, 2034	\$22,001,626
9	May 31, 2035	\$22,441,658
10	May 31, 2036	\$22,890,492
11	May 31, 2037	\$23,348,301
12	May 31, 2038	\$23,815,268
13	May 31, 2039	\$24,291,573
14	May 31, 2040	\$24,777,404
15	May 31, 2041	\$25,272,952
16	May 31, 2042	\$25,778,411
17	May 31, 2043	\$26,293,980
18	May 31, 2044	\$26,819,859
19	May 31, 2045	\$27,356,256
20	May 31, 2046	\$27,903,382
21 – 30	May 31, 2047 - 2056	\$0
	May 31, 2057	\$100,000,000
<b>Total</b>		<b>\$646,231,750</b>

Adjusted for 8% Discount Rate to 12/1/24:

\$268,642,234

Equivalent to:

BEV: \$258,642,234  
 Premium: \$10,000,000  
Total: \$268,642,234

Total Cash Payments to District:

Approx. \$650 million

## **Additional Provisions of the Proposed New Lease**

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- **Tenet will agree to maintain DRMC in compliance with regulatory standards, including California laws regarding life safety and seismic standards**
- **Any modifications to DRMC shall be designed with the intent to ensure the greatest possible access to equitable care, including maintaining current capacity for key elements such as the number of beds, operating suites, and emergency department bays, all while maintaining compliance with State Law**
- **The general terms and conditions of the New Lease will be consistent with the operational restrictions of the existing lease agreement, including the list of essential services to be provided at DRMC**

## Additional Provisions of the Proposed New Lease

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- **The New Lease will contain language to ensure that the District and Tenet / DCN continue to work as partners to expand care throughout the District's entire geography**
- **The New Lease will contain a provision whereby Tenet / DCN commits to pursue an expansion of the Emergency Department and Admitting area at JFK Memorial Hospital (currently estimated to be \$60 million)**
- **The New Lease would contain a non-compete clause similar to what exists in the current lease, with a territory matching the District's current boundaries**

# Modified Terms of the Proposal since September 2023

Since our initial proposal, we have modified many of the terms to make our proposal more beneficial for the District and the community

Agreement Provision	Initial Proposal	Updated Proposal
Fair Market Valuation	Based on VMG report	Added \$10 million premium
Upfront Payment	\$75 million	\$100 million
Timing of Payments	Spread evenly over 30 years	Modified so that more money paid to District earlier
Investment at JFK Memorial Hospital	Not specific	Commitment to renovate Emergency Dept. & Admitting areas
Commitment to maintain current capacity at DRMC	Not addressed	Future modifications will be designed to maintain current capacity
Termination Provision	Same as current lease: Termination at Tenet's option	Removed termination "for convenience" – now only for District breach



# Conclusion – Benefits of our continued partnership

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- **Tenet / DCN has successfully operated DRMC in partnership with the District for over 25 years and has a long history of serving the needs of our community including:**
  - **Developing the only Level 1 trauma center in the District at DRMC, anchoring a three-hospital trauma network**
  - **Establishing the first comprehensive stroke center within the District boundaries**
  - **Advancing equity in healthcare, and receiving the District's only 100 rating in the Health Equality Index from the Human Rights Campaign Foundation**
  - **Expanding access to healthcare as the number one provider of healthcare services to low-income communities in the Valley**
- **Renewing the Tenet / DCN lease will ensure that healthcare services in the Valley continue without disruptions - allowing DRMC to provide ongoing care to patients**
- **Tenet / DCN is well-equipped to complete the seismic upgrades at DRMC with minimal delays and disruptions to care during construction with no funding obligation for District taxpayers**
- **The District will receive substantial cash proceeds totaling \$650 million to build upon its existing foundation and continue to address the healthcare needs of the District and expand healthcare services to underserved communities**



**DESERT  
CARE  
NETWORK**

# DESERT REGIONAL MEDICAL CENTER



## APPENDIX

# Mission, Vision & Values

*Our mission, vision and core values were recast in the fall of 2019 to better reflect the organization's purpose-driven culture.*

**Our Mission** is to provide quality, compassionate care in the communities we serve.

**Our Vision** is to consistently deliver the right care, in the right place, at the right time and to be a premier organization to work, where *patient care and saving lives remain our focus.*

**Our Vision** reflects our aspirations for the future and the goals we work toward together. It provides hope of what's to come, including how we have the opportunity to participate in some of the most important moments in our patients' lives and continue to improve the way care is delivered.

