UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

ý Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2024

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 CORP ORATION

(Exact name of Registrant as specified in its charter)

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

14201 Dallas Parkway
Dallas , TX 75254
(Address of principal executive offices, including zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, $0.05 par value	THC	New York Stock Exchange
6.875% Senior Notes due 2031	THC31	New York Stock Exchange

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 ý No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes ý No ☐

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 ý   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 ý

As of April 26, 2024, there were 97,683 shares (in thousands) of the Registrant's common stock outstanding.

TENET HEALTHCARE CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TENET HEALTHCARE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
Dollars in Millions, Share Amounts in Thousands
(Unaudited)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,481	$ 1,228
Accounts receivable	3,148	2,914
Inventories of supplies, at cost	395	411
Assets held for sale	22	775
Other current assets	1,775	1,839
Total current assets	**7,821**	**7,167**
Investments and other assets	3,244	3,157
Deferred income taxes	20	77
Property and equipment, at cost, less accumulated depreciation and amortization ($ 5,908 at March 31, 2024 and $ 6,478 at December 31, 2023)	5,855	6,236
Goodwill	10,568	10,307
Other intangible assets, at cost, less accumulated amortization ($ 1,312 at March 31, 2024 and $ 1,447 at December 31, 2023)	1,399	1,368
Total assets	**$ 28,907**	**$ 28,312**
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 107	$ 120
Accounts payable	1,335	1,408
Accrued compensation and benefits	775	930
Professional and general liability reserves	266	254
Accrued interest payable	249	200
Liabilities held for sale	11	69
Income tax payable	805	23
Other current liabilities	1,868	1,756
Total current liabilities	**5,416**	**4,760**
Long-term debt, net of current portion	12,772	14,882
Professional and general liability reserves	794	792
Defined benefit plan obligations	334	335
Deferred income taxes	231	326
Other long-term liabilities	1,689	1,709
Total liabilities	**21,236**	**22,804**
Commitments and contingencies		
Redeemable noncontrolling interests in equity of consolidated subsidiaries	2,728	2,391
Equity:		
Shareholders’ equity:		
Common stock, $ 0.05 par value; authorized 262,500 shares; 157,805 shares issued at March 31, 2024 and 157,271 shares issued at December 31, 2023	8	8
Additional paid-in capital	4,806	4,834
Accumulated other comprehensive loss	(179)	(181)
Retained earnings (accumulated deficit)	1,959	(192)
Common stock in treasury, at cost, 60,132 shares at March 31, 2024 and 57,321 shares at December 31, 2023	(3,141)	(2,861)
Total shareholders’ equity	**3,453**	**1,608**
Noncontrolling interests	**1,490**	**1,509**
Total equity	**4,943**	**3,117**
Total liabilities and equity	**$ 28,907**	**$ 28,312**

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2024	2023
Net operating revenues	**$ 5,368**	**$ 5,021**
Grant income	**—**	**3**
Equity in earnings of unconsolidated affiliates	**59**	**50**
Operating expenses:		
Salaries, wages and benefits	2,321	2,258
Supplies	928	891
Other operating expenses, net	1,154	1,093
Depreciation and amortization	208	217
Impairment and restructuring charges, and acquisition-related costs	27	21
Litigation and investigation costs	4	4
Net gains on sales, consolidation and deconsolidation of facilities	(2,500)	(13)
Operating income	**3,285**	**603**
Interest expense	(218)	(221)
Other non-operating income (expense), net	25	(2)
Loss from early extinguishment of debt	(8)	—
Income before income taxes	**3,084**	**380**
Income tax expense	(750)	(84)
Net income	**2,334**	**296**
Less: Net income available to noncontrolling interests	183	153
Net income available to Tenet Healthcare Corporation common shareholders	**$ 2,151**	**$ 143**
Earnings per share available to Tenet Healthcare Corporation common shareholders:		
Basic earnings per share	$ 21.60	$ 1.40
Diluted earnings per share	$ 21.38	$ 1.32
Weighted average shares and dilutive securities outstanding (in thousands):		
Basic	99,581	102,289
Diluted	100,598	106,006

See accompanying Notes to Condensed Consolidated Financial Statements.

TENET HEALTHCARE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
Dollars in Millions
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Net income	$ 2,334	$ 296
Other comprehensive income:		
Amortization of net actuarial loss included in other non-operating income (expense), net	2	2
Foreign currency translation adjustments and other	1	—
Other comprehensive income before income taxes	**3**	**2**
Income tax expense related to items of other comprehensive income	(1)	—
Total other comprehensive income, net of tax	**2**	**2**
Comprehensive net income	**2,336**	**298**
Less: Comprehensive income available to noncontrolling interests	**183**	**153**
Comprehensive income available to Tenet Healthcare Corporation common shareholders	**$ 2,153**	**$ 145**

See accompanying Notes to Condensed Consolidated Financial Statements.

TENET HEALTHCARE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in Millions
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Net income	**$ 2,334**	**$ 296**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	208	217
Deferred income tax expense (benefit)	(38)	8
Stock-based compensation expense	17	14
Impairment and restructuring charges, and acquisition-related costs	27	21
Litigation and investigation costs	4	4
Net gains on sales, consolidation and deconsolidation of facilities	(2,500)	(13)
Loss from early extinguishment of debt	8	—
Equity in earnings of unconsolidated affiliates, net of distributions received	3	11
Amortization of debt discount and debt issuance costs	8	9
Net gains from the sale of investments and long-lived assets	—	(14)
Other items, net	(5)	(2)
Changes in cash from operating assets and liabilities:		
Accounts receivable	(263)	35
Inventories and other current assets	(18)	50
Income taxes	783	76
Accounts payable, accrued expenses, contract liabilities and other current liabilities	19	(230)
Other long-term liabilities	24	(9)
Payments for restructuring charges, acquisition-related costs, and litigation costs and settlements	**(25)**	**(24)**
Net cash provided by operating activities	**586**	**449**
Cash flows from investing activities:		
Purchases of property and equipment	(240)	(235)
Purchases of businesses or joint venture interests, net of cash acquired	(449)	(48)
Proceeds from sales of facilities and other assets	4,030	13
Proceeds from sales of marketable securities and long-term investments	7	9
Purchases of marketable securities and long-term investments	(10)	(18)
Other items, net	(10)	(7)
Net cash provided by (used in) investing activities	**3,328**	**(286)**
Cash flows from financing activities:		
Repayments of borrowings	(2,141)	(45)
Proceeds from borrowings	2	12
Repurchases of common stock	(278)	(50)
Distributions paid to noncontrolling interests	(162)	(134)
Proceeds from the sale of noncontrolling interests	5	25
Purchases of noncontrolling interests	(52)	(41)
Other items, net	(35)	(22)
Net cash used in financing activities	**(2,661)**	**(255)**
Net increase (decrease) in cash and cash equivalents	1,253	(92)
Cash and cash equivalents at beginning of period	1,228	858
Cash and cash equivalents at end of period	**$ 2,481**	**$ 766**
Supplemental disclosures:		
Interest paid, net of capitalized interest	$ (162)	$ (177)
Income tax payments, net	$ (5)	$ —

See accompanying Notes to Condensed Consolidated Financial Statements.

TENET HEALTHCARE CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

Description of Business and Basis of Presentation

Tenet Healthcare Corporation (together with our subsidiaries, referred to herein as "Tenet," "we" or "us") is a diversified healthcare services company headquartered in Dallas, Texas. Prior to December 31, 2023, our business was organized into three separate reporting segments: Hospital Operations and other, Ambulatory Care and Conifer. During the three months ended December 31, 2023, we combined our Hospital Operations and other and Conifer segments into a single reporting segment named Hospital Operations and Services ("Hospital Operations"). The results of the revenue cycle management and value-based care services we provide to hospitals, health systems, physician practices, employers and other clients previously reported under our Conifer segment are now combined with our Hospital Operations segment. See below for additional discussion of this change.

Our expansive, nationwide care delivery network now consists of our Hospital Operations and Ambulatory Care segments. As of March 31, 2024, our Hospital Operations segment was comprised of 52 acute care and specialty hospitals, a network of employed physicians and 151 outpatient facilities, including imaging centers, urgent care centers (each, a "UCC"), ancillary emergency facilities and micro-hospitals. Our Ambulatory Care segment is comprised of the operations of our subsidiary USPI Holding Company, Inc. ("USPI"), which held indirect ownership interests in 512 ambulatory surgery centers and 25 surgical hospitals at March 31, 2024. USPI held noncontrolling interests in 157 of these facilities, which are recorded using the equity method of accounting. In addition, we operate a Global Business Center ("GBC") in Manila, Philippines.

This quarterly report supplements our Annual Report on Form 10-K for the year ended December 31, 2023 ("Annual Report"). As permitted by the Securities and Exchange Commission for interim reporting, we have omitted certain notes and disclosures that substantially duplicate those in our Annual Report. For further information, refer to the audited Consolidated Financial Statements and notes included in our Annual Report. Unless otherwise indicated, all dollar amounts presented in our Condensed Consolidated Financial Statements and these accompanying notes are expressed in millions (except per-share amounts), and all share amounts are expressed in thousands.

Changes to prior-year presentation—As noted above, we combined our Hospital Operations and other and Conifer segments into a single reporting segment named Hospital Operations and Services (Hospital Operations) during the three months ended December 31, 2023. This change was made to reflect updates to the organizational and management structure of our Conifer and Hospital Operations and other segments. All prior-period data presented in this report has been adjusted to conform to our new reporting segment structure.

As of December 31, 2023, our business was organized into two reporting segments:

- our Hospital Operations segment, which includes (1) our acute care and specialty hospitals, physician practices, imaging centers, UCCs, ancillary emergency facilities and micro-hospitals, and (2) the revenue cycle management and value-based care services we provide to hospitals, health systems, physician practices, employers and other clients through our Conifer Health Solutions, LLC joint venture; and
- our Ambulatory Care segment, which is comprised of the ambulatory surgery center and surgical hospital operations of our subsidiary USPI Holding Company, Inc.

In addition, due to its increased significance, income tax payable is now presented separately from other current liabilities in the accompanying Condensed Consolidated Balance Sheets.

Although our Condensed Consolidated Financial Statements and these related notes are unaudited, we believe all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions that affect the amounts reported in our Condensed Consolidated Financial Statements and these accompanying notes. We regularly evaluate the accounting policies and estimates we use. In general, we base the estimates on historical experience and on assumptions that we believe to be reasonable given the particular circumstances in which we operate. Actual results may vary from those estimates. The financial and statistical information we report to other regulatory agencies may be prepared on a basis other than GAAP or using different assumptions or reporting periods and, therefore, may vary from the amounts presented herein. Although we make every effort to ensure that the information we report to those agencies is accurate, complete and consistent with applicable reporting guidelines, we cannot be responsible for the accuracy of the information they make available to the public.

Operating results for the three-month period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the full year. Reasons for this include, but are not limited to: the impact of the demand for, and availability of, qualified medical personnel on compensation costs; overall revenue and cost trends, particularly the timing and magnitude of price changes; fluctuations in contractual allowances and cost report settlements and valuation allowances; managed care contract negotiations, settlements or terminations and payer consolidations; trends in patient accounts receivable collectability and associated implicit price concessions; the impact of cybersecurity incidents on our operations; fluctuations in interest rates; levels of malpractice insurance expense and settlement trends; impairment of long-lived assets and goodwill; restructuring charges; losses, costs and insurance recoveries related to cybersecurity incidents, natural disasters and weather-related occurrences; the future course and impact of COVID-19, or the potential emergence and effects of a future pandemic, epidemic or outbreak of an infectious disease, on our operations, financial condition and liquidity; litigation and investigation costs; acquisitions and dispositions of facilities and other assets; gains (losses) on sales, consolidation and deconsolidation of facilities; income tax rates and deferred tax asset valuation allowance activity; changes in estimates of accruals for annual incentive compensation; the timing and amounts of stock option and restricted stock unit grants to employees and directors; gains (losses) from early extinguishment of debt; and changes in occupancy levels and patient volumes.

Our hospitals and outpatient facilities are subject to various factors that affect our service mix, revenue mix and patient volumes and, thereby, impact our net patient service revenues and results of operations. These factors include, among others: changes in federal, state and local healthcare and business regulations; changes in general economic conditions nationally and regionally, including inflation and other factors; the number of uninsured and underinsured individuals in local communities treated at our facilities; disease hotspots and seasonal cycles of illness; climate and weather conditions; physician recruitment, satisfaction, retention and attrition; advances in technology and treatments that reduce length of stay or permit procedures to be performed in an outpatient rather than inpatient setting; local healthcare competitors; utilization pressure by managed care organizations, as well as managed care contract negotiations or terminations; performance data on quality measures and patient satisfaction, as well as standard charges for services; any unfavorable publicity about us, or our joint venture partners, that impacts our relationships with physicians and patients; and changing consumer behavior, including with respect to the timing of elective procedures. These considerations apply to year-to-year comparisons as well.

Cash and Cash Equivalents

We treat highly liquid investments with original maturities of three months or less as cash equivalents. Cash and cash equivalents were $ 2.481 billion and $ 1.228 billion at March 31, 2024 and December 31, 2023, respectively. At March 31, 2024 and December 31, 2023, our book overdrafts were $ 214 million and $ 187 million, respectively, which were classified as accounts payable. At March 31, 2024 and December 31, 2023, $ 97 million and $ 100 million, respectively, of total cash and cash equivalents in the accompanying Condensed Consolidated Balance Sheets were intended for the operations of our insurance-related subsidiaries.

Also at March 31, 2024 and December 31, 2023, we had $ 57 million and $ 154 million, respectively, of property and equipment purchases accrued for items received but not yet paid. Of these amounts, $ 44 million and $ 141 million, respectively, were included in accounts payable.

During the three months ended March 31, 2024 and 2023, we recorded right-of-use assets related to non-cancellable finance leases of $ 14 million and $ 19 million, respectively, and related to non-cancellable operating leases of $ 41 million and $ 44 million, respectively, in each case excluding right-of-use assets obtained through business acquisitions.

