

TENET HEALTHCARE CORP
Form 10-Q
November 07, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the quarterly period ended September 30, 2012

OR

o **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
(State of Incorporation)

95-2557091
(IRS Employer Identification No.)

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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 (or for such shorter period that the Registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of October 31, 2012, there were 106,475,474 shares of the Registrant's common stock, \$0.05 par value, outstanding.

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TENET HEALTHCARE CORPORATION

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Dollars in Millions

(Unaudited)

| | September 30, 2012 | December 31, 2011 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 83 | \$ 113 |
| Accounts receivable, less allowance for doubtful accounts (\$402 at September 30, 2012 and \$397 at December 31, 2011) | 1,338 | 1,278 |
| Inventories of supplies, at cost | 154 | 161 |
| Income tax receivable | 13 | 7 |
| Current portion of deferred income taxes | 394 | 418 |
| Assets held for sale | 0 | 2 |
| Other current assets | 502 | 378 |
| Total current assets | 2,484 | 2,357 |
| Investments and other assets | 126 | 156 |
| Deferred income taxes, net of current portion | 338 | 374 |
| Property and equipment, at cost, less accumulated depreciation and amortization (\$3,444 at September 30, 2012 and \$3,386 at December 31, 2011) | 4,173 | 4,350 |
| Goodwill | 771 | 736 |
| Other intangible assets, at cost, less accumulated amortization (\$405 at September 30, 2012 and \$360 at December 31, 2011) | 578 | 489 |
| Total assets | \$ 8,470 | \$ 8,462 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 243 | \$ 66 |
| Accounts payable | 629 | 760 |
| Accrued compensation and benefits | 379 | 376 |
| Professional and general liability reserves | 72 | 75 |
| Accrued interest payable | 110 | 112 |
| Accrued legal settlement costs | 7 | 64 |
| Other current liabilities | 389 | 362 |
| Total current liabilities | 1,829 | 1,815 |
| Long-term debt, net of current portion | 4,508 | 4,294 |
| Professional and general liability reserves | 322 | 337 |
| Accrued legal settlement costs | 2 | 2 |
| Other long-term liabilities | 524 | 506 |
| Total liabilities | 7,185 | 6,954 |
| Commitments and contingencies | | |
| Redeemable noncontrolling interests in equity of consolidated subsidiaries | 16 | 16 |

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Equity:

Shareholders equity:

| | | |
|--|-----------------|-----------------|
| Preferred stock, \$0.15 par value; authorized 2,500,000 shares; 46,300 of 7% mandatory convertible shares with a liquidation preference of \$1,000 per share issued at September 30, 2012 and 345,000 at December 31, 2011 | 45 | 334 |
| Common stock, \$0.05 par value; authorized 262,500,000 shares; 138,739,064 shares issued at September 30, 2012 and 137,867,138 shares issued at December 31, 2011 | 7 | 7 |
| Additional paid-in capital | 4,437 | 4,427 |
| Accumulated other comprehensive loss | (49) | (52) |
| Accumulated deficit | (1,337) | (1,440) |
| Common stock in treasury, at cost, 34,320,438 shares at September 30, 2012 and 34,110,674 shares at December 31, 2011 | (1,879) | (1,853) |
| Total shareholders equity | 1,224 | 1,423 |
| Noncontrolling interests | 45 | 69 |
| Total equity | 1,269 | 1,492 |
| Total liabilities and equity | \$ 8,470 | \$ 8,462 |

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 September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------------|------------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Net operating revenues: | | | | |
| Net operating revenues before provision for doubtful accounts | \$ 2,427 | \$ 2,289 | \$ 7,373 | \$ 7,018 |
| Less: Provision for doubtful accounts | 206 | 189 | 585 | 536 |
| Net operating revenues | 2,221 | 2,100 | | |