## Our Values

Defining who we are, what we stand for and what we CARE about:

- **Compassion** and respect for others and each other, supporting our communities and advocating for our patients
- **Acting with integrity** and the highest ethical standards, always
- Results delivered through **accountability** and **transparency**
- **Embracing inclusiveness** for all people in our workplace and the communities we serve



Whether we are helping a family welcome a new child, registering a patient for surgery, or training the next generation of clinicians – we do our jobs with heart. We uphold our core values across our network. Each role is integral to our mission.

# Developed Desert Care Network and Advanced Capabilities

## Emergency Department/Trauma

- DRMC Level I Trauma Center
- JFK Level IV Trauma Center
- HDMC Level IV Trauma Center
- Dedicated Trauma/General Surgery Hospitalist Program 24/7/365: DRMC & JFK
- ACC Chest Pain Certified – DRMC & JFK
- Stroke Receiving & EMS Receiving
- Nursing Staff is Emergency Nurse Pediatric Course (ENPC) Certified – DRMC

## Musculoskeletal

- Primary Joint Commission Certified Hip and Knee Programs
- Bone Health and Fracture Programs
- Orthopedic Trauma – DRMC & JFK
- Joint Replacement & Sports Med Program with MAKO capability – DRMC & JFK
- Ortho Clinic – East & West Valley

## Cardiovascular Services

- Open Heart
- Valve Program
- STEMI Receiving Center: DRMC & JFK
- Interventional Cardiology: DRMC & JFK
- ACC Chest Pain Certified: DRMC & JFK
- EP/Stereotaxis
- Cardiac Rehab
- Dedicated Cardiac Hospitalists 24/7/365

## Surgical Services

- Open Heart Surgery
- Trauma Surgery
- Robotics



## Neuroscience Services

### DRMC

- Areas only Comprehensive Stroke Program (DNP)
- Two Neuro Clinics
  - Epilepsy, Vascular Neuro, Pediatrics
- Epilepsy Monitoring Unit
- Dedicated Neurohospitalist Program
- Neuro IP Unit & Neuro ICU
- Clinical Research

### JFK

- East Valley Neuro Clinic
- Acute Primary Stroke Center
- Tele-Neuro Capable

### HDMC

- Acute Stroke Ready Center
- Tele-Neuro Capable

# Developed Desert Care Network and Advanced Capabilities

## Women & Children's Services

- DRMC**
- The Joint Commission Advanced Perinatal Certification
  - LDRP Program
  - Baby-Friendly Hospital
  - Dedicated OB Hospitalist Program
  - MFM High Risk Program with OP Clinic
  - 14-Bed Pediatric Unit
  - Loma Linda Pediatric Hospitalist Program
  - Level III NICU with Air & Ground Teams
  - Comprehensive Pre & Post-Natal Clinic

- JFK**
- LDRP Program
  - 22-Bed Pediatric Unit
  - Loma Linda Pediatric Hospitalist Program
  - Pre-natal Education Classes - Promotora / Community Health Workers

- Hi-Desert**
- LDRP Program

## Comprehensive Cancer Center – DRMC

- ACS Accredited
- Inpatient Oncology Unit
- Multi-disciplinary Oncology Programs
  - Breast Program
  - Lung Program
  - GYN/GU Program
  - Head & Neck
  - Gastro-intestinal Malignancies
  - Blood Cancers
  - Neuro Oncology
- Infusion Center
- Radiation Oncology Center
- Cancer Imaging Center
- Community Leader in Cancer Research – 30 Years
- Exclusive site for Radiation Oncology Trials