Goodwill

The following tables provide information on changes in the carrying amount of goodwill:

	Three Months Ended March 31,	
	2024	2023
Hospital Operations:		
Goodwill at beginning of period, net of accumulated impairment losses	$ 3,119	$ 3,411
Purchase price allocation adjustments	(5)	—
Goodwill related to assets held for sale and disposed	(281)	(30)
Goodwill at end of period, net of accumulated impairment losses	**$ 2,833**	**$ 3,381**

	Three Months Ended March 31,	
	2024	2023
Ambulatory Care:		
Goodwill at beginning of period	$ 7,188	$ 6,712
Goodwill acquired during the year, net of purchase price allocation adjustments	607	167
Goodwill related to assets held for sale and disposed or deconsolidated facilities	(60)	(2)
Goodwill at end of period	**$ 7,735**	**$ 6,877**

Other Intangible Assets

The following table provides information regarding other intangible assets, which were included in the accompanying Condensed Consolidated Balance Sheets:

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
At March 31, 2024:			
Other intangible assets with finite useful lives:			
Capitalized software costs	$ 1,581	$ (1,110)	$ 471
Contracts	323	(125)	198
Other	86	(77)	9
Other intangible assets with finite lives	1,990	(1,312)	678
Other intangible assets with indefinite useful lives:			
Trade names	105	—	105
Contracts	612	—	612
Other	4	—	4
Other intangible assets with indefinite lives	721	—	721
Other intangible assets, net	**$ 2,711**	**$ (1,312)**	**$ 1,399**
At December 31, 2023:			
Other intangible assets with finite useful lives:			
Capitalized software costs	$ 1,712	$ (1,205)	$ 507
Contracts	294	(164)	130
Other	91	(78)	13
Other intangible assets with finite lives	2,097	(1,447)	650
Other intangible assets with indefinite useful lives:			
Trade names	105	—	105
Contracts	609	—	609
Other	4	—	4
Other intangible assets with indefinite lives	718	—	718
Other intangible assets, net	**$ 2,815**	**$ (1,447)**	**$ 1,368**

Estimated future amortization of intangible assets with finite useful lives at March 31, 2024 was as follows:

		Nine Months Ending	Years Ending December 31,				
	Total	2024	2025	2026	2027	2028	Later Years
Amortization of intangible assets	$ 678	$ 125	$ 111	$ 99	$ 88	$ 66	$ 189

We recognized amortization expense of $ 45 million and $ 42 million in the accompanying Condensed Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023, respectively.

Other Current Assets

The principal components of other current assets in the accompanying Condensed Consolidated Balance Sheets were as follows:

	March 31, 2024	December 31, 2023
Prepaid expenses	$ 375	$ 391
Contract assets	194	208
California provider fee program receivables	305	329
Receivables from other government programs	240	282
Guarantees	248	274
Non-patient receivables	315	260
Other	98	95
Total other current assets	**$ 1,775**	**$ 1,839**

Investments in Unconsolidated Affiliates

As of March 31, 2024, we controlled 380 of the facilities in our Ambulatory Care segment and, therefore, consolidated their results. We account for many of the facilities in which our Ambulatory Care segment holds ownership interests (157 of 537 at March 31, 2024), as well as additional companies in which our Hospital Operations segment holds ownership interests, under the equity method as investments in unconsolidated affiliates and report only our share of net income as equity in earnings of unconsolidated affiliates in our condensed consolidated statements of operations. Summarized financial information for these equity method investees is included in the following table. For investments acquired during the reported periods, amounts in the table include 100 % of the investee's results beginning on the date of our acquisition of the investment.

	Three Months Ended March 31,	
	2024	2023
Net operating revenues	$ 835	$ 783
Net income	$ 216	$ 185
Net income available to the investees	$ 123	$ 107

NOTE 2. ACCOUNTS RECEIVABLE

The principal components of accounts receivable are presented in the table below:

	March 31, 2024	December 31, 2023
Patient accounts receivable	$ 2,972	$ 2,719
Estimated future recoveries	140	148
Cost report settlements receivable, net of payables and valuation allowances	36	47
Accounts receivable, net	**$ 3,148**	**$ 2,914**

We participate in various provider fee programs, which help reduce the amount of uncompensated care for indigent patients and those covered by Medicaid. The following table summarizes the amount and classification of assets and liabilities in the accompanying Condensed Consolidated Balance Sheets related to California's provider fee program:

	March 31, 2024	December 31, 2023
Assets:		
Other current assets	$ 305	$ 329
Investments and other assets	$ 373	$ 334
Liabilities:		
Other current liabilities	$ 203	$ 172
Other long-term liabilities	$ 82	$ 135

Uninsured and Charity Patient Costs

The following table presents our estimated costs (based on selected operating expenses, which include salaries, wages and benefits, supplies and other operating expenses) of caring for our uninsured and charity patients:

	Three Months Ended March 31,	
	2024	2023
Estimated costs for:		
Uninsured patients	$ 139	$ 123
Charity care patients	21	24
Total	**$ 160**	**$ 147**

NOTE 3. CONTRACT BALANCES

Hospital Operations Segment

Our Hospital Operations segment's contract assets and liabilities primarily derive from: (1) patients receiving ongoing inpatient care from one of our facilities at the end of the reporting period; and (2) timing differences between our performance of revenue cycle management and other contractually-based services and the invoicing or receipt of payment for these services. Our Hospital Operations segment's contract assets were included in other current assets, and its contract liabilities were included in other current liabilities or other long-term liabilities, depending upon when we expect to recognize the underlying revenue, in the accompanying Condensed Consolidated Balance Sheets at March 31, 2024 and December 31, 2023. Approximately 87 % of our Hospital Operations segment's contract assets meet the conditions for unconditional right to payment and are reclassified to patient receivables within 90 days.

The opening and closing balances of our Hospital Operations segment's receivables, contract assets, and current and long-term contract liabilities were as follows:

	Receivables	Contract Assets – Unbilled Revenue	Contract Liabilities – Current Deferred Revenue and Advances from Medicare	Contract Liabilities – Long-Term Deferred Revenue
December 31, 2023	$ 21	$ 208	$ 59	$ 12
March 31, 2024	74	194	67	13
Increase (decrease)	**$ 53**	**$ (14)**	**$ 8**	**$ 1**
December 31, 2022	$ 37	$ 200	$ 110	$ 13
March 31, 2023	57	202	76	13
Increase (decrease)	**$ 20**	**$ 2**	**$ (34)**	**$ —**

The difference between the opening and closing balances of our contract assets is primarily related to patients receiving ongoing inpatient care from one of our facilities at December 31, 2023 who have since been billed for the services provided.

In the three months ended March 31, 2024 and 2023, we recognized revenue totaling $ 52 million and $ 64 million, respectively, from our revenue cycle management services that was included in the opening current deferred revenue liability. This revenue consists primarily of prepayments for those contract clients who were billed in advance, changes in estimates related to metric-based services, and up-front integration services that are recognized over the service period.

Contract Costs—At March 31, 2024 and December 31, 2023, unamortized client contract setup costs were $ 21 million and $ 22 million, respectively, and were presented as part of investments and other assets in the accompanying Condensed Consolidated Balance Sheets.

NOTE 4. DISPOSITION OF ASSETS AND LIABILITIES

In November 2023, we entered into a definitive agreement for the sale of three hospitals located in South Carolina and certain related operations (together, the "SC Hospitals"), all of which were held by our Hospital Operations segment. The assets and liabilities related to the SC Hospitals were included in assets held for sale and liabilities held for sale, respectively, in the accompanying Condensed Consolidated Balance Sheet at December 31, 2023. We completed the sale of the SC Hospitals in January 2024, resulting in the recognition of a pre-tax gain on sale of $ 1.673 billion in the three months ended March 31, 2024.

In January 2024, we entered into a definitive agreement for the sale of four hospitals and certain related operations located in Orange County and Los Angeles County, California (the “OCLA CA Hospitals”), including facilities from both our Hospital Operations and Ambulatory Care segments. We completed the sale of the OCLA CA Hospitals in March 2024, resulting in the recognition of a pre-tax gain on sale of $ 529 million in the three months ended March 31, 2024.

In February 2024, we entered into a definitive agreement for the sale of two hospitals and certain related operations located in San Luis Obispo County, California (the “Central CA Hospitals”), all of which were held by our Hospital Operations segment. We completed the sale of the Central CA Hospitals in March 2024, resulting in the recognition of a pre-tax gain on sale of $ 278 million in the three months ended March 31, 2024.

Also in March 2024, we completed the sale of two ambulatory surgery centers located in South Carolina and held by our Ambulatory Care segment. We recognized a pre-tax gain of $ 23 million from this sale.

Gains recognized from the disposition of the assets described above are included in net gains on sales, consolidation and deconsolidation of facilities in the accompanying Condensed Consolidated Statement of Operations for the three months ended March 31, 2024.

Assets and liabilities classified as held for sale at March 31, 2024 were comprised of the following:

Other current assets	$	6
Other intangible assets		16
Other current liabilities		(11)
Net assets held for sale	**$**	**11**

The following table presents amounts included in income before income taxes, related to significant components of our business that were recently disposed of:

	Three Months Ended March 31,			
	2024		2023	
SC Hospitals (includes a $ 1.673 billion gain on sale in the 2024 period)	$	1,686	$	28
OCLA CA Hospitals (includes a $ 529 million gain on sale in the 2024 period)		541		14
Central CA Hospitals (includes a $ 278 million gain on sale in the 2024 period)		289		10
Total	**$**	**2,516**	**$**	**52**

NOTE 5. IMPAIRMENT AND RESTRUCTURING CHARGES, AND ACQUISITION - RELATED COSTS

Our impairment tests presume stable, improving or, in some cases, declining operating results in our facilities, which are based on programs and initiatives being implemented that are designed to achieve each facility’s most recent projections. If these projections are not met, or negative trends occur that impact our future outlook, future impairments of long-lived assets and goodwill may occur, and we may incur additional restructuring charges, which could be material.

We record costs associated with restructuring efforts in our statement of operations as they are incurred. Our restructuring plans typically focus on the alignment of our operations in the most strategic and cost-effective structure, such as the establishment of support operations at our GBC, among other things. Certain restructuring and acquisition-related costs are based on estimates. Changes in estimates are recognized as they occur.

During the three months ended March 31, 2024, we recorded impairment and restructuring charges and acquisition-related costs of $ 27 million, consisting of $ 14 million of restructuring charges, $ 12 million of acquisition-related transaction costs and $ 1 million of impairment charges. Restructuring charges consisted of $ 7 million of legal costs related to the sale of certain businesses, $ 3 million related to the transition of various administrative functions to our GBC and $ 4 million of other restructuring costs.

During the three months ended March 31, 2023, we recorded impairment and restructuring charges and acquisition-related costs of $ 21 million, consisting of $ 18 million of restructuring charges, $ 2 million of acquisition-related costs and $ 1 million of impairment charges. Restructuring charges consisted of $ 4 million of employee severance costs, $ 4 million related to the transition of various administrative functions to our GBC, $ 4 million of legal costs related to the sale of certain businesses, $ 3 million of contract and lease termination fees and $ 3 million of other restructuring costs. Acquisition-related costs consisted of $ 2 million of transaction costs.

NOTE 6. LONG-TERM DEBT

The table below presents our long-term debt included in the accompanying Condensed Consolidated Balance Sheets:

	March 31, 2024	December 31, 2023
Senior unsecured notes:		
6.125 % due 2028	$ 2,500	$ 2,500
6.875 % due 2031	362	362
Senior secured first lien notes:		
4.875 % due 2026	—	2,100
5.125 % due 2027	1,500	1,500
4.625 % due 2028	600	600
4.250 % due 2029	1,400	1,400
4.375 % due 2030	1,450	1,450
6.125 % due 2030	2,000	2,000
6.750 % due 2031	1,350	1,350
Senior secured second lien notes:		
6.250 % due 2027	1,500	1,500
Finance leases, mortgages and other notes	324	361
Unamortized issue costs and note discounts	(107)	(121)
Total long-term debt	**12,879**	**15,002**
Less: Current portion	107	120
Long-term debt, net of current portion	**$ 12,772**	**$ 14,882**

Senior Unsecured Notes and Senior Secured Notes

At March 31, 2024, we had senior unsecured notes and senior secured notes with aggregate principal amounts outstanding of $ 12.662 billion. These notes have fixed interest rates ranging from 4.250 % to 6.875 % and require semi-annual interest payments in arrears. A payment of the principal and any accrued but unpaid interest is due upon the maturity date of the respective notes, which dates are staggered from February 2027 through November 2031.

In March 2024, we redeemed all $ 2.100 billion aggregate principal amount outstanding of our 4.875 % senior secured first lien notes due 2026 in advance of their maturity date. We paid $ 2.100 billion using cash on hand to redeem the notes. In connection with the redemption, we recorded a loss from early extinguishment of debt of $ 8 million in the three months ended March 31, 2024, primarily related to the write-off of associated unamortized issuance costs.

Credit Agreement

We have a senior secured revolving credit facility (as amended, the “Credit Agreement”) that provides for revolving loans in an aggregate principal amount of up to $ 1.500 billion with a $ 200 million subfacility for standby letters of credit. Outstanding revolving loans accrue interest depending on the type of loan at either (a) a base rate plus an applicable margin ranging from 0.25 % to 0.75 % per annum or (b) Term Secured Overnight Financing Rate (“SOFR”), Daily Simple SOFR or the Euro Interbank Offered Rate (EURIBOR) (each, as defined in the Credit Agreement) plus an applicable margin ranging from 1.25 % to 1.75 % per annum and (in the case of Term SOFR and Daily Simple SOFR only) a credit spread adjustment of 0.10 %, in each case based on available credit. An unused commitment fee payable on the undrawn portion of the revolving loans ranges from 0.25 % to 0.375 % per annum based on available credit. Our borrowing availability is based on a specified percentage of eligible inventory and accounts receivable, including self-pay accounts. At March 31, 2024, we had no cash borrowings outstanding under the Credit Agreement, and we had less than $ 1 million of standby letters of credit outstanding. Based on our eligible receivables, $ 1.500 billion was available for borrowing under the Credit Agreement at March 31, 2024.

Letter of Credit Facility

We have a letter of credit facility (as amended to date, the “LC Facility”) that provides for the issuance, from time to time, of standby and documentary letters of credit in an aggregate principal amount of up to $ 200 million. We amended the LC Facility in September 2023 to, among other things, (1) extend the scheduled maturity date from September 12, 2024 to March 16, 2027, and (2) replace the London Interbank Offered Rate (LIBOR) with Term SOFR as the reference interest rate. Drawings under any letter of credit issued under the LC Facility that we have not reimbursed within three business days after notice thereof accrue interest at a base rate, as defined in the LC Facility, plus a margin of 0.50 % per annum. An unused commitment fee is payable at an initial rate of 0.25 % per annum with a step up to 0.375 % per annum should our secured-debt-to-EBITDA ratio equal or exceed 3.00 to 1.00 at the end of any fiscal quarter. A fee on the aggregate outstanding amount of issued but undrawn letters of credit accrues at a rate of 1.50 % per annum. An issuance fee equal to 0.125 % per annum of the aggregate face amount of each outstanding letter of credit is payable to the account of the issuer of the related letter of credit. The LC Facility is subject to an effective maximum secured debt covenant of 4.25 to 1.00. At March 31, 2024, we had $ 110 million of standby letters of credit outstanding under the LC Facility.

