

Congress of the United States
Washington, DC 20510

June 29, 2021

Mr. Ronald A. Rittenmeyer
Executive Chair and Chief Executive Officer
Tenet Healthcare
14201 Dallas Parkway
Dallas, Texas 75254

Dear Mr. Rittenmeyer:

We write to request an explanation for Tenet Healthcare's use of taxpayer funds, including federal CARES Act grants and loans, to enrich its executives and shareholders rather than meet the needs of its health care providers and patients during the COVID-19 pandemic, as evidenced in part by an ongoing nurses' strike in Massachusetts and other Tenet facilities across the nation.

In the early months of the public health and economic crisis, Tenet furloughed staff and postponed the delivery of employee benefits,¹ while seeking over \$2 billion in loans and grants from the federal government,² an effort you admitted was aimed at "maximizing [Tenet's] cash position."³ Tenet had an extraordinarily profitable year in 2020, despite the COVID-19 pandemic, reporting annual earnings of over \$3.1 billion and \$2.9 billion in available credit.⁴ To date, Tenet has received over \$936 million⁵ in grants from the Provider Relief Fund and over \$1.5 billion more in relief from Medicare Advance Payments and payroll tax match deferrals.⁶

¹ Dallas Morning News, "Tenet Healthcare furloughs workers, defers \$250 million in Social Security taxes," Paul O'Donnell, April 2, 2020, <https://www.dallasnews.com/business/health-care/2020/04/02/tenet-healthcare-furloughs-workers-cuts-benefits-defers-250-million-in-social-security-taxes/>.

² Reuters, "Billions in COVID relief go to biggest hospital chains as smaller rivals await aid," Chad Terhune, June 9, 2020, <https://www.reuters.com/article/us-health-coronavirus-hospital-billions/billions-in-covid-relief-go-to-biggest-hospital-chains-as-smaller-rivals-await-aid-idUSKBN23G1GI>.

³ Dallas Morning News, "Tenet Healthcare furloughs workers, defers \$250 million in Social Security taxes," Paul O'Donnell, April 2, 2020, <https://www.dallasnews.com/business/health-care/2020/04/02/tenet-healthcare-furloughs-workers-cuts-benefits-defers-250-million-in-social-security-taxes/>.

⁴ Tenet Health, "Tenet Reports Fourth Quarter 2020 Results; Announces Plan to Retire \$478 million of Debt; Provides 2021 Financial Guidance," February 9, 2021, https://s23.q4cdn.com/674051945/files/doc_financials/2020/q4/THC_4Q20_EarningsRelease_FINAL.pdf; Tenet Health, "Fourth Quarter 2020 Earnings Release Presentation," PowerPoint, February 9, 2021, https://s23.q4cdn.com/674051945/files/doc_financials/2020/q4/THC_Q420-earnings-presentation_FINAL.pdf.

⁵ Tenet Health, "Fourth Quarter 2020 Earnings Release Presentation," PowerPoint, February 9, 2021, https://s23.q4cdn.com/674051945/files/doc_financials/2020/q4/THC_Q420-earnings-presentation_FINAL.pdf; The Motley Fool, "Tenet Healthcare Corp (THC) Q1 2021 Earnings Call Transcript," April 21, 2021, <https://www.fool.com/earnings/call-transcripts/2021/04/21/tenet-healthcare-corp-thc-q1-2021-earnings-call-tr/>.

⁶ The Motley Fool, "Tenet Healthcare Corp (THC) Q3 2020 Earnings Call Transcript," October 21, 2020, <https://www.fool.com/earnings/call-transcripts/2020/10/21/tenet-healthcare-corp-thc-q3-2020-earnings-call-tr/>.

