

Proposed transaction between  
Saint Mary's Health System and  
Tenet Healthcare Corporation

October 16, 2014



Saint Mary's Hospital



Bob Mazaika, Chairman, Saint Mary's Health System  
Board of Directors

# Saint Mary's Affiliation process

- An affiliation strategy has been in place for more than 10 years
  - Task force made up of 7 community members met weekly over a period of 4 years.
  - We visited for-profit hospitals in 5 states:
    - Idaho, Arkansas, Alabama, Massachusetts, and Pennsylvania
- Extensive planning, discussions and due diligence

# Guiding Principals of Affiliation

- All discussions have been evaluated and decisions have been made in the context of specific “Guiding Principals for Affiliation”
  - Philosophical
  - Financial
  - Strategic
  - People

# Tenet's Catholic Hospital Experience

- Tenet believes the historic religious mission of a hospital is a vital part of its identity and an integral part of the hospital's commitment to meeting the needs of the community it serves
- Tenet has been able to help preserve the culture and religious missions of Catholic and other faith-based hospitals, while also making specific commitments regarding Ethical and Religious Directives and charity care
- Tenet hospitals with a Catholic identity adhering to the Ethical and Religious Directives for Catholic Health Care Services include:
  - Saint Francis Hospital, Memphis, Tennessee
  - Saint Louis University Hospital, St. Louis, Missouri
  - St. Mary's Medical Center, West Palm Beach, Florida
  - Saint Vincent Hospital, Worcester, Massachusetts

# Conversion Foundation

- Proceeds from transaction will be placed in Foundation with focus on community health needs
- Saint Mary's Hospital Foundation will be transformed into a new Foundation with a new purpose and mission, and new community board members
- Catholic heritage will be maintained
- This represents a significant benefit to the community

Chad Wable, FACHE, President & CEO,  
Saint Mary's Health System

# Saint Mary's Profile

- 12,000 discharges
- 16,000 surgical cases
- 1,000 births
- 72,000 Emergency Department visits
- 1,935 employees
- 420 physicians on staff



# Transaction overview

- \$150 million and \$85 million in capital improvements for the Waterbury community
- Commitment to fully fund pension plan
- Long term debt satisfied at closing
- Projected net worth of \$135 million in conversion Foundation following transaction

# Highlights of Transaction

- Maintain Catholic heritage and abide by ERD's
- Maintain Community Benefit standards and charity care
- Local advisory Board
  - Mission, vision & values
  - Strategic plan
  - Budget input: operating & capital
  - Mission Integration Committee

# Our Vision and Strategic Plan

## **VISION** (2015-2019)

- Saint Mary's will become an integrated network of healthcare providers creating exceptional value for those we serve through trusted partnerships that empower and transform lives

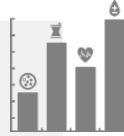
## **OVERALL STRATEGY**

- Preparing for the future through focus on attracting and retaining patients close to work and home

# Strategic Initiatives



**Strengthen the Core**



**Service Line Strategy  
Development**



**Cultivate a Clinically  
Integrated Network**



**Ambulatory Care Network  
Development**

Tenet brings significant resources and expertise to help us achieve our strategic objectives.

Steve Schneider, MD, Chief Medical Officer,  
Saint Mary's Health System and President of  
Franklin Medical Group, PC

# Physician Integration

- A vibrant medical staff is essential
- Saint Mary's has faced many challenges recruiting new physicians
  - Concerns over future of healthcare in our market
  - Expectations are for state-of-the-art facilities and technology
- Tenet can help through capital investment and a large physician network

# Clinically Integrated Network

- Saint Mary's has developed a population health management strategy
- Goal is to increase quality while reducing cost
- Patient satisfaction will also increase as a result of greater care coordination
- Saint Mary's established an ACO as part of this process
- Tenet has significant experience and expertise that will help us achieve our goals

# Quality of Care

- Saint Mary's has a strong foundation of providing quality care
  - American Heart Association Gold medal recognition (5)
  - Core Measures
  - #1 in Connecticut for Value-based purchasing
  - Door-to-balloon times 30 minutes faster than national standard
- Increased care coordination will further enhance care while reducing costs
- A more robust ambulatory network will provide additional access to care in different settings
- Tenet's scale and resources will help strengthen and enhance our work in these areas



**END OF PRESENTATION**