NOTE 7. GUARANTEES

At March 31, 2024, the maximum potential amount of future payments under our income guarantees to certain physicians who agree to relocate and revenue collection guarantees to hospital-based physician groups providing certain services at our hospitals was $ 316 million. We had a total liability of $ 246 million recorded for these guarantees included in other current liabilities in the accompanying Condensed Consolidated Balance Sheet at March 31, 2024.

At March 31, 2024, we also had issued guarantees of the indebtedness and other obligations of our investees to third parties, the maximum potential amount of future payments under which was approximately $ 86 million. Of the total, $ 20 million relates to the obligations of consolidated subsidiaries, which obligations were recorded in other current liabilities in the accompanying Condensed Consolidated Balance Sheet at March 31, 2024.

NOTE 8. EMPLOYEE BENEFIT PLANS

Share-Based Compensation Plans

The accompanying Condensed Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023 include $ 17 million and $ 14 million, respectively, of pre-tax compensation costs related to our stock-based compensation arrangements.

Stock Options

The following table provides information about our stock option activity during the three months ended March 31, 2024:

	Number of Options	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value	Weighted Average Remaining Life
			(In Millions)	
Outstanding at December 31, 2023	384,440	$ 22.79		
Exercised	(94,560)	$ 18.99		
Outstanding at March 31, 2024	**289,880**	**$ 24.02**	**$ 24**	**4.1 years**

The stock options exercised during the three months ended March 31, 2024 had an aggregate intrinsic value of $ 8 million. No stock options were exercised during the three months ended March 31, 2023, and we did no t grant any stock options during either of the three-month periods in 2024 or 2023.

The following table provides additional information about our outstanding stock options, all of which were vested and exercisable, at March 31, 2024:

	Options Outstanding and Exercisable		
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share
$ 18.99 to $ 20.609	161,285	3.5 years	$ 19.99
$ 20.61 to $ 35.430	128,595	4.8 years	$ 29.07
	289,880	**4.1 years**	**$ 24.02**

Restricted Stock Units

The following table presents information about our restricted stock unit (“RSU”) activity during the three months ended March 31, 2024:

	Number of RSUs	Weighted Average Grant Date Fair Value Per RSU
Unvested at December 31, 2023	1,421,063	$ 66.46
Granted	527,897	$ 97.18
Performance-based adjustment	204,121	$ 66.42
Vested	(642,865)	$ 65.22
Forfeited	(674)	$ 67.77
Unvested at March 31, 2024	**1,509,542**	**$ 79.84**

We grant both time-based RSUs that vest over a prescribed period and performance-based RSUs that vest subject to the achievement of specified performance goals within a pre-established time frame. The performance-based RSUs may contain provisions that increase or decrease the number of RSUs that ultimately vest, depending upon the level of achievement. For certain of our performance-based awards, the number of RSUs that ultimately vest is also subject to adjustment based on the achievement of a market-based condition. These adjustments range from 0 % to a maximum of 250 % of the number of RSUs initially granted for awards made in 2024, from 0 % to a maximum of 225 % for awards made in 2023 and from 0 % to 200 % for awards granted prior to 2023.

The table below summarizes the time-based RSUs granted during the three months ended March 31, 2024:

No. of RSUs	Vesting Terms
247,136	RSUs will vest and be settled ratably over a three-year period from the grant date

The table below summarizes the performance-based RSUs granted during the three months ended March 31, 2024:

			Potential Vesting Range	
No. of RSUs	Vesting Terms	Performance Period	Minimum	Maximum
275,156	RSUs will vest and be settled on the third anniversary of the grant date	2024 to 2026	— %	250 %
204,121	RSUs vested and settled immediately as a result of our level of achievement with respect to performance-based RSUs granted in 2021			
5,605	RSUs will vest and be settled on the third anniversary of the grant date	2024 to 2026	— %	150 %

The table below summarizes the time-based RSUs granted during the three months ended March 31, 2023:

No. of RSUs	Vesting Terms
301,268	RSUs will vest and be settled ratably over a three-year period from the grant date
42,626	RSUs will vest and be settled on the fifth anniversary of the grant date
33,586	RSUs vested and settled in December 2023

The table below summarizes the performance-based RSUs granted during the three months ended March 31, 2023:

			Potential Vesting Range	
No. of RSUs	Vesting Terms	Performance Period	Minimum	Maximum
301,268	RSUs will vest and be settled on the third anniversary of the grant date	2023 to 2025	— %	225 %
185,901	RSUs vested and settled immediately as a result of our level of achievement with respect to performance-based RSUs granted in 2020			

The fair value of an RSU is based on our share price on the grant date. The fair value of an RSU with a market-based condition is estimated through the use of a Monte Carlo simulation. Significant inputs used in our valuation of these RSUs included the following:

	Three Months Ended March 31,	
	2024	2023
Expected volatility	34.9 % - 52.1 %	53.6 % - 65.6 %
Risk-free interest rate	4.4 % - 4.9 %	4.5 % - 4.8 %

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At March 31, 2024, there were $ 79 million of total unrecognized compensation costs related to RSUs. These costs are expected to be recognized over a weighted average period of 2.4 years.

USPI Management Equity Plan

USPI maintains a separate restricted stock plan (the "USPI Management Equity Plan") under which it grants RSUs representing a contractual right to receive one share of USPI's non-voting common stock in the future. The vesting of RSUs granted under the USPI Management Equity Plan varies based on the terms of the underlying award agreement. Once the RSUs have vested and the subsequent requisite holding period is met, during specified times, the participant can sell the underlying shares to USPI at their estimated fair market value. At our sole discretion, the purchase of any non-voting common shares can be made in cash or in shares of Tenet's common stock.

The following table summarizes RSU activity under the USPI Management Equity Plan during the three months ended March 31, 2024:

	Number of RSUs	Weighted Average Grant Date Fair Value Per RSU
Unvested at December 31, 2023	607,984	$ 34.13
Vested	(605,987)	$ 34.13
Forfeited	(1,997)	$ 34.13
Unvested at March 31, 2024	**—**	**$ 34.13**

USPI did not make any grants under the USPI Management Equity Plan during the three months ended March 31, 2024 or 2023. At March 31, 2024, there were 453 thousand outstanding vested shares of non-voting common stock eligible to be sold to USPI.

NOTE 9. EQUITY

The following tables present the changes in consolidated equity (dollars in millions, share amounts in thousands):

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Treasury Stock	Noncontrolling Interests	Total Equity
	Shares Outstanding	Issued Par Amount						
Balances at December 31, 2023	**99,950**	**$ 8**	**$ 4,834**	**$ (181)**	**$ (192)**	**$ (2,861)**	**$ 1,509**	**$ 3,117**
Net income	—	—	—	—	2,151	—	82	2,233
Distributions paid to noncontrolling interests	—	—	—	—	—	—	(78)	(78)
Other comprehensive income	—	—	—	2	—	—	—	2
Sales of businesses and noncontrolling interests, net	—	—	(5)	—	—	—	(23)	(28)
Repurchases of common stock	(2,811)	—	—	—	—	(280)	—	(280)
Stock-based compensation expense and issuance of common stock	534	—	(23)	—	—	—	—	(23)
Balances at March 31, 2024	**97,673**	**$ 8**	**$ 4,806**	**$ (179)**	**$ 1,959**	**$ (3,141)**	**$ 1,490**	**$ 4,943**

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock	Noncontrolling Interests	Total Equity
	Shares Outstanding	Issued Par Amount						
Balances at December 31, 2022	**102,247**	**$ 8**	**$ 4,778**	**$ (181)**	**$ (803)**	**$ (2,660)**	**$ 1,317**	**$ 2,459**
Net income	—	—	—	—	143	—	74	217
Distributions paid to noncontrolling interests	—	—	—	—	—	—	(61)	(61)
Other comprehensive income	—	—	—	2	—	—	—	2
Purchases of businesses and noncontrolling interests, net	—	—	2	—	—	—	17	19
Repurchases of common stock	(906)	—	—	—	—	(50)	—	(50)
Stock-based compensation expense and issuance of common stock	571	—	(6)	—	—	—	—	(6)
Balances at March 31, 2023	**101,912**	**$ 8**	**$ 4,774**	**$ (179)**	**$ (660)**	**$ (2,710)**	**$ 1,347**	**$ 2,580**

Nonredeemable Noncontrolling Interests

Our nonredeemable noncontrolling interests balances at March 31, 2024 and December 31, 2023 were comprised of $ 183 million and $ 185 million, respectively, from our Hospital Operations segment, and $ 1.307 billion and $ 1.324 billion, respectively, from our Ambulatory Care segment. Net income amounts available to nonredeemable noncontrolling interests for the three months ended March 31, 2024 and 2023 in the tables above were comprised of $ 9 million and $ 5 million, respectively, from our Hospital Operations segment and $ 73 million and $ 69 million, respectively, from our Ambulatory Care segment.

Share Repurchase Program

In October 2022, our board of directors authorized the repurchase of up to $ 1 billion of our common stock through a share repurchase program. Repurchases may be made in open-market or privately negotiated transactions, at management's discretion subject to market conditions and other factors, and in a manner consistent with applicable securities laws and regulations. The share repurchase program does not obligate us to acquire any particular amount of common stock, and it may be suspended for periods or discontinued at any time before its scheduled expiration date of December 31, 2024.

The table below summarizes transactions completed under the repurchase program during the periods shown:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares That May Yet be Purchased Under the Program
	(In Thousands)		(In Thousands)	(In Millions)
Three Months Ended March 31, 2024:				
January 1 through January 31, 2024	—	$ —	—	$ 550
February 1 through February 29, 2024	—	$ —	—	$ 550
March 1 through March 31, 2024	2,811	$ 98.86	2,811	$ 272
Three Months Ended March 31, 2023:				
January 1 through January 31, 2023	—	$ —	—	$ 750
February 1 through February 28, 2023	—	$ —	—	$ 750
March 1 through March 31, 2023	906	$ 55.03	906	$ 700

NOTE 10. NET OPERATING REVENUES

Net operating revenues for our Hospital Operations and Ambulatory Care segments primarily consist of net patient service revenues, principally for patients covered by Medicare, Medicaid, and managed care and other health plans, as well as certain uninsured patients under our *Compact with Uninsured Patients* and other uninsured discount and charity programs. Net operating revenues for our Hospital Operations segment also include revenues from providing revenue cycle management and value-based care services to hospitals, health systems, physician practices, employers and other clients.

The table below presents our sources of net operating revenues:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Hospital Operations:		
Net patient service revenues from hospitals and related outpatient facilities:		
Medicare	$ 610	$ 613
Medicaid	411	280
Managed care	2,656	2,503
Uninsured	19	31
Indemnity and other	154	140
Total	3,850	3,567
Other revenues(1)	523	549
Total Hospital Operations	**4,373**	**4,116**
Ambulatory Care	**995**	**905**
Net operating revenues	**$ 5,368**	**$ 5,021**

(1) Primarily revenue from physician practices and revenue cycle management. Revenue from revenue cycle management services is included in other revenues for all periods presented to conform with our new reporting segment structure.

Estimated cost report settlements receivable, net of payables and valuation allowances were included in accounts receivable in the accompanying Condensed Consolidated Balance Sheets (see Note 2). We believe that we have made adequate provision for any adjustments that may result from the final determination of amounts earned under all the above arrangements with Medicare and Medicaid.

The following table presents the composition of net operating revenues for our Ambulatory Care segment:

	Three Months Ended March 31,	
	2024	2023
Net patient service revenues	$ 954	$ 868
Management fees	33	30
Revenue from other sources	8	7
Net operating revenues	**$ 995**	**$ 905**

Performance Obligations

The following table includes revenue from revenue cycle management services that is expected to be recognized in the future related to performance obligations that are unsatisfied, or partially unsatisfied, at the end of the reporting period:

		Nine Months Ending	Years Ending December 31,				
	Total	2024	2025	2026	2027	2028	Later Years
Performance obligations	$ 5,854	$ 513	$ 684	$ 683	$ 683	$ 683	$ 2,608

The amounts in the table primarily consist of revenue cycle management fixed fees, which are typically recognized ratably as the performance obligation is satisfied. The estimated revenue does not include volume- or contingency-based contracts, variable-based escalators, performance incentives, penalties or other variable consideration that is considered constrained. Our contract with Catholic Health Initiatives ("CHI"), a minority interest owner of Conifer Health Solutions, LLC, represents the majority of the fixed-fee revenue related to remaining performance obligations. Conifer's contract term with CHI ends December 31, 2032.

NOTE 11. INSURANCE

Property Insurance

We have property, business interruption and related insurance coverage to mitigate the financial impact of catastrophic events or perils that is subject to deductible provisions based on the terms of the policies. These policies are issued on an occurrence basis. For both the policy periods of April 1, 2022 through March 31, 2023 and April 1, 2023 through March 31, 2024, we have coverage totaling $ 850 million per occurrence, after deductibles and exclusions, with annual aggregate sub-limits of $ 100 million for floods, $ 200 million for earthquakes in California, $ 200 million for all other earthquakes and a per-occurrence sub-limit of $ 200 million per named windstorm with no annual aggregate. With respect to fires and other perils, excluding floods, earthquakes and named windstorms, the total $ 850 million limit of coverage per occurrence applies. Deductibles are 5 % of insured values for earthquakes in California and named windstorms, and 2 % of insured values for earthquakes in the New Madrid fault zone, each with a maximum deductible per claim of $ 25 million. All other covered losses are subject to a minimum deductible of $ 5 million per occurrence.

We also purchase cyber liability insurance from third parties. During the three months ended March 31, 2023, we received $ 31 million of insurance recoveries related to a cybersecurity incident that occurred in 2022. Of the amounts received, we recorded $ 27 million as net operating revenues during the same three-month period in 2023. We did no t receive any insurance recoveries or recognize additional recoveries in net operating revenues during the three months ended March 31, 2024.

Professional and General Liability Reserves

We are self-insured for the majority of our professional and general liability claims, and we purchase insurance from third-parties to cover catastrophic claims. At March 31, 2024 and December 31, 2023, the aggregate current and long-term professional and general liability reserves in the accompanying Condensed Consolidated Balance Sheets were $ 1.060 billion and $ 1.046 billion, respectively. These accruals include the reserves recorded by our captive insurance subsidiaries and our self-insured retention reserves recorded based on modeled estimates for the portion of our professional and general liability risks, including incurred but not reported claims, for which we do not have insurance coverage. Malpractice expense of $ 70 million and $ 91 million was included in other operating expenses, net, in the accompanying Condensed Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023, respectively.