## Additional Services

- DRMC**
- Advanced Wound Healing Centers:**
- Hyperbaric oxygen therapy
  - Amputation Prevention
  - Palm Springs and La Quinta
- Acute Rehab Unit:**
- 12 bed unit has met service standards
- Skilled Nursing Facility:**
- 32 bed unit w/ short-term rehabilitation rating of High Performing

- Hi-Desert**
- Continuing Care Center**
- 120-bed Continuing Care Center
    - 25 sub-acute care beds
    - 95 bed skilled nursing/long-term
- Home Health & Hospice**
- Healing patients in high & low deserts



# Achieved Numerous Quality Designations

## DRMC:

### Aetna

Elective Delivery Infant Safe Program

### State of California

Baby Friendly Workplace

### American College of Cardiology

Accredited Chest Pain Center - Accredited with Commendations

### 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

Level I Trauma Center

Bariatric Surgery Comprehensive Center with Obesity Medicine

### American Society of Health-Systems Pharmacists (ASHP)

Pharmacy PGY1 Residency

### Baby Friendly USA

Baby Friendly Hospital

### BCBS Blue Distinction Center

Blue Distinction - Bariatric Surgery

Blue Distinction – Spine, Hip & Knee Replacement

Blue Distinction – Maternity

### California Diabetes and Pregnancy Program (CDAPP)

Sweet Success Affiliate

### California Maternal Quality Care Collaborative (CMQCC)

Maternity Honor Roll

### DNV GL Healthcare USA, Inc.

2022 Comprehensive Stroke Designation

### Get with the Guidelines

2022 Stroke Gold Plus, Target: Stroke Honor Roll Elite, Target: Type 2 Diabetes

### Human Rights Campaign (HRC) Foundation

LGBTQ Healthcare Equality Leader

### RestorixHealth

Center of Excellence Award

### The Joint Commission

2023 Hospital Triennial Accreditation

2023 Hip Replacement, Knee Replacement

2024 Advanced Perinatal Care Certification

### Riverside County EMS

Comprehensive Stroke Center Designation

2023 Level I Trauma Center Designation

2023 STEMI Receiving Center

### CDPH & FDA

Antimicrobial Stewardship Honor Roll – Silver

Mammography Quality Standards

## JFK:

### The Joint Commission

Hospital Triennial Accreditation

Advanced Certification for Primary Stroke Center

### Riverside EMS

STEMI Receiving Center Designation

Primary Stroke Receiving Center

Level IV Trauma Center

Chest Pain Receiving Center

### California Department of Public Health

Elective PCI Certification

### Get with the Guidelines

2023-Stroke Gold Plus with Target Type 2 Diabetes

### American College of Cardiology

Accredited Chest Pain Center with PCI

## HI-DESERT:

### BCBS Blue Distinction Center

Blue Distinction for Maternity - Blue Shield and Anthem

### California Maternal Quality Care Collaborative

Maternity Honor Roll

CMS Nursing Home Compare 5 Star Ratings - 3 Star

### The Joint Commission

Hospital Triennial Accreditation

Home Care Triennial Accreditation

Acute Stroke Ready Accreditation

### Inland County EMS

Level IV Trauma Center & Acute Stroke Ready

# Dedicated to Workforce Training and Access to Care

## Physician Training Programs DRMC

### •Residencies:

- Family Medicine – 32
  - transition to 36 in July
- Emergency Medicine - 30
- General Surgery – 6
  - Transition to 9 in July
- Internal Medicine:
  - Proposed start in July - 6
- Transitional Program
  - Proposed start in July – 12
- Pharmacy - 2

### •Fellowships

- ED Ultrasound - 1
- Surgical Critical Care – 2



## Other Annual Training Programs

### DRMC:

- Nursing - 243
- Other – 90

### JFK:

- Nursing - 125
- Other - 22

### HDMC:

- Medical Students – 16

**TOTAL: 496**

# Contributes to a Thriving Local Economy

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## Annual Economic Impact: \$1.47 Billion