Meanwhile, Tenet Healthcare workers in hospitals across the country are currently on strike, seeking better pay and conditions.⁷ At St. Vincent’s hospital in Massachusetts, 800 nurses have been striking for nearly four months, after Tenet walked away from a two-year negotiation effort in which nurses asked Tenet “to implement desperately needed staffing increases to improve the patient care conditions at the facility.”⁸ Since the beginning of last year, nurses at St. Vincent’s filed more than 710 “unsafe staffing” reports, informing management that patient care conditions jeopardized patient safety.⁹ According to the nurses, their patients in Worcester are “experiencing an increase in patient falls, an increase in patients suffering from preventable bed sores, potentially dangerous delays in patients receiving needed medications and other treatments—all due to lack of appropriate staffing, excessive patient assignments, and cuts to valuable support staff.”¹⁰ Tenet health care workers in California are also on strike due to perpetual understaffing at Tenet health care facilities and lack of health insurance.¹¹

Tenet claims to have developed strong relations with its nurses. In a Q1 2021 earnings call, when asked about labor activity and nurse burnout, Saum Sutaria, President and Chief Operating Officer said:

We respect our nurses. We respect the tremendous work that they did last year, and actually we respect the fact that many of them choose to be members of unions, and actually our track record shows both during the pandemic and before the pandemic and even in the last few months with the vast majority of unions that we work with, we maintain very positive relationships, have had successful negotiations, and very successful contract renewals that have benefited both parties as we look forward. So in aggregate, I feel very good about that.¹²

But in reality, instead of meeting Massachusetts’ nurses’ demands for safer nurse-to-patient ratios and improved working conditions, Tenet walked away from Massachusetts nurses and has already begun to hire their permanent replacements.¹³ Seven weeks after having walked away from the table, Tenet made a settlement offer to the nurses this past weekend, but that offer

⁷ Boston Globe, “Saint Vincent strike enters 12th week as both sides dig in,” Felice J. Freyer, May 22, 2021, <https://www.bostonglobe.com/2021/05/22/metro/saint-vincent-strike-enters-12th-week-both-sides-dig/>; Fierce Healthcare, “South California healthcare workers plan payment, safety protest during Tenet Healthcare investor meeting,” Dave Muoio, May 5, 2021, <https://www.fiercehealthcare.com/hospitals/south-california-healthcare-workers-plan-pay-safety-protest-during-tenet-healthcare>.

⁸ Massachusetts Nurses Association, “Media Backgrounder For St. Vincent Nurses Strike Beginning March 8 at 6 a.m.,” March 5, 2021, <https://action.massnurses.org/wp-content/uploads/2021/03/Media-Backgrounder-for-St-Vincent-Nurses-Strike.pdf>.

⁹ Massachusetts Nurses Association, “Media Backgrounder for St. Vincent Nurses Strike Beginning March 8 at 6 a.m.,” March 5, 2021, <https://action.massnurses.org/wp-content/uploads/2021/03/Media-Backgrounder-for-St-Vincent-Nurses-Strike.pdf>.

¹⁰ Id.

¹¹ Los Angeles Daily News, “Workers to picket Tenet hospitals over alleged understaffing, health insurance concerns,” Kevin Smith, June 15, 2021, <https://www.dailynews.com/2021/06/15/workers-to-picket-tenet-hospitals-over-understaffing-health-insurance-concerns/>.

¹² The Motley Fool, “Tenet Healthcare Corp (THC) Q1 2021 Earnings Call Transcript,” April 21, 2021, <https://www.fool.com/earnings/call-transcripts/2021/04/21/tenet-healthcare-corp-thc-q1-2021-earnings-call-tr/>.