NOTE 12. CLAIMS AND LAWSUITS

We operate in a highly regulated and litigious industry. Healthcare companies are subject to numerous investigations by various governmental agencies. Further, private parties have the right to bring qui tam or “whistleblower” lawsuits against companies that allegedly submit false claims for payments to, or improperly retain overpayments from, the government and, in some states, private payers. We and our subsidiaries have received inquiries in recent years from government agencies, and we may receive similar inquiries in future periods. We are also subject to class action lawsuits, employment-related claims and other legal actions in the ordinary course of business, including potential claims related to, among other things, the care and treatment provided at our hospitals and outpatient facilities, the application of various federal and state labor and privacy laws, tax audits and other matters. Some of these actions may involve large demands, as well as substantial defense costs. We cannot predict the outcome of current or future legal actions against us or the effect that judgments or settlements in such matters may have on us; however, we believe that the ultimate resolution of our existing ordinary-course claims and lawsuits will not have a material effect on our business or financial condition.

New claims or inquiries may be initiated against us from time to time. These matters could (1) require us to pay substantial damages or amounts in judgments or settlements, which, individually or in the aggregate, could exceed amounts, if any, that may be recovered under our insurance policies where coverage applies and is available, (2) cause us to incur substantial expenses, (3) require significant time and attention from our management, and (4) cause us to close or sell hospitals or otherwise modify the way we conduct business.

We record accruals for estimated losses relating to claims and lawsuits when available information indicates that a loss is probable and we can reasonably estimate the amount of the loss or a range of loss. Significant judgment is required in both the determination of the probability of a loss and the determination as to whether a loss is reasonably estimable. These determinations are updated at least quarterly and are adjusted to reflect the effects of negotiations, settlements, rulings, advice of legal counsel and technical experts, and other information and events pertaining to a particular matter, but are subject to significant uncertainty regarding numerous factors that could affect the ultimate loss levels. If a loss on a material matter is reasonably possible and estimable, we disclose an estimate of the loss or a range of loss. We do not disclose an estimate when we have concluded that a loss is either not reasonably possible or a loss, or a range of loss, is not reasonably estimable, based on available information. Given the inherent uncertainties associated with material legal matters, especially those involving governmental agencies, and the indeterminate damages sought in some cases, we are unable to predict the ultimate liability we may incur from such matters, and an adverse outcome in one or more of these matters could be material to our results of operations or cash flows for any particular reporting period.

The following table presents reconciliations of the beginning and ending liability balances in connection with legal settlements and related costs:

	Balances at Beginning of Period	Litigation and Investigation Costs	Cash Payments	Other	Balances at End of Period
Three Months Ended March 31, 2024	$ 40	$ 4	$ (15)	$ (1)	$ 28
Three Months Ended March 31, 2023	$ 51	$ 4	$ (5)	$ —	$ 50

NOTE 13. REDEEMABLE NONCONTROLLING INTERESTS IN EQUITY OF CONSOLIDATED SUBSIDIARIES

Certain of our investees’ partnership and operating agreements contain terms that, upon the occurrence of specified events, could obligate us to purchase some or all of the noncontrolling interests related to our consolidated subsidiaries. The noncontrolling interests subject to these provisions, and the income attributable to those interests, are not included as part of our equity and are presented as redeemable noncontrolling interests in the accompanying Condensed Consolidated Balance Sheets at March 31, 2024 and December 31, 2023.

The following table presents the changes in redeemable noncontrolling interests in equity of consolidated subsidiaries for the periods presented:

	Three Months Ended March 31,	
	2024	2023
Balances at beginning of period	**$ 2,391**	**$ 2,149**
Net income	101	79
Distributions paid to noncontrolling interests	(84)	(73)
Purchases and sales of businesses and noncontrolling interests, net	320	70
Balances at end of period	**$ 2,728**	**$ 2,225**

The following tables present the composition by segment of our redeemable noncontrolling interests balances, as well as our net income available to redeemable noncontrolling interests:

	March 31, 2024	December 31, 2023
Hospital Operations	$ 879	$ 860
Ambulatory Care	1,849	1,531
Redeemable noncontrolling interests	**$ 2,728**	**$ 2,391**

	Three Months Ended March 31,	
	2024	2023
Hospital Operations	$ 21	$ 22
Ambulatory Care	80	57
Net income available to redeemable noncontrolling interests	**$ 101**	**$ 79**

In June 2022, we entered into a share purchase agreement to acquire the 5 % ownership interest then-held by Baylor University Medical Center (“Baylor”) in USPI for $ 406 million. Under the share purchase agreement, we are obligated to make non-interest-bearing monthly payments of approximately $ 11 million through June 2025. At both March 31, 2024 and December 31, 2023, we had a liability of $ 135 million recorded in other current liabilities in the accompanying Condensed Consolidated Balance Sheets for the purchase of Baylor’s ownership interest. The long-term portion of this obligation was $ 31 million and $ 63 million at March 31, 2024 and December 31, 2023, respectively, which amounts were included in other long-term liabilities in the accompanying Condensed Consolidated Balance Sheets.

NOTE 14. INCOME TAXES

During the three months ended March 31, 2024 and 2023, we recorded income tax expense of $ 750 million and $ 84 million on pre-tax income of $ 3.084 billion and $ 380 million, respectively. Our provision for income taxes during interim reporting periods is calculated by applying an estimate of the annual effective tax rate to “ordinary” income or loss (pre-tax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period. In calculating “ordinary” income, non-taxable income available to noncontrolling interests was deducted from pre-tax income.

A reconciliation between the amount of reported income tax expense and the amount computed by multiplying income before income taxes by the statutory federal tax rate is presented below:

	Three Months Ended March 31,	
	2024	2023
Tax expense at statutory federal rate of 21%	$ 648	$ 80
State income taxes, net of federal income tax benefit	203	16
Tax benefit attributable to noncontrolling interests	(38)	(32)
Nondeductible goodwill	126	—
Stock-based compensation tax benefit	(5)	(2)
Changes in valuation allowance	(185)	19
Other items	1	3
Income tax expense	**$ 750**	**$ 84**

During the three months ended March 31, 2024, we recorded an income tax benefit of $ 185 million to decrease the valuation allowance for utilization of interest expense carryforwards primarily due to gains from sales of facilities. During the three months ended March 31, 2023, we recorded income tax expense of $ 19 million to increase the valuation allowance for interest expense carryforwards as a result of the limitation on business interest expense.

The Inflation Reduction Act of 2022 implemented a corporate alternative minimum tax (“CAMT”) of 15% on book income of certain large corporations effective for tax years beginning after December 31, 2022. We are subject to the CAMT, however, we currently do not expect any material impact on our consolidated statement of operations.

There were no adjustments to our estimated liabilities for uncertain tax positions during the three months ended March 31, 2024. The total amount of unrecognized tax benefits as of March 31, 2024 was $ 61 million, of which $ 59 million, if recognized, would affect our effective tax rate and income tax expense.

Our practice is to recognize interest and penalties related to income tax matters in income tax expense in our condensed consolidated statements of operations. Approximately $ 1 million of interest and penalties related to accrued liabilities for uncertain tax positions are included for the three months ended March 31, 2024. Total accrued interest and penalties on unrecognized tax benefits at March 31, 2024 were $ 3 million.

As of March 31, 2024, no significant changes in unrecognized federal and state tax benefits were expected in the next 12 months as a result of the settlement of audits, the filing of amended tax returns or the expiration of statutes of limitations.

NOTE 15. EARNINGS PER COMMON SHARE

The following table reconciles the numerators and denominators of our basic and diluted earnings per common share calculations. Net income available to our common shareholders is expressed in millions and weighted average shares are expressed in thousands.

	Net Income Available to Common Shareholders (Numerator)	Weighted Average Shares (Denominator)	Per-Share Amount
Three Months Ended March 31, 2024			
Net income available to Tenet Healthcare Corporation common shareholders for basic earnings per share	$ 2,151	99,581	$ 21.60
Effect of dilutive stock options, restricted stock units, deferred compensation units, convertible instruments and dividends on preferred stock	—	1,017	(0.22)
Net income available to Tenet Healthcare Corporation common shareholders for diluted earnings per share	**$ 2,151**	**100,598**	**$ 21.38**
Three Months Ended March 31, 2023			
Net income available to Tenet Healthcare Corporation common shareholders for basic earnings per share	$ 143	102,289	$ 1.40
Effect of dilutive stock options, restricted stock units, deferred compensation units, convertible instruments and dividends on preferred stock	(3)	3,717	(0.08)
Net income available to Tenet Healthcare Corporation common shareholders for diluted earnings per share	**$ 140**	**106,006**	**$ 1.32**

During the three months ended March 31, 2024 and 2023, our convertible instruments consisted of RSUs issued under the USPI Management Equity Plan; however, during the three-month period in 2023, our convertible instruments also included an agreement related to the ownership interest in a Hospital Operations segment joint venture.

NOTE 16. FAIR VALUE MEASUREMENTS

We are required to provide additional disclosures about fair value measurements as part of our financial statements for each major category of assets and liabilities measured at fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities, which generally are not applicable to non-financial assets and liabilities. Fair values determined by Level 2 inputs utilize data points that are observable, such as definitive sales agreements, appraisals or established market values of comparable assets. Fair values determined by Level 3 inputs utilize unobservable data points for the asset or liability and include situations where there is little, if any, market activity for the asset or liability, such as internal estimates of future cash flows.

Non-Recurring Fair Value Measurements

Our non-financial assets and liabilities not permitted or required to be measured at fair value on a recurring basis typically relate to long-lived assets held and used, long-lived assets held for sale and goodwill. The following table presents this information about assets measured at fair value on a non-recurring basis and indicates the fair value hierarchy of the valuation techniques we utilized to determine such fair values:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2024				
Long-lived assets held for sale	**$ 22**	$ —	$ 22	$ —
December 31, 2023				
Long-lived assets held for sale	**$ 775**	$ —	$ 775	$ —

Financial Instruments

The fair value of our long-term debt (except for borrowings under the Credit Agreement) is based on quoted market prices (Level 1). The inputs used to establish the fair value of the borrowings outstanding under the Credit Agreement are considered to be Level 2 inputs. At March 31, 2024 and December 31, 2023, the estimated fair value of our long-term debt was approximately 97.1 % and 96.9 %, respectively, of the carrying value of the debt.

NOTE 17. ACQUISITIONS

Preliminary purchase price allocations (representing the fair value of the consideration conveyed) for all acquisitions made during the three months ended March 31, 2024 and 2023 are as follows:

	Three Months Ended March 31,	
	2024	2023
Current assets	$ 65	$ 6
Property and equipment	37	4
Other intangible assets	86	2
Goodwill	613	165
Long-term operating lease assets	93	—
Other long-term assets	1	4
Previously held investments in unconsolidated affiliates	(4)	(37)
Current liabilities	(58)	(5)
Long-term operating lease liabilities	(83)	—
Other long-term liabilities	(11)	(8)
Redeemable noncontrolling interests in equity of consolidated subsidiaries	(302)	(56)
Noncontrolling interests	(2)	(14)
Cash paid, net of cash acquired	(439)	(48)
Gains (losses) on consolidations	**$ (4)**	**$ 13**

The goodwill generated from the 2024 transactions, the majority of which we believe will not be deductible for income tax purposes, can be attributed to the benefits that we expect to realize from operating efficiencies and growth strategies. The goodwill total of $ 613 million from acquisitions completed during the three months ended March 31, 2024 was recorded in our Ambulatory Care segment. Approximately $ 12 million and $ 2 million in transaction costs related to prospective and closed acquisitions were expensed during the three months ended March 31, 2024 and 2023, respectively, and were included in impairment and restructuring charges, and acquisition-related costs in the accompanying Condensed Consolidated Statements of Operations.

In December 2023, we acquired a 55 % ownership interest in NextCare Arizona I JV, LLC and a minority ownership interest in NextCare Arizona II JV, LLC from NextCare, Inc. and certain of its affiliates (“NextCare”). Through these transactions, we acquired a controlling interest in 41 fully operational UCCs and a telehealth center, as well as a noncontrolling interest in an additional 15 fully operational UCCs, all located in Arizona. We retained $ 10 million of the purchase price in escrow pending NextCare’s compliance with certain conditions, which amount was remitted to NextCare during the three months ended March 31, 2024.

We are required to allocate the purchase prices of acquired businesses to assets acquired or liabilities assumed and, if applicable, noncontrolling interests based on their fair values. The excess of the purchase price allocated over those fair values is recorded as goodwill. The purchase price allocations for certain acquisitions completed in 2024 and 2023 are preliminary. We are in the process of assessing working capital balances and lease and other agreements assumed, as well as obtaining and evaluating valuations of the acquired property and equipment, management contracts and other intangible assets, and noncontrolling interests. Therefore, those purchase price allocations, including goodwill, recorded in the accompanying Condensed Consolidated Financial Statements are subject to adjustment once the assessments and valuation work are completed and evaluated. Such adjustments will be recorded as soon as practical and within the measurement period as defined by the accounting literature.

During the three months ended March 31, 2024, we adjusted the preliminary purchase allocations of certain acquisitions completed in 2023 based on the results of completed valuations. These adjustments resulted in a net decrease in goodwill of $ 11 million.

NOTE 18. SEGMENT INFORMATION

Prior to December 31, 2023, our business was organized into three separate reporting segments: Hospital Operations and other, Ambulatory Care and Conifer. During the three months ended December 31, 2023, we combined our Hospital Operations and other and Conifer segments into a single reporting segment named Hospital Operations and Services (Hospital Operations). See Note 1 for additional discussion of this change.

Our Hospital Operations segment is comprised of our acute care and specialty hospitals, physician practices and outpatient facilities. At March 31, 2024, our subsidiaries operated 52 hospitals, serving primarily urban and suburban communities in nine states, as well as 151 outpatient facilities, primarily imaging centers, UCCs, ancillary emergency facilities and micro-hospitals. Our Hospital Operations segment also provides revenue cycle management and value-based care services to hospitals, health systems, physician practices, employers and other clients.

Our Ambulatory Care segment is comprised of the operations of USPI. At March 31, 2024, USPI had ownership interests in 512 ambulatory surgery centers (372 consolidated) and 25 surgical hospitals (eight consolidated) in 38 states.