- 6,871 people employed (direct & indirect)
- \$8.3 million in taxes each year
- 331,400 patients touched annually



# Committed to Community Engagement & Charitable Giving

## DCN delivered \$108m in Community Benefit

- Charity Care of \$30.7m; Discounts to the Uninsured of \$76.7m
- DCN supports 70 organizations annually
- Annual charitable giving (direct & indirect) \$2.0m
- Participated/Hosted/Sponsored 154 Community Engagements
- 60% of Medi-Cal patients receive care through Desert Care Network
- 2,000 Behavioral health patients annually
- 5,030 Unhoused patients annually

(2023)

# Charitable Donations & Sponsorships

*Average annual spend \$2M per year*

About Families  
AIDS Assistance  
Alzheimer's Coachella Valley  
**American Cancer Society \***  
American Heart Association  
Association of Fundraising Professionals  
**Basin Wide Foundation \***  
Black Chamber of Commerce  
Boys & Girls Clubs across the valley  
Cathedral City Senior Center  
The Center – LGBTQ Palm Springs  
**Chambers of Commerce – PS\*, PD, RM, Yucca Valley \*, GCVCC – all cities \***  
City of Palm Springs (Parades: Veterans, Christmas & Black History)  
Coachella Valley Economic Partnership  
Coachella Valley Historical Society  
Coachella Valley Rescue Mission  
Coachella Youth Soccer Association  
College of the Desert – Nursing Program  
CSUSB-PD Nursing Program  
DAP Health  
**Desert ARC**  
**Desert Business Association (Gay Chamber) \***  
**Desert Cancer Foundation \***  
Desert Health (Newspaper & Wellness Awards)  
**Desert Healthcare Foundation & Behavioral Health Steering Committee \***  
Desert Healthcare District Medical Mobile Clinics – Residents

Desert Hot Springs Pride Days  
Desert Sands Unified Education Foundation  
Dr. Carreon Foundation  
EMS Appreciation  
Equality CA – Palm Springs  
FIND Food Bank – Healthy Over Hungry Cereal Drive/Holiday Pies  
Friday Night Lights Youth Football  
Galilee Center  
**Hanson House Foundation \***  
HARC – Health Needs Assessment Surveys  
Indio Senior Center  
JFK Memorial Foundation – Ophelia Project  
Joslyn Senior Center – PD  
Joshua Tree Rotary Club  
LifeStream Blood Bank & Blood Drives  
Martha's Village & Kitchen  
**Mizell Center \***  
Neuro Vitality Center  
**OneFuture Coachella Valley \***  
One PS – Neighborhoods  
Palm Springs Air Museum  
Palm Springs Cultural Center  
Palm Springs Health Run and Wellness Festival  
**Palm Springs Int'l Film Society \***

Palm Springs Pride  
Palm Springs Unified School District  
Paws & Hearts Pet Therapy – Cancer Patients  
Pendleton Foundation  
PS Test  
RAP – Sr. Inspiration Luncheon  
Riverside County Physicians Memorial Foundation  
Skilled Nursing Facilities – Senior Drive  
The Center – LGBTQ PS  
The Roost Foundation  
The Unforgettables Foundation  
Transgender Health & Wellness Center  
United Way of the Desert  
Unity Home (Yucca Valley)  
Visit Greater Palm Springs Tourism Foundation  
**Volunteers in Medicine – Coachella Valley \***  
Women's Club of Indio  
Women Leaders Forum  
YMCA of the Desert

**\*Board Position**

# Over Thirty Year History in the Valley Transitioning Distressed Hospitals to Vital Facilities

JFK Memorial Hospital



Acquired in 1979; 145 beds  
*Selected by physician owners to acquire and reposition JFK in high growth area*

Desert Regional Medical Center



Leased in 1997; 385 beds  
*Selected by DHCD to redirect and reposition struggling Desert Hospital*

Hi-Desert Medical Center



Leased in 2015; 179 beds  
*Selected by MBHD voters to redirect and reposition struggling Hi-Desert Medical Center*



Thank you!