¹³ Becker’s Hospital Review, “Tenet Massachusetts hospital to hire permanent replacement nurses amid strike,” Kelly Gooch, May 12, 2021, <https://www.beckershospitalreview.com/hr/tenet-massachusetts-hospital-to-hire-permanent-replacement-nurses-amid-strike.html>.

reportedly removes financial proposals that had previously been part of the negotiations.¹⁴ In fact, Tenet touts its lack of investment in its health care workforce to its investors as a “continued focus on strategic cost reduction measures and corporate efficiencies” that “helped partially mitigate the impact of COVID, including the impact of lost revenues and higher costs related to the pandemic.”¹⁵ Even at the height of the pandemic, Tenet pursued cost-cutting measures: from April to June of 2020, Tenet slashed hospital spending by 11% or \$377 million,¹⁶ while receiving more than \$850 million of federal stimulus money.¹⁷ And Tenet admitted to cutting spending in Massachusetts even though the state “encountered elevated levels of COVID patients in Q2.”¹⁸ Elsewhere, the company was “[p]roactively [m]anaging [l]iquidity”¹⁹ Conifer, a Tenet subsidiary focused on helping “hospital and health systems improve revenue cycle performance,”²⁰ “focused on cash collections,” and Tenet focused on acquisitions (of SurgCenter ambulatory surgery centers) and retiring debt rather than spending its ample resources on improved conditions for staff.²¹

The pandemic exerted an extraordinary physical, mental, emotional, and economic toll on patients and health care providers, but Tenet’s top executives and major shareholders profited greatly from the COVID-19 public health emergency. In FY 2020, Tenet posted an annual profit of more than \$3.1 billion, even after completing a \$1.1 billion acquisition of 45 ambulatory surgery centers²²—leading to a five-fold increase in Tenet’s share price from March 20, 2020 to June 16, 2021.²³ You received almost \$16.7 million in total compensation, and your Executive Vice President and CFO’s compensation totaled \$7.2 million. You bragged about donating your base salary for three months to a fund to help Tenet employees,²⁴ but this appears to be little more than a gesture: your donation totaled \$360,000 or just more than 2% of your annual

¹⁴ Massachusetts Nurses Association, “Dallas-based Tenet Healthcare Finally Makes Proposal as Nurses Strike Reaches 111 Days, the First Proposal Since Walking Away from the Table on May 5,” press release, June 27, 2021, <https://www.massnurses.org/news-and-events/p/openItem/12100>.

¹⁵ Tenet Health, “Tenet Reports Fourth Quarter 2020 Results; Announces Plan to Retire \$478 million of Debt; Provides 2021 Financial Guidance,” February 9, 2021,

https://s23.q4cdn.com/674051945/files/doc_financials/2020/q4/THC_4Q20_EarningsRelease_FINAL.pdf.

¹⁶ The Motley Fool, “Tenet Healthcare Corp (THC) Q2 2020 Earnings Call Transcript,” August 4, 2020,

<https://www.fool.com/earnings/call-transcripts/2020/08/04/tenet-healthcare-corp-thc-q2-2020-earnings-call-tr.aspx>.

¹⁷ Tenet Health, “Tenet Reports Results for the Second Quarter Ended June 30, 2020 and Provides Update on Effects of COVID-19,” pp. 3, August 3, 2020,

https://s23.q4cdn.com/674051945/files/doc_financials/2020/q2/THC_2Q20-Earnings-Press-Release_FINAL.pdf.

¹⁸ The Motley Fool, “Tenet Healthcare Corp (THC) Q2 2020 Earnings Call Transcript,” August 4, 2020,

<https://www.fool.com/earnings/call-transcripts/2020/08/04/tenet-healthcare-corp-thc-q2-2020-earnings-call-tr.aspx>.

¹⁹ Tenet Health, “Fourth Quarter 2020 Earnings Release Presentation,” February 9, 2021, pp 5,

https://s23.q4cdn.com/674051945/files/doc_financials/2020/q4/THC_Q420-earnings-presentation_FINAL.pdf.

²⁰ Conifer Health Solutions, “About Us: History,” <https://www.coniferhealth.com/about-us-history/>.

²¹ Tenet Health, “Fourth Quarter 2020 Earnings Release Presentation,” February 9, 2021, pp 5,

https://s23.q4cdn.com/674051945/files/doc_financials/2020/q4/THC_Q420-earnings-presentation_FINAL.pdf.