The following tables include amounts for each of our reportable segments and the reconciling items necessary to agree to amounts reported in the accompanying Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations, as applicable:

	March 31, 2024	December 31, 2023
Assets:		
Hospital Operations	$ 17,095	$ 17,268
Ambulatory Care	11,812	11,044
Total	**$ 28,907**	**$ 28,312**

	Three Months Ended March 31,	
	2024	2023
Capital expenditures:		
Hospital Operations	$ 222	$ 217
Ambulatory Care	18	18
Total	**$ 240**	**$ 235**
Net operating revenues:		
Hospital Operations	$ 4,373	$ 4,116
Ambulatory Care	995	905
Total	**$ 5,368**	**$ 5,021**
Equity in earnings of unconsolidated affiliates:		
Hospital Operations	$ 3	$ 3
Ambulatory Care	56	47
Total	**$ 59**	**$ 50**
Adjusted EBITDA:		
Hospital Operations	$ 630	$ 492
Ambulatory Care	394	340
Total	**$ 1,024**	**$ 832**

	Three Months Ended March 31,	
	2024	2023
Depreciation and amortization:		
Hospital Operations	$ 177	$ 190
Ambulatory Care	31	27
Total	**$ 208**	**$ 217**
Adjusted EBITDA	**$ 1,024**	**$ 832**
Depreciation and amortization	(208)	(217)
Impairment and restructuring charges, and acquisition-related costs	(27)	(21)
Litigation and investigation costs	(4)	(4)
Interest expense	(218)	(221)
Loss from early extinguishment of debt	(8)	—
Other non-operating income (expense), net	25	(2)
Net gains on sales, consolidation and deconsolidation of facilities	2,500	13
Income before income taxes	**$ 3,084**	**$ 380**

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION TO MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of this section, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), is to provide a narrative explanation of our financial statements that enables investors to better understand our business, to enhance our overall financial disclosures, to give context to the analysis of our financial information, and to provide information about the quality of, and potential variability of, our financial condition, results of operations and cash flows. MD&A, which should be read in conjunction with the accompanying Condensed Consolidated Financial Statements, includes the following sections:

- Management Overview
- Forward-Looking Statements
- Sources of Revenue for Our Hospital Operations and Services Segment
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Estimates

During the three months ended December 31, 2023, we combined our Hospital Operations and other and Conifer segments into a single reporting segment named Hospital Operations and Services ("Hospital Operations"). This change was made to reflect updates to the organizational and management structure of our Conifer and Hospital Operations and other segments. All prior-period data presented in this report has been adjusted to conform to our new reporting segment structure.

Our Hospital Operations segment is comprised of our acute care and specialty hospitals, a network of employed physicians and ancillary outpatient facilities. At March 31, 2024, our subsidiaries operated 52 hospitals serving primarily urban and suburban communities in nine states. Our Hospital Operations segment also included 151 outpatient facilities at March 31, 2024, including imaging centers, urgent care centers, ancillary emergency facilities and micro-hospitals. In addition, our Hospital Operations segment provides revenue cycle management and value-based care services to hospitals, health systems, physician practices, employers and other clients through our Conifer Health Solutions, LLC joint venture.

Our Ambulatory Care segment, through our USPI Holding Company, Inc. subsidiary ("USPI"), held ownership interests in 512 ambulatory surgery centers (each, an "ASC") (372 consolidated) and 25 surgical hospitals (eight consolidated) in 38 states at March 31, 2024. USPI's facilities offer a range of procedures and service lines, including, among other specialties: orthopedics, total joint replacement, and spinal and other musculoskeletal procedures; gastroenterology; and urology.

Unless otherwise indicated, all financial and statistical information included in MD&A relates to our continuing operations, with dollar amounts expressed in millions (except per adjusted admission and per adjusted patient day amounts). Continuing operations information includes the results of all hospitals operated for the entirety, or any portion of, the three months ended March 31, 2024 and 2023, and excludes the results of our hospitals and other businesses classified as discontinued operations for accounting purposes. We believe this presentation is useful to investors because it includes the operations of all facilities in continuing operations for the entire time that we owned and operated them during the relevant period. In addition, continuing operations information reflects the impact of the addition or disposition of individual hospitals and other operations on our volumes, revenues and expenses.

In certain cases, information presented in MD&A for our Hospital Operations segment is described as presented on a same-hospital basis, which includes hospitals we operated for the entire three-month periods ended March 31, 2024 and 2023. Same-hospital basis excludes the results of hospitals not operated for the full duration of both periods, as well as our discontinued operations. We present same-hospital data because we believe it provides investors with useful information regarding the performance of our current portfolio of hospitals and other operations that are comparable for the periods presented. Furthermore, same-hospital data may more clearly reflect recent trends we are experiencing with respect to volumes, revenues and expenses exclusive of variations caused by the addition or disposition of individual hospitals and other operations.

We present certain metrics as a percentage of net operating revenues because a significant portion of our operating expenses are variable, and we present certain metrics on a per adjusted admission and per adjusted patient day basis to show trends other than volume.

The financial information provided throughout this report, including our Condensed Consolidated Financial Statements and the notes thereto, has been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). However, we use certain non-GAAP financial measures, including Adjusted EBITDA (as defined below), in this report and in communications with investors, analysts, rating agencies, banks and others to assist such parties in understanding the impact of various items on our financial statements. We use this information in our analysis of the performance of our business, excluding items we do not consider relevant to the performance of our continuing operations. In addition, we use these measures to define certain performance targets under our compensation programs.

"Adjusted EBITDA" is a non-GAAP measure we define as net income available (loss attributable) to Tenet Healthcare Corporation common shareholders before (1) the cumulative effect of changes in accounting principle, (2) net loss attributable (income available) to noncontrolling interests, (3) income (loss) from discontinued operations, net of tax, (4) income tax benefit (expense), (5) gain (loss) from early extinguishment of debt, (6) other non-operating income (expense), net, (7) interest expense, (8) litigation and investigation (costs) benefit, net of insurance recoveries, (9) net gains (losses) on sales, consolidation and deconsolidation of facilities, (10) impairment and restructuring charges and acquisition-related costs, (11) depreciation and amortization, and (12) income (loss) from divested and closed businesses (i.e., health plan businesses). Litigation and investigation costs do not include ordinary course of business malpractice and other litigation and related expense.

We also present certain operational metrics and statistics in order to provide additional insight into our operational performance efficiency and to help investors better understand management's view and strategic focus. We define these operational metrics and statistics as follows:

Adjusted admissions—represents actual admissions in the period adjusted to include outpatient services provided by facilities in our Hospital Operations segment by multiplying actual admissions by the sum of gross inpatient revenues and outpatient revenues and dividing the result by gross inpatient revenues;

Adjusted patient days—represents actual patient days in the period adjusted to include outpatient services provided by facilities in our Hospital Operations segment by multiplying actual patient days by the sum of gross inpatient revenues and outpatient revenues and dividing the result by gross inpatient revenues; and

Utilization of licensed bed s—represents patient days divided by the number of days in the period divided by average licensed beds.

MANAGEMENT OVERVIEW

OPERATING ENVIRONMENT AND TRENDS

Staffing and Labor Trends—We compete with other healthcare providers in recruiting and retaining qualified personnel responsible for the operation of our facilities. There is limited availability of experienced medical support personnel nationwide, which drives up the wages and benefits required to recruit and retain employees. In particular, like others in the healthcare industry, we continue to experience shortages of advanced practice providers and critical-care nurses in certain disciplines and geographic areas. Over the past several years, we have had to rely on higher-cost contract labor, which we compete with other healthcare providers to secure, and pay premiums above standard compensation for essential workers. Although we continue to incur a higher level of contract labor expense than we have historically, our recruitment and retention efforts drove a reduction in this expense during the three months ended March 31, 2024 as compared to the same period in 2023.

We also depend on the available labor pool of semi-skilled and unskilled workers in the areas where we operate. In some of our communities, employers across various industries have increased their minimum wage, which has created more competition and, in some cases, higher labor costs for this sector of employees. Furthermore, we expect that state-mandated minimum wage increases in California will result in an increase in compensation costs for certain of our employees and vendors.

Inflation and Other General Economic Conditions—Our business has been impacted by the rise in inflation and its effects on salaries, wages and benefits, as well as other costs. Medical supply prices remain high due to current economic conditions and other factors. In addition, our Ambulatory Care segment continues to be impacted by shipment delays in construction materials and capital equipment with respect to its de novo facility development efforts, which are a key part of our portfolio expansion strategy. In general, supply chain operational challenges may continue or worsen in the future, whether due to geopolitical conflicts, inflationary pressures and the recessionary environment, climate change, weather events or other issues yet to emerge.

Industry Trends—We believe that several key trends are continuing to shape the demand for healthcare services: (1) consumers, employers and insurers are actively seeking lower-cost solutions and better value with respect to healthcare spending; (2) patient volumes are shifting from inpatient to outpatient settings due to technological advances and demand for care that is more convenient, affordable and accessible; (3) the growing aging population requires greater chronic disease management and higher-acuity treatment; and (4) consolidation continues across the entire healthcare sector. Furthermore, the healthcare industry, in general, and the acute care hospital business, in particular, continue to be subject to significant regulatory uncertainty. Changes in federal or state healthcare laws, regulations, funding policies or reimbursement practices, especially those involving reductions to government payment rates, could have a significant impact on our future revenues and expenses.

STRATEGIES

Expanding Our Ambulatory Care Segment—We continue to focus on opportunities to expand our Ambulatory Care segment through acquisitions, organic growth, construction of new outpatient centers and strategic partnerships. We believe USPI's ASCs and surgical hospitals offer many advantages to patients and physicians, including greater affordability, predictability, flexibility and convenience. Moreover, due in part to advancements in surgical techniques, medical technology and anesthesia, as well as the lower cost structure and greater efficiencies that are attainable at a specialized outpatient site, we believe the volume and complexity of surgical cases performed in an outpatient setting will continue to increase over time. Historically, our outpatient services have generated significantly higher margins for us than inpatient services.

During the three months ended March 31, 2024, we acquired controlling ownership interests in 45 ASCs in which we did not have a previous investment, and we opened one de novo ASC in which we have a noncontrolling ownership interest. We also continue to prioritize increasing our investment in our unconsolidated facilities, acquiring a controlling ownership interest in a previously unconsolidated ASC during the three months ended March 31, 2024, which allowed us to consolidate its financial results.

Driving Growth in Our Hospital Systems—We remain committed to better positioning our hospital systems and competing more effectively in the ever-evolving healthcare environment by focusing on driving performance through operational effectiveness, increasing capital efficiency and margins, investing in our physician enterprise, particularly our specialist network, enhancing patient and physician satisfaction, growing our higher-demand and higher-acuity clinical service lines (including outpatient lines), expanding patient and physician access, and optimizing our portfolio of assets. Over the past several years, we have undertaken enterprise-wide cost-efficiency measures, and we continue to transition certain support operations to our Global Business Center ("GBC") in the Philippines. We incurred restructuring charges in conjunction with these initiatives in the three months ended March 31, 2024, and we could incur additional restructuring charges in the future.

From time to time, we also capitalize on opportunities to refine our portfolio of hospitals and other healthcare facilities when we believe such refinements will help us improve profitability, allocate capital more effectively in areas where we have a stronger presence, deploy proceeds on higher-return investments across our business, enhance cash flow generation and reduce our debt, among other things. Transactions completed during the three months ended March 31, 2024 included the following:

- In January 2024, we completed the sale of three hospitals located in South Carolina and certain related operations (the "SC Hospitals").
- Also in January 2024, we entered into a definitive agreement for the sale of four hospitals and certain related operations located in Orange County and Los Angeles County, California (the "OCLA CA Hospitals"), and we completed the sale in March 2024.
- In February 2024, we entered into a definitive agreement for the sale of two hospitals and certain related operations located in San Luis Obispo County, California (the "Central CA Hospitals"), and we completed the sale in March 2024.

We also seek advantageous opportunities to grow our portfolio of hospitals and other healthcare facilities. We are continuing construction of a new medical campus located in the Westover Hills area of San Antonio, Texas, that is expected to include a 104-bed acute care hospital, an ASC and medical office space. The project is on schedule for completion in mid-2024. In 2023, we broke ground on a new medical campus located in Port St. Lucie, Florida, that is expected to include a 54-bed hospital, as well as medical office space. We expect to complete construction of the Port St. Lucie medical campus in late 2025.

Improving the Customer Care Experience—As consumers continue to become more engaged in managing their health, we recognize that understanding what matters most to them and earning their loyalty is imperative to our success. As such, we have enhanced our focus on treating our patients as traditional customers by: (1) establishing networks of physicians and facilities that provide convenient access to services across the care continuum; (2) expanding service lines with growing community demand, including a focus on aging and chronic disease patients; (3) offering greater affordability and predictability, including simplified registration and discharge procedures, particularly in our outpatient centers; (4) improving our culture of service; and (5) creating health and benefit programs, patient education and health literacy materials that are customized to the needs of the communities we serve. Through these efforts, we intend to improve the customer care experience in every part of our operations.

Improving Profitability—We continue to focus on growing patient volumes and effective cost management as a means to improve profitability. Our inpatient admissions have been constrained in recent years by the COVID-19 pandemic, increased competition, utilization pressure by managed care organizations, new delivery models that are designed to lower the utilization of acute care hospital services, the effects of higher patient co-pays, co-insurance amounts and deductibles, changing consumer behavior, and adverse economic conditions and demographic trends in certain areas where we operate. Our business has also been impacted by the rise in inflation and its effects on salaries, wages, benefits and other costs. However, we believe that emphasis on higher-demand clinical service lines (including outpatient services), focus on expanding our ambulatory care business, cultivation of our culture of service, participation in Medicare Advantage health plans that have been experiencing higher growth rates than traditional Medicare, and contracting strategies that create shared value with payers should help us grow our patient volumes over time. We are also continuing to pursue new opportunities to enhance efficiency, including further integration of enterprise-wide centralized support functions, outsourcing additional functions unrelated to direct patient care, and reducing clinical and vendor contract variation.

Reducing Our Leverage Over Time—All of our long-term debt has a fixed rate of interest, except for outstanding borrowings under our senior secured revolving credit facility (as amended to date, the "Credit Agreement"), of which we had none at March 31, 2024. In addition, the maturity dates of our notes are staggered from 2027 through 2031. We believe that our capital structure helps to minimize the near-term impact of increased interest rates, and the staggered maturities of our debt allow us to retire or refinance our debt over time. It remains our long-term objective to reduce our debt and lower our ratio of debt-to-Adjusted EBITDA, primarily through more efficient capital allocation and Adjusted EBITDA growth, which should lower our refinancing risk.

During the three months ended March 31, 2024, we redeemed all $2.100 billion aggregate principal amount outstanding of our 4.875% senior secured first lien notes due 2026 (the "2026 Senior Secured First Lien Notes") in advance of their maturity date.

Repurchasing Stock—In October 2022, our board of directors authorized the repurchase of up to $1 billion of our common stock through a share repurchase program. Repurchases may be made in open-market or privately negotiated transactions, at management's discretion subject to market conditions and other factors, and in a manner consistent with applicable securities laws and regulations. The share repurchase program does not obligate us to acquire any particular amount of common stock, and it may be suspended for periods or discontinued at any time before its scheduled expiration date of December 31, 2024. We paid approximately $278 million to repurchase a total of 2,811 thousand shares during the three months ended March 31, 2024, or an average of $98.86 per share.

