

TENET HEALTHCARE CORP
Form 10-Q
April 30, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2018

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from
to

Commission File Number 1-7293

TENET HEALTHCARE CORPORATION
(Exact name of Registrant as specified in its charter)

Nevada 95-2557091
(State of Incorporation) (IRS Employer Identification No.)

1445 Ross Avenue, Suite 1400
Dallas, TX 75202
(Address of principal executive offices, including zip code)

(469) 893-2200
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes No

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company (each as defined in Exchange Act Rule 12b-2).

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

At April 25, 2018, there were 102,050,769 shares of the Registrant's common stock, \$0.05 par value, outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TENET HEALTHCARE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

Dollars in Millions

(Unaudited)

| | March 31, 2018 | December 31, 2017 |
|--|-------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 974 | \$ 611 |
| Accounts receivable (less allowance for doubtful accounts of \$898 at December 31, 2017) | 2,519 | 2,616 |
| Inventories of supplies, at cost | 294 | 289 |
| Income tax receivable | 20 | 5 |
| Assets held for sale | 599 | 1,017 |
| Other current assets | 1,228 | 1,035 |
| Total current assets | 5,634 | 5,573 |
| Investments and other assets | 1,433 | 1,543 |
| Deferred income taxes | 383 | 455 |
| Property and equipment, at cost, less accumulated depreciation and amortization (\$4,879 at March 31, 2018 and \$4,739 at December 31, 2017) | 6,906 | 7,030 |
| Goodwill | 7,036 | 7,018 |
| Other intangible assets, at cost, less accumulated amortization (\$920 at March 31, 2018 and \$883 at December 31, 2017) | 1,792 | 1,766 |
| Total assets | \$ 23,184 | \$ 23,385 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 666 | \$ 146 |
| Accounts payable | 1,059 | 1,175 |
| Accrued compensation and benefits | 708 | 848 |
| Professional and general liability reserves | 222 | 200 |
| Accrued interest payable | 332 | 256 |
| Liabilities held for sale | 406 | 480 |
| Other current liabilities | 1,168 | 1,227 |
| Total current liabilities | 4,561 | 4,332 |
| Long-term debt, net of current portion | 14,223 | 14,791 |
| Professional and general liability reserves | 651 | 654 |
| Defined benefit plan obligations | 528 | 536 |
| Deferred income taxes | 36 | 36 |
| Other long-term liabilities | 627 | 631 |
| Total liabilities | 20,626 | 20,980 |
| Commitments and contingencies | | |
| Redeemable noncontrolling interests in equity of consolidated subsidiaries | 1,942 | 1,866 |
| Equity: | | |
| Shareholders' equity: | | |
| Common stock, \$0.05 par value; authorized 262,500,000 shares; 150,391,400 shares issued at March 31, 2018 and 149,384,952 shares issued at December 31, 2017 | 7 | 7 |

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| | | |
|--|-----------|-----------|
| Additional paid-in capital | 4,833 | 4,859 |
| Accumulated other comprehensive loss | (239) | (204) |
| Accumulated deficit | (2,248) | (2,390) |
| Common stock in treasury, at cost, 48,402,616 shares at March 31, 2018 and 48,413,169 shares at December 31, 2017 | (2,418) | (2,419) |
| Total shareholders' equity (deficit) | (65) | (147) |
| Noncontrolling interests | 681 | 686 |
| Total equity | 616 | 539 |
| Total liabilities and equity | \$ 23,184 | \$ 23,385 |

See accompanying Notes to Condensed Consolidated Financial Statements.

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TENET HEALTHCARE CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 Dollars in Millions, Except Per-Share Amounts
 (Unaudited)

| | Three Months Ended March 31, | |
|---|------------------------------------|---------|
| | 2018 | 2017 |
| Net operating revenues: | | |
| Net operating revenues before provision for doubtful accounts | | \$5,196 |
| Less: Provision for doubtful accounts | | 383 |
| Net operating revenues | \$4,699 | 4,813 |
| Equity in earnings of unconsolidated affiliates | 25 | 29 |
| Operating expenses: | | |
| Salaries, wages and benefits | 2,227 | 2,380 |
| Supplies | 774 | 765 |
| Other operating expenses, net | 1,060 | 1,187 |
| Electronic health record incentives | (1 | |