²² United States Securities and Exchange Commission, “Schedule 14A Information for Tenet Healthcare Corporation,” pp. 31, 36,

<https://www.sec.gov/Archives/edgar/data/70318/000119312521096716/d132672ddef14a.htm>.

²³ Google Finance, “Tenet Healthcare Corp.” *see* March 20, 2020 to June 16, 2021,

https://www.google.com/finance/quote/THC:NYSE?sa=X&ved=2ahUKEwiW8YLP_avxAhVTVTUKHb7KCUoQ3ecFegQIDRAa.

²⁴ United States Securities and Exchange Commission, “Schedule 14A Information for Tenet Healthcare Corporation,” pp. 31, 36,

<https://www.sec.gov/Archives/edgar/data/70318/000119312521096716/d132672ddef14a.htm>.

compensation.²⁵ Tenet now has plans to spend an additional \$150 million this year to acquire another 25 to 40 ambulatory surgery centers.²⁶ In the first few months of 2021 alone, Tenet has already made a \$97 million profit, and as of March 31, 2021, Tenet held \$2.1 billion in cash.²⁷

The apparent greed of Tenet Healthcare during an unprecedented public health emergency and economic crisis is astounding, particularly in light of the billions in taxpayer assistance received by your company, and the ongoing failure to address the concerns of its frontline health care workers.

In order to better understand the decisions of your company, we are requesting answers to the following questions no later than July 13, 2021:

1. Please provide a full and complete list of all pandemic-related state and federal funding or other assistance that Tenet Healthcare has received to date since January 1, 2020.
2. Please provide a full and complete accounting for how Tenet Healthcare's Provider Relief Funds were spent.
3. Provider Relief Funds provided between April 10, 2020, and June 30, 2020, are required to be expended or returned to the Department of Health and Human Services by June 30, 2021. Is Tenet Healthcare currently continuing to hold unspent Provider Relief Funds from this period?
4. In its 2020 Q4 earnings call, Tenet told investors that it was able to recognize "approximately \$100 million of grant income in the fourth quarter" and this "additional grant income is primarily attributable to the revised guidance and the Consolidated Appropriations Act enacted in December for determining lost revenues and the ability to transfer grant funds received among subsidiaries within a hospital system that are most impacted by the pandemic."²⁸ Please provide a complete explanation detailing how Tenet transferred its grant funding between subsidiaries.
5. Please provide a full and complete list of all pay, bonuses, and other compensation you received on or after January 1, 2020. Please provide all bonuses or payments you received, and the incentives that you met to receive these bonuses or payments. Specifically, did you receive any bonuses or payments related to (a) quality of patient care, or (b) workforce quality and satisfaction?


²⁵ Becker's Hospital Review, "Tenet CEO's compensation drops by \$7.6M," Ayla Ellison, March 29, 2021, <https://www.beckershospitalreview.com/compensation-issues/tenet-ceo-s-compensation-drops-by-7-6m.html>.


²⁶ Fierce Healthcare, "JPM21: Tenet aims to acquire 25 to 40 surgical centers in 2021 as pivot away from urgent care continues," Robert King, January 12, 2021, <https://www.fiercehealthcare.com/hospitals/tenet-aims-to-acquire-25-to-40-surgical-centers-2021-as-pivot-away-from-urgent-care>.


²⁷ United States Securities and Exchange Commission, "Tenet Healthcare Corp, Form 10-Q," Quarter Ending 3/31/2, pp. 2, 50, https://s23.q4cdn.com/674051945/files/doc_financials/2021/q1/25dfe026-9ba7-4490-95e9-943686355d07.pdf.


²⁸ The Motley Fool, "Tenet Healthcare Corp (THC) Q4 2020 Earnings Call Transcript," February 10, 2021, <https://www.fool.com/earnings/call-transcripts/2021/02/10/tenet-healthcare-corp-thc-q4-2020-earnings-call-tr/>.

Sincerely,


Elizabeth Warren
United States Senator


Edward J. Markey
United States Senator


James P. McGovern
Member of Congress


Lori Trahan
Member of Congress