Our ability to execute on our strategies and respond to the aforementioned trends in the current operating environment is subject to numerous risks and uncertainties, all of which may cause actual results to be materially different from expectations. For information about risks and uncertainties that could affect our results of operations, see the Forward-Looking Statements and Risk Factors sections in Part I of our Annual Report on Form 10-K for the year ended December 31, 2023 (our "Annual Report").

RECENT RESULTS OF OPERATIONS

The following table presents selected operating statistics for our Hospital Operations and Ambulatory Care segments on a continuing operations basis:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Increase (Decrease)
Hospital Operations – hospitals and related outpatient facilities:			
Number of hospitals (at end of period)	52	61	(9) (1)
Total admissions	136,374	133,960	1.8 %
Adjusted admissions	243,185	244,973	(0.7)%
Paying admissions (excludes charity and uninsured)	130,560	128,094	1.9 %
Charity and uninsured admissions	5,814	5,866	(0.9)%
Admissions through emergency department	103,313	101,451	1.8 %
Emergency department visits, outpatient	540,205	531,328	1.7 %
Total emergency department visits	643,518	632,779	1.7 %
Total surgeries	81,973	86,590	(5.3)%
Patient days — total	711,745	703,723	1.1 %
Adjusted patient days	1,221,755	1,236,417	(1.2)%
Average length of stay (days)	5.22	5.25	(0.6)%
Average licensed beds	15,319	15,472	(1.0)%
Utilization of licensed beds	51.1 %	50.5 %	0.6 % (1)
Total visits	1,512,191	1,380,062	9.6 %
Paying visits (excludes charity and uninsured)	1,414,570	1,308,135	8.1 %
Charity and uninsured visits	97,621	71,927	35.7 %
Ambulatory Care:			
Total consolidated facilities (at end of period)	380	313	67 (1)
Total consolidated cases	399,427	370,829	7.7 %

(1) The change is the difference between the 2024 and 2023 amounts presented.

Total admissions increased by 2,414, or 1.8%, in the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Total surgeries decreased by 4,617, or 5.3%, during the three-month period in 2024 as compared to the same period in 2023, primarily due to the effects resulting from our sale of the SC Hospitals in January 2024. The increase in our Ambulatory Care segment's total consolidated cases of 7.7% in the three months ended March 31, 2024, as compared to the same period in 2023, was primarily attributable to incremental case volume from the ASCs we have acquired and same-facility case growth, partially offset by the impact of the closure and deconsolidation of certain facilities.

The following table presents net operating revenues by segment on a continuing operations basis:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Increase (Decrease)
Hospital Operations	$ 4,373	$ 4,116	6.2 %
Ambulatory Care	995	905	9.9 %
Total	**$ 5,368**	**$ 5,021**	**6.9 %**

Consolidated net operating revenues increased by $347 million, or 6.9%, in the three months ended March 31, 2024 compared to the same period in 2023. The increase of $257 million, or 6.2%, in our Hospital Operations segment's net operating revenues for the three-month period in 2024 compared to the same period in 2023 was primarily due to a more favorable payer mix, higher patient volume and acuity, and negotiated commercial rate increases. Also during the three months ended March 31, 2024, we recognized additional Medicaid supplemental revenues in Michigan of $88 million. These factors were partially offset by the impact of the sale of the SC Hospitals during the three months ended March 31, 2024. Net operating revenues in our Ambulatory Care segment increased by $90 million, or 9.9%, in the three months ended March 31, 2024 compared to the same period in 2023. This change was primarily driven by the ASCs we have acquired and higher net revenue per case, partially offset by the impact of the closure and deconsolidation of certain facilities.

Our accounts receivable days outstanding ("AR Days") from continuing operations were 58.1 days and 55.4 days at March 31, 2024 and December 31, 2023, respectively. In February 2024, Change Healthcare, a clearinghouse for medical claims, was the target of a cyberattack. Although our systems were not compromised by the threat actor, the cyberattack

disrupted the billing and collection of our patient accounts receivable and contributed to the increase in AR Days between December 31, 2023 and March 31, 2024. We do not expect this disruption will cause a permanent increase in our AR Days. Our AR Days target is less than 55 days. AR Days are calculated as our accounts receivable from continuing operations on the last date in the quarter divided by our net operating revenues from continuing operations for the quarter ended on that date divided by the number of days in the quarter. This calculation includes our Hospital Operations segment's contract assets and excludes our California provider fee revenues.

The following table provides information about selected operating expenses by segment on a continuing operations basis:

	Three Months Ended March 31,		Increase
	2024	2023	(Decrease)
Hospital Operations:			
Salaries, wages and benefits	$ 2,084	$ 2,023	3.0 %
Supplies	654	634	3.2 %
Other operating expenses	1,008	973	3.6 %
Total	**$ 3,746**	**$ 3,630**	**3.2 %**
Ambulatory Care:			
Salaries, wages and benefits	$ 237	$ 235	0.9 %
Supplies	274	257	6.6 %
Other operating expenses	146	120	21.7 %
Total	**$ 657**	**$ 612**	**7.4 %**
Total:			
Salaries, wages and benefits	$ 2,321	$ 2,258	2.8 %
Supplies	928	891	4.2 %
Other operating expenses	1,154	1,093	5.6 %
Total	**$ 4,403**	**$ 4,242**	**3.8 %**
Rent/lease expense(1):			
Hospital Operations	$ 68	$ 69	(1.4) %
Ambulatory Care	35	30	16.7 %
Total	**$ 103**	**$ 99**	**4.0 %**

(1) Included in other operating expenses.

The following table provides information about our Hospital Operations segment's selected operating expenses per adjusted admission on a continuing operations basis:

	Three Months Ended March 31,		Increase
	2024	2023	(Decrease)
Hospital Operations:			
Salaries, wages and benefits per adjusted admission	$ 8,572	$ 8,258	3.8 %
Supplies per adjusted admission	2,688	2,589	3.8 %
Other operating expenses per adjusted admission	4,140	3,971	4.3 %
Total per adjusted admission	**$ 15,400**	**$ 14,818**	**3.9 %**

Salaries, wages and benefits expense for our Hospital Operations segment increased by $61 million, or 3.0%, in the three months ended March 31, 2024 compared to the same period in 2023. This change was primarily attributable to annual merit increases for certain of our employees and increased employee benefits, recruiting and retention costs in the 2024 period, as well as higher incentive compensation expense. These factors were partially offset by a substantial decrease in contract labor expense and the impact of the sales of the SC Hospitals and the OCLA CA Hospitals during the three months ended March 31, 2024. On a per adjusted admission basis, salaries, wages and benefits expense in our Hospital Operations segment increased by 3.8% in the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

Supplies expense for our Hospital Operations segment increased by $20 million, or 3.2%, during the three months ended March 31, 2024 compared to the three months ended March 31, 2023. This increase was driven by higher patient acuity, partially offset by the impact from the sale of the SC Hospitals and our cost-efficiency measures. On a per adjusted admission basis, supplies expense increased by 3.8% in the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to the higher patient acuity during the 2024 period.

Other operating expenses for our Hospital Operations segment increased by $35 million, or 3.6%, in the three months ended March 31, 2024 compared to the same period in 2023. The changes in other operating expenses for the three months ended March 31, 2024 included:

- medical fees were $19 million higher;
- gains recognized during the 2024 period were $8 million lower; and
- higher legal and consulting fees of $4 million; partially offset by
- a decrease of $21 million in malpractice expense.

On a per adjusted admission basis, other operating expenses in the three months ended March 31, 2024 increased by 4.3% compared to the same period in 2023, primarily due to the factors described above.

LIQUIDITY AND CAPITAL RESOURCES OVERVIEW

Cash and cash equivalents were $2.481 billion at March 31, 2024 compared to $1.228 billion at December 31, 2023. Significant cash flow items in the three months ended March 31, 2024 included:

- Net cash provided by operating activities before interest, taxes, discontinued operations, impairment and restructuring charges, and acquisition-related costs, and litigation costs and settlements of $778 million;
- Capital expenditures of $240 million;
- $449 million of payments for purchases of businesses or joint venture interests;
- $4.030 billion of proceeds from sales of facilities and other assets;
- $162 million of distributions paid to noncontrolling interests;
- $52 million of payments for the purchase of noncontrolling interests;
- $278 million of payments to purchase approximately 2,811 thousand shares of our common stock under our share repurchase program;
- Debt payments of $2.141 billion, including $2.100 billion to redeem all $2.100 billion aggregate principal amount outstanding of our 2026 Senior Secured First Lien Notes in advance of their maturity date; and
- Interest payments of $162 million.

Net cash provided by operating activities was $586 million in the three months ended March 31, 2024 compared to $449 million in the three months ended March 31, 2023. Key factors contributing to the change between the 2024 and 2023 periods included the following:

- An increase in net income before interest, taxes, depreciation and amortization, impairment and restructuring charges, acquisition-related costs, litigation costs and settlements, loss from early extinguishment of debt, other non-operating income or expense, and net gains on sales, consolidation and deconsolidation of facilities of $192 million;
- Reduced cash outflows of $93 million due to a timing difference in our annual 401(k) match funding; and
- The timing of other working capital items, including the impact of the disruption caused by the Change Healthcare cyberattack on the billing and collection of our patient accounts receivable in the 2024 period, which contributed to an increase of 2.7 AR Days between December 31, 2023 and March 31, 2024.

FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, each as amended. All statements, other than statements of historical or present facts, that address activities, events, outcomes, business strategies and other matters that we plan, expect, intend, assume, believe, budget, predict, forecast, project, target, estimate or anticipate (and other similar expressions) will, should or may occur in the future are forward-looking statements, including (but not limited to) disclosures regarding (1) our future earnings, financial position, and operational and strategic initiatives, (2) developments in the healthcare industry, and (3) the anticipated impacts of economic and public health conditions on our business. Forward-looking statements represent management’s expectations, based on currently available information, as to the outcome and timing of future events, but, by their nature, address matters that are indeterminate. They involve known and unknown risks, uncertainties and other factors, many of which we are unable to predict or control, that may cause our actual results, performance or achievements to be materially different from those expressed or implied by forward-looking statements. Such factors include, but are not limited to, the risks described in the Forward-Looking Statements and Risk Factors sections in Part I of our Annual Report.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in our Annual Report and in this report. Should one or more of the risks and uncertainties described in these reports occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statement. We specifically disclaim any obligation to update any information contained in a forward-looking statement or any forward-looking statement in its entirety except as required by law.

All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary information.

SOURCES OF REVENUE FOR OUR HOSPITAL OPERATIONS AND SERVICES SEGMENT

We earn revenues for patient services from a variety of sources, primarily managed care payers and the federal Medicare program, as well as state Medicaid programs, indemnity-based health insurance companies and uninsured patients (that is, patients who do not have health insurance and are not covered by some other form of third-party arrangement).

The following table presents the sources of net patient service revenues for our hospitals and related outpatient facilities, expressed as percentages of net patient service revenues from all sources on a continuing operations basis:

	Three Months Ended March 31,		Increase
	2024	2023	(Decrease)(1)
Medicare	15.8 %	17.2 %	(1.4) %
Medicaid	10.7 %	7.8 %	2.9 %
Managed care(2)	69.0 %	70.2 %	(1.2) %
Uninsured	0.5 %	0.9 %	(0.4) %
Indemnity and other	4.0 %	3.9 %	0.1 %

(1) The change is the difference between the 2024 and 2023 percentages presented.

(2) Includes Medicare and Medicaid managed care programs.

Our payer mix on an admissions basis for our hospitals, expressed as a percentage of total admissions from all sources on a continuing operations basis, is presented below:

	Three Months Ended March 31,		Increase
	2024	2023	(Decrease)(1)
Medicare	19.8 %	20.7 %	(0.9) %
Medicaid	4.5 %	4.8 %	(0.3) %
Managed care(2)	68.0 %	66.8 %	1.2 %
Charity and uninsured	4.2 %	4.4 %	(0.2) %
Indemnity and other	3.5 %	3.3 %	0.2 %

(1) The change is the difference between the 2024 and 2023 percentages presented.

(2) Includes Medicare and Medicaid managed care programs.

Our hospitals and outpatient facilities are subject to various factors that affect our service mix, revenue mix and patient volumes and, thereby, impact our net patient service revenues and results of operations. These factors include, among others, changes in federal, state and local healthcare and business regulations; changes in general economic conditions nationally and regionally, including inflation and other factors; the number of uninsured and underinsured individuals in local communities treated at our hospitals; disease hotspots and seasonal cycles of illness; climate and weather conditions; physician recruitment, satisfaction, retention and attrition; advances in technology and treatments that reduce length of stay or permit procedures to be performed in an outpatient rather than an inpatient setting; local healthcare competitors; utilization pressure by managed care organizations, as well as managed care contract negotiations or terminations; performance data on quality measures and patient satisfaction, as well as standard charges for services; any unfavorable publicity about us, or our joint venture partners, that impacts our relationships with physicians and patients; and changing consumer behavior, including with respect to the timing of elective procedures.

GOVERNMENT PROGRAMS

The Centers for Medicare & Medicaid Services ("CMS") is an agency of the U.S. Department of Health and Human Services that administers a number of government programs authorized by federal law; it is the single largest payer of healthcare services in the United States. Medicare is a federally funded health insurance program primarily for individuals 65 years of age and older, as well as some younger people with certain disabilities and conditions, and is provided without regard to income or assets. Medicaid is co-administered by the states and is jointly funded by the federal government and state governments. Medicaid is the nation's main public health insurance program for people with low incomes and is the largest source of health coverage in the United States. The Children's Health Insurance Program ("CHIP"), which is also co-administered by the states and jointly funded, provides health coverage to children in families with incomes too high to qualify for Medicaid, but too low to afford private coverage. Unlike Medicaid, the CHIP is limited in duration and requires the enactment of reauthorizing legislation. Funding for the CHIP has been reauthorized through federal fiscal year ("FFY") 2029.

Medicare

Medicare offers its beneficiaries different ways to obtain their medical benefits. One option, the Original Medicare Plan (which includes "Part A" and "Part B"), is a fee-for-service ("FFS") payment system. The other option, called Medicare Advantage (sometimes called "Part C" or "MA Plans"), includes health maintenance organizations ("HMOs"), preferred provider organizations ("PPOs"), private FFS Medicare special needs plans and Medicare medical savings account plans. Our total net patient service revenues from continuing operations of the hospitals and related outpatient facilities in our Hospital Operations segment for services provided to patients enrolled in the Original Medicare Plan were $610 million and $613 million for the three months ended March 31, 2024 and 2023, respectively. A general description of the types of payments we receive for services provided to patients enrolled in the Original Medicare Plan is provided in our Annual Report. Recent regulatory and legislative updates to the terms of these payment systems and their estimated effect on our revenues can be found under "Regulatory and Legislative Changes" below.

Medicaid

Medicaid programs and the corresponding reimbursement methodologies vary from state-to-state and from year-to-year. Estimated revenues under various state Medicaid programs, including state-funded Medicaid managed care programs, constituted approximately 21.4% and 18.8% of the total net patient service revenues of our hospitals and related outpatient facilities for the three months ended March 31, 2024 and 2023, respectively. We also receive disproportionate share hospital ("DSH") and other supplemental revenues under various state Medicaid programs. Our total Medicaid revenues attributable to DSH and other supplemental revenues were approximately $339 million and $205 million for the three months ended March 31, 2024 and 2023, respectively. The increase in Medicaid revenues attributable to DSH during the three months ended March 31, 2024, as compared to the same period in 2023, included a favorable impact from additional supplemental revenues in Michigan of $88 million.

Several states in which we operate continue to face budgetary challenges that have resulted in reduced Medicaid funding levels to hospitals and other providers. Because most states must operate with balanced budgets, and the Medicaid program is generally a significant portion of a state's budget, states can be expected to adopt or consider adopting future legislation designed to reduce or not increase their Medicaid expenditures. In addition, some states delay issuing Medicaid payments to providers to manage state expenditures. As an alternative means of funding provider payments, many of the states where we operate have adopted supplemental payment programs authorized under the Social Security Act. Continuing pressure on state budgets and other factors, including legislative and regulatory changes, could result in future reductions to Medicaid payments, payment delays or changes to Medicaid supplemental payment programs. Federal government denials or delayed approvals of waiver applications or extension requests by the states where we operate could also materially impact our Medicaid funding levels.

Total Medicaid and Medicaid managed care net patient service revenues from continuing operations recognized by the hospitals and related outpatient facilities in our Hospital Operations segment were $822 million and $672 million for the three months ended March 31, 2024 and 2023, respectively. During the three months ended March 31, 2024, Medicaid and Medicaid managed care revenues each comprised 50.0% of our Medicaid-related net patient service revenues from continuing operations recognized by the hospitals and related outpatient facilities in our Hospital Operations segment. All Medicaid and Medicaid managed care patient service revenues are presented net of provider taxes or assessments paid by our hospitals.

Because we cannot predict what actions the federal government or the states may take under existing or future legislation and/or regulatory changes to address budget gaps, deficits, Medicaid expansion, Medicaid eligibility redeterminations, provider fee programs, state-directed payment programs or Medicaid Section 1115 waivers, we are unable to assess the effect that any such legislation or regulatory action might have on our business; however, the impact on our future financial position, results of operations or cash flows could be material.

Regulatory and Legislative Changes

Material updates to the information set forth in our Annual Report about the Medicare and Medicaid payment systems, as well as other government programs impacting our business, are provided below.

Proposed Payment and Policy Changes to the Medicare Inpatient Prospective Payment Systems— Section 1886(d) of the Social Security Act requires CMS to update Medicare inpatient FFS payment rates for hospitals reimbursed under the inpatient prospective payment systems ("IPPS") annually. The updates generally become effective October 1, the beginning of the FFY. In April 2024, CMS issued proposed changes to the Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and Fiscal Year 2025 Rates ("Proposed IPPS Rule"). The Proposed IPPS Rule includes the following payment and policy changes, among others:

- A market basket increase of 3.0% for Medicare severity-adjusted diagnosis-related group ("MS-DRG") operating payments for hospitals reporting specified quality measure data and that are meaningful users of electronic health record ("EHR") technology; CMS also proposed a 0.4% multifactor productivity reduction required by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "Affordable Care Act"), that results in a net operating payment update of 2.6% before budget neutrality adjustments;
- An increase in the cost outlier threshold from $42,750 to $49,237;
- A 3.0% net increase in the capital federal MS-DRG rate;
- Updates to the three factors used to determine the amount and distribution of Medicare uncompensated care disproportionate share hospital payments ("UC-DSH Amounts");
- An increase to the performance-based scoring threshold for eligible hospitals and critical access hospitals reporting under the Medicare Promoting Interoperability Program from 60 points to 80 points beginning with the EHR reporting period in calendar year ("CY") 2025;
- An update to the hospital labor market area delineation based on the Office of Management and Budget Bulletin No. 23-01; and
- Implementation of a five-year mandatory model known as the Transforming Episode Accountability Model (TEAM) that would begin January 1, 2026 and end December 31, 2030 for certain episodic categories.

According to CMS, the combined impact of the proposed payment and policy changes in the Proposed IPPS Rule for operating costs will yield an average 2.4% increase in Medicare operating MS-DRG FFS payments for hospitals in urban areas and an average 2.6% increase in such payments for proprietary hospitals in FFY 2025. We estimate that all of the proposed payment and policy changes affecting operating MS-DRG and UC-DSH Amounts will result in a 2.1% increase in our annual Medicare FFS IPPS payments, which yields an estimated increase of $29 million. Because of the uncertainty associated with various factors that may influence our future IPPS payments by individual hospital, including legislative, regulatory or legal actions, admission volumes, length of stay and case mix, as well as potential changes to the Proposed IPPS Rule, we cannot provide any assurances regarding our estimate of the impact of the proposed payment and policy changes.

Payment and Policy Changes to the Medicare Outpatient Prospective Payment and Ambulatory Surgery Center Payment Systems —In November 2023, CMS released the final policy changes and payment rates for the Hospital Outpatient Prospective Payment System ("OPPS") and Ambulatory Surgical Center Payment System for CY 2024 ("Final OPPS/ASC Rule"). The Final OPPS/ASC Rule includes the following payment and policy changes, among others:

- An estimated net increase of 3.1% for the OPPS rates based on a market basket increase of 3.3%, reduced by a multifactor productivity adjustment required by the Affordable Care Act of 0.2%; and
- A 3.1% increase to the Ambulatory Surgical Center payment rates.

CMS projects that the combined impact of the payment and policy changes in the Final OPPS/ASC Rule will yield an average 3.2% increase in Medicare FFS OPPS payments for hospitals in urban areas and an average 4.6% increase in Medicare FFS OPPS payments for proprietary hospitals. The projected annual impact of the payment and policy changes in the Final OPPS/ASC Rule is an increase to Medicare FFS hospital outpatient revenues of approximately $23 million, or 4.13%, for the facilities in our Hospital Operations segment and $16 million, or 2.64%, for USPI's ASCs and surgical hospitals. Because of the uncertainty associated with various factors that may influence our future OPPS payments, including legislative or legal actions, volumes and case mix, we cannot provide any assurances regarding our estimate of the impact of the final payment and policy changes.

Payment and Policy Changes to the Medicare Physician Fee Schedule —In November 2023, CMS released the CY 2024 Medicare Physician Fee Schedule ("MPFS") Final Rule ("MPFS Final Rule"). The MPFS Final Rule includes updates to payment policies, payment rates and other provisions for services reimbursed under the MPFS from January 1 through December 31, 2024. Under the MPFS Final Rule, the CY 2024 conversion factor, which is the base rate that is used to convert relative units into payment rates, was reduced from $33.89 to $32.74, a decrease of 3.4%, due to budget neutrality rules and the adjustment provided for in the Consolidated Appropriations Act, 2023 ("CAA, 2023"). The CAA, 2023 provided for a 2.5% positive adjustment to the MPFS CY 2023 conversion factor and a 1.25% positive adjustment to the CY 2024 conversion factor, resulting in a 1.25% decrease in the CY 2024 conversion factor from the CY 2023 conversion factor. In March 2024, the Consolidated Appropriations Act, 2024 ("CAA, 2024") provided for a 1.68% increase to the CY 2024 conversion factor, or $33.29, for dates of service between March 9 and December 31, 2024. We estimate the impact of the MPFS Final Rule, inclusive of the CAA, 2024 adjustment, should result in a reduction of less than $4 million to our 2024 FFS MPFS revenues. Because of the uncertainty associated with various factors that may influence our future MPFS payments, including legislative, regulatory or legal actions, volumes and case mix, we cannot provide any assurances regarding our estimate of the impact of the final payment and policy changes.

PRIVATE INSURANCE

Managed Care

We currently have thousands of managed care contracts with various HMOs and PPOs. HMOs generally maintain a full-service healthcare delivery network comprised of physician, hospital, pharmacy and ancillary service providers that HMO members must access through an assigned "primary care" physician. The member's care is then managed by his or her primary care physician and other network providers in accordance with the HMO's quality assurance and utilization review guidelines so that appropriate healthcare can be efficiently delivered in the most cost-effective manner. HMOs typically provide reduced benefits or reimbursement (or none at all) to their members who use non-contracted healthcare providers for non-emergency care. PPOs generally offer limited benefits to members who use non-contracted healthcare providers. PPO members who use contracted healthcare providers receive a preferred benefit, typically in the form of lower co-pays, co-insurance or deductibles. As employers and employees have demanded more choice, managed care plans have developed hybrid products that combine elements of both HMO and PPO plans, including high-deductible healthcare plans that may have limited benefits, but cost the employee less in premiums.

The amount of our managed care net patient service revenues, including Medicare and Medicaid managed care programs, from our hospitals and related outpatient facilities during the three months ended March 31, 2024 and 2023 was $2.656 billion and $2.503 billion, respectively. Our top 10 managed care payers generated 68% of our managed care net patient service revenues for the three months ended March 31, 2024. During the same period, national payers generated 48% of our managed care net patient service revenues; the remainder came from regional or local payers. At March 31, 2024 and December 31, 2023, 74% and 68%, respectively, of our Hospital Operations segment's net accounts receivable were due from managed care payers.

Revenues under managed care plans are based primarily on payment terms involving predetermined rates per diagnosis, per-diem rates, discounted FFS rates and/or other similar contractual arrangements. These revenues are also subject to review and possible audit by the payers, which can take several years before they are completely resolved. The payers are billed for patient services on an individual patient basis. An individual patient's bill is subject to adjustment on a patient-by-patient basis in the ordinary course of business by the payers following their review and adjudication of each particular bill. We estimate the discounts for contractual allowances at the individual hospital level utilizing billing data on an individual patient basis. At the end of each month, on an individual hospital basis, we estimate our expected reimbursement for patients of managed care plans based on the applicable contract terms. We believe it is reasonably likely for there to be an approximately 3% increase or decrease in the estimated contractual allowances related to managed care plans. Based on reserves at March 31, 2024, a 3% increase or decrease in the estimated contractual allowance would impact the estimated reserves by approximately $80 million. Some of the factors that can contribute to changes in the contractual allowance estimates include: (1) changes in reimbursement levels for procedures, supplies and drugs when threshold levels are triggered; (2) changes in reimbursement levels when stop-loss or outlier limits are reached; (3) changes in the admission status of a patient due to physician orders subsequent to initial diagnosis or testing; (4) final coding of in-house and discharged-not-final-billed patients that change reimbursement levels; (5) secondary benefits determined after primary insurance payments; and (6) reclassification of patients among insurance plans with different coverage and payment levels. Contractual allowance estimates are periodically reviewed for accuracy by taking into consideration known contract terms, as well as payment history. We believe our estimation and review process enables us to identify instances on a timely basis where such estimates need to be revised. We do not believe there were any adjustments to estimates of patient bills that were material to our revenues during the three months ended March 31, 2024. In addition, on a corporate-wide basis, we do not record any general provision for adjustments to estimated contractual allowances for managed care plans. Managed care accounts, net of contractual allowances recorded, are further reduced to their net realizable value through implicit price concessions based on historical collection trends for these payers and other factors that affect the estimation process.

In recent years, managed care governmental admissions have increased as a percentage of total managed care admissions. However, in the three months ended March 31, 2024, admissions growth from commercial managed care plans was greater than the growth in admissions from Medicare and Medicaid managed care programs. Commercial managed care plans typically generate higher yields than managed care governmental insurance plans. In the three months ended March 31, 2024, our commercial managed care net inpatient revenue per admission from the hospitals in our Hospital Operations segment was approximately 66% higher than our aggregate yield on a per-admission basis from government payers including Medicare and Medicaid managed care programs. Although we have benefited from year-over-year aggregate managed care pricing improvements for some time, we have seen these improvements moderate in recent years, and we believe this moderation could continue into the future, subject to incremental pricing improvements to address inflationary pressures.

Indemnity

An indemnity-based agreement generally requires the insurer to reimburse an insured patient for healthcare expenses after those expenses have been incurred by the patient, subject to policy conditions and exclusions. Unlike an HMO member, a patient with indemnity insurance is free to control his or her utilization of healthcare and selection of healthcare providers.

UNINSURED PATIENTS

Uninsured patients are patients who do not qualify for government programs payments, such as Medicare and Medicaid, do not have some form of private insurance and, therefore, are responsible for their own medical bills. A significant number of our uninsured patients are admitted through our hospitals' emergency departments and often require high-acuity treatment that is more costly to provide and, therefore, results in higher billings, which are the least collectible of all accounts.

Self-pay accounts receivable, which include amounts due from uninsured patients, as well as co-pays, co-insurance amounts and deductibles owed to us by patients with insurance, pose significant collectability problems. At March 31, 2024 and December 31, 2023, 3% and 4%, respectively, of our Hospital Operations segment's accounts receivable was self-pay. Further, a significant portion of our implicit price concessions relates to self-pay amounts. The revenue cycle management services we provide are subject to various statutes and regulations regarding consumer protection in areas including finance, debt collection and credit reporting activities. For additional information, see Item 1, Business — Laws and Regulations Affecting Revenue Cycle Management Services, of Part I of our Annual Report.

We perform systematic analyses to focus our attention on the drivers of implicit price concessions for each hospital. While emergency department use is the primary contributor to our implicit price concessions in the aggregate, this is not the case at all hospitals. As a result, we have increased our focus on targeted initiatives that concentrate on non-emergency department patients as well. These initiatives are intended to promote process efficiencies in collecting self-pay accounts, as well as co-pay, co-insurance and deductible amounts owed to us by patients with insurance, that we deem highly collectible. We leverage a statistical-based collections model that aligns our operational capacity to maximize our collections performance. We are dedicated to modifying and refining our processes as needed, enhancing our technology and improving staff training throughout the revenue cycle process in an effort to increase collections and reduce accounts receivable.

Over the longer term, several other initiatives we have previously announced should also help address the challenges associated with serving uninsured patients. For example, our *Compact with Uninsured Patients* ("*Compact*") is designed to offer managed care-style discounts to certain uninsured patients, which enables us to offer lower rates to those patients who historically had been charged standard gross charges. Under the *Compact*, the discount offered to uninsured patients is recognized as a contractual allowance, which reduces net operating revenues at the time the self-pay accounts are recorded. The uninsured patient accounts, net of contractual allowances recorded, are further reduced to their net realizable value through implicit price concessions based on historical collection trends for self-pay accounts and other factors that affect the estimation process.

We also provide financial assistance through our charity and uninsured discount programs to uninsured patients who are unable to pay for the healthcare services they receive. Our policy is not to pursue collection of amounts determined to qualify for financial assistance; therefore, we do not report these amounts in net operating revenues. Most states include an estimate of the cost of charity care in the determination of a hospital's eligibility for Medicaid DSH payments. These payments are intended to mitigate our cost of uncompensated care. Some states have also developed provider fee or other supplemental payment programs to mitigate the shortfall of Medicaid reimbursement compared to the cost of caring for Medicaid patients.

The initial expansion of health insurance coverage under the Affordable Care Act resulted in an increase in the number of patients using our facilities with either private or public program coverage and a decrease in uninsured and charity care admissions, along with reductions in Medicare and Medicaid reimbursement to healthcare providers, including us. However, we continue to provide uninsured discounts and charity care due to the failure of certain states to expand Medicaid coverage and for persons living in the country who are not permitted to enroll in a health insurance exchange or government healthcare insurance program.

Federal legislation passed during the COVID-19 pandemic included a requirement that state Medicaid programs keep people continuously enrolled during the COVID-19 federal Public Health Emergency in exchange for a temporary increase to the Federal Medical Assistance Percentage. This continuous enrollment condition ended on March 31, 2023 and, on April 1, 2023, states were permitted to begin eligibility redeterminations on their Medicaid populations and disenroll individuals no longer eligible. The resulting volume of redeterminations has caused backlogs in the processing of new applications, which has increased the overall certification timeframe. We expect the certification timing will return to normal as these backlogs are resolved. Although we have not been materially adversely affected to date, any increase in the volume of uninsured patients could have an impact on our uncompensated care expense.

The following table presents our estimated costs (based on selected operating expenses, which include salaries, wages and benefits, supplies and other operating expenses) of caring for our uninsured and charity patients:

	Three Months Ended March 31,	
	2024	**2023**
Estimated costs for:		
Uninsured patients	$ 139	$ 123
Charity care patients	21	24
Total	**$ 160**	**$ 147**

RESULTS OF OPERATIONS

The following tables present our consolidated net operating revenues, operating expenses and operating income, both in dollar amounts and as percentages of net operating revenues, on a continuing operations basis:

	Three Months Ended March 31,		Increase
	2024	**2023**	**(Decrease)**
Net operating revenues:			
Hospital Operations	$ 4,373	$ 4,116	$ 257
Ambulatory Care	995	905	90
Net operating revenues	**5,368**	**5,021**	**347**
Grant income	**—**	**3**	**(3)**
Equity in earnings of unconsolidated affiliates	**59**	**50**	**9**
Operating expenses:			
Salaries, wages and benefits	2,321	2,258	63
Supplies	928	891	37
Other operating expenses, net	1,154	1,093	61
Depreciation and amortization	208	217	(9)
Impairment and restructuring charges, and acquisition-related costs	27	21	6
Litigation and investigation costs	4	4	—
Net gains on sales, consolidation and deconsolidation of facilities	(2,500)	(13)	(2,487)
Operating income	**$ 3,285**	**$ 603**	**$ 2,682**

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Increase (Decrease)
Net operating revenues	**100.0 %**	**100.0 %**	**— %**
Grant income	**— %**	**0.1 %**	**(0.1) %**
Equity in earnings of unconsolidated affiliates	**1.1 %**	**1.0 %**	**0.1 %**
Operating expenses:			
Salaries, wages and benefits	43.2 %	45.0 %	(1.8) %
Supplies	17.3 %	17.7 %	(0.4) %
Other operating expenses, net	21.5 %	21.9 %	(0.4) %
Depreciation and amortization	3.9 %	4.3 %	(0.4) %
Impairment and restructuring charges, and acquisition-related costs	0.5 %	0.4 %	0.1 %
Litigation and investigation costs	0.1 %	0.1 %	— %
Net gains on sales, consolidation and deconsolidation of facilities	(46.6)%	(0.3)%	(46.3) %
Operating income	**61.2 %**	**12.0 %**	**49.2 %**

The following table presents our net operating revenues, operating expenses and operating income, both in dollar amounts and as percentages of net operating revenues, by segment on a continuing operations basis:

	Hospital Operations		Ambulatory Care	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2024	2023	2024	2023
Net operating revenues	**$ 4,373**	**$ 4,116**	**$ 995**	**$ 905**
Grant income	**—**	**3**	**—**	**—**
Equity in earnings of unconsolidated affiliates	**3**	**3**	**56**	**47**
Operating expenses:				
Salaries, wages and benefits	2,084	2,023	237	235
Supplies	654	634	274	257
Other operating expenses, net	1,008	973	146	120
Depreciation and amortization	177	190	31	27
Impairment and restructuring charges, and acquisition-related costs	15	18	12	3
Litigation and investigation costs	4	3	—	1
Net gains on sales, consolidation and deconsolidation of facilities	(2,473)	—	(27)	(13)
Operating income	**$ 2,907**	**$ 281**	**$ 378**	**$ 322**
Net operating revenues	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Grant income	**— %**	**0.1 %**	**— %**	**— %**
Equity in earnings of unconsolidated affiliates	**0.1 %**	**0.1 %**	**5.6 %**	**5.2 %**
Operating expenses:				
Salaries, wages and benefits	47.7 %	49.1 %	23.8 %	26.0 %
Supplies	15.0 %	15.4 %	27.5 %	28.4 %
Other operating expenses, net	23.1 %	23.8 %	14.7 %	13.2 %
Depreciation and amortization	4.0 %	4.6 %	3.1 %	3.0 %
Impairment and restructuring charges, and acquisition-related costs	0.3 %	0.4 %	1.2 %	0.3 %
Litigation and investigation costs	0.1 %	0.1 %	— %	0.1 %
Net gains on sales, consolidation and deconsolidation of facilities	(56.6)%	— %	(2.7)%	(1.4)%
Operating income	**66.5 %**	**6.8 %**	**38.0 %**	**35.6 %**

RESULTS OF OPERATIONS BY SEGMENT

Our operations are reported in two segments:

- Hospital Operations, which is comprised of our acute care and specialty hospitals, a network of employed physicians and ancillary outpatient facilities, as well as the revenue cycle management and value-based care services that we provide to hospitals, health systems, physician practices, employers and other clients; and

- Ambulatory Care, which is comprised of USPI’s ASCs and surgical hospitals.

Hospital Operations Segment

The following tables present operating statistics, revenues and expenses of our hospitals and related outpatient facilities on a same-hospital basis, unless otherwise indicated:

Admissions, Patient Days and Surgeries	Same-Hospital Three Months Ended March 31, 2024	Same-Hospital Three Months Ended March 31, 2023	Increase (Decrease)
Number of hospitals (at end of period)	52	52	— (1)
Total admissions	124,750	119,714	4.2 %
Adjusted admissions	223,912	219,914	1.8 %
Paying admissions (excludes charity and uninsured)	119,100	114,157	4.3 %
Charity and uninsured admissions	5,650	5,557	1.7 %
Admissions through emergency department	93,359	89,894	3.9 %
Paying admissions as a percentage of total admissions	95.5 %	95.4 %	0.1 % (1)
Charity and uninsured admissions as a percentage of total admissions	4.5 %	4.6 %	(0.1)% (1)
Emergency department admissions as a percentage of total admissions	74.8 %	75.1 %	(0.3)% (1)
Surgeries — inpatient	31,607	30,458	3.8 %
Surgeries — outpatient	43,785	46,476	(5.8)%
Total surgeries	75,392	76,934	(2.0)%
Patient days — total	649,086	629,060	3.2 %
Adjusted patient days	1,122,553	1,113,679	0.8 %
Average length of stay (days)	5.20	5.25	(1.0)%
Licensed beds (at end of period)	14,085	14,053	0.2 %
Average licensed beds	14,085	14,053	0.2 %
Utilization of licensed beds	50.6 %	49.7 %	0.9 % (1)

(1) The change is the difference between the 2024 and 2023 amounts or percentages presented.

Outpatient Visits	Same-Hospital Three Months Ended March 31, 2024	Same-Hospital Three Months Ended March 31, 2023	Increase (Decrease)
Total visits	1,236,171	1,246,341	(0.8)%
Paying visits (excludes charity and uninsured)	1,161,697	1,179,974	(1.5)%
Charity and uninsured visits	74,474	66,367	12.2 %
Emergency department visits	492,912	474,116	4.0 %
Surgery visits	43,785	46,476	(5.8)%
Paying visits as a percentage of total visits	94.0 %	94.7 %	(0.7)% (1)
Charity and uninsured visits as a percentage of total visits	6.0 %	5.3 %	0.7 % (1)

(1) The change is the difference between the 2024 and 2023 percentages presented.

Revenues	Same-Hospital Three Months Ended March 31, 2024	Same-Hospital Three Months Ended March 31, 2023	Increase (Decrease)
Total segment net operating revenues	$ 3,987	$ 3,663	8.8 %
Selected revenue data – hospitals and related outpatient facilities:			
Net patient service revenues	$ 3,471	$ 3,133	10.8 %
Net patient service revenue per adjusted admission	$ 15,502	$ 14,246	8.8 %
Net patient service revenue per adjusted patient day	$ 3,092	$ 2,813	9.9 %

Selected Operating Expenses	Same-Hospital Three Months Ended March 31, 2024	2023	Increase (Decrease)
Salaries, wages and benefits	$ 1,891	$ 1,803	4.9 %
Supplies	601	570	5.4 %
Other operating expenses	918	874	5.0 %
	$ 3,410	**$ 3,247**	**5.0 %**

Selected Operating Expenses as a Percentage of Net Operating Revenues	Same-Hospital Three Months Ended March 31, 2024	2023	Increase (Decrease)(1)
Salaries, wages and benefits	47.4 %	49.2 %	(1.8) %
Supplies	15.1 %	15.6 %	(0.5) %
Other operating expenses	23.0 %	23.9 %	(0.9) %

(1) The change is the difference between the 2024 and 2023 percentages presented.

Revenues

Same-hospital net operating revenues increased by $324 million, or 8.8%, during the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to a more favorable payer mix, higher patient volume and acuity, and negotiated commercial rate increases. This increase was also partially attributable to additional Medicaid supplemental revenues in Michigan of $88 million.

The following table presents our consolidated net accounts receivable by payer:

	March 31, 2024	December 31, 2023
Medicare	$ 156	$ 151
Medicaid	80	61
Cost report settlements, net of payables and valuation allowances	36	47
Managed care	1,979	1,667
Self-pay uninsured	29	35
Self-pay balance after insurance	54	71
Estimated future recoveries	140	148
Other payers	213	281
Total Hospital Operations	2,687	2,461
Ambulatory Care	461	453
Accounts receivable, net	**$ 3,148**	**$ 2,914**

The collection of accounts receivable is a key area of focus for our business. At March 31, 2024 and December 31, 2023, our Hospital Operations segment collection rate on self-pay accounts was approximately 29.6% and 29.9%, respectively. Our self-pay collection rate includes payments made by patients, including co-pays, co-insurance amounts and deductibles paid by patients with insurance. Based on our accounts receivable from uninsured patients and co-pays, co-insurance amounts and deductibles owed to us by patients with insurance at March 31, 2024, a 10% decrease or increase in our self-pay collection rate, or approximately 3.0%, which we believe could be a reasonably likely change, would result in an unfavorable or favorable adjustment to patient accounts receivable of approximately $8 million. There are various factors that can impact collection trends, such as changes in the economy and inflation, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the volume of patients through our emergency departments, the increased burden of co-pays and deductibles to be made by patients with insurance, successful cyberattacks against us or the third-party systems we interact with, and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and our estimation process.

We also typically experience ongoing managed care payment delays and disputes; however, we continue to work with these payers to obtain adequate and timely reimbursement for our services. Our estimated Hospital Operations segment collection rate from managed care payers was approximately 96.4% and 96.7% at March 31, 2024 and December 31, 2023, respectively.

We manage our implicit price concessions using hospital-specific goals and benchmarks such as (1) total cash collections, (2) point-of-service cash collections, (3) AR Days and (4) accounts receivable by aging category. The following table presents the approximate aging by payer of our net accounts receivable from the continuing operations of our Hospital Operations segment of $2.651 billion and $2.414 billion at March 31, 2024 and December 31, 2023, respectively. Cost report settlements receivable, net of payables and related valuation allowances, of $36 million and $47 million at March 31, 2024 and December 31, 2023, respectively, are excluded from the table.

	Medicare	Medicaid	Managed Care	Indemnity, Self-Pay and Other	Total
At March 31, 2024					
0-60 days	91 %	53 %	63 %	23 %	57 %
61-120 days	5 %	24 %	15 %	15 %	15 %
121-180 days	2 %	10 %	8 %	8 %	8 %
Over 180 days	2 %	13 %	14 %	54 %	20 %
Total	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**
At December 31, 2023					
0-60 days	93 %	46 %	58 %	23 %	54 %
61-120 days	5 %	23 %	16 %	14 %	15 %
121-180 days	1 %	13 %	9 %	7 %	8 %
Over 180 days	1 %	18 %	17 %	56 %	23 %
Total	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**

We continue to implement revenue cycle initiatives intended to improve our cash flow. These initiatives are focused on standardizing and improving patient access processes, including pre-registration, registration, verification of eligibility and benefits, liability identification and collections at point-of-service, and financial counseling. These initiatives are intended to reduce denials, improve service levels to patients and increase the quality of accounts that end up in accounts receivable. Although we continue to focus on improving our methodology for evaluating the collectability of our accounts receivable, we may incur future charges if there are unfavorable changes in the trends affecting the net realizable value of our accounts receivable.

Patient advocates from our Eligibility and Enrollment Services program ("EES") screen patients in the hospital to determine whether those patients meet eligibility requirements for financial assistance programs. They also expedite the process of applying for these government programs. Receivables from patients who are potentially eligible for Medicaid are classified as Medicaid pending, under the EES, net of appropriate implicit price concessions. Based on recent trends, approximately 97% of all accounts in the EES are ultimately approved for benefits under a government program, such as Medicaid.

The following table presents the approximate amount of accounts receivable in the EES still awaiting determination of eligibility under a government program by aging category:

	March 31, 2024	December 31, 2023
0-60 days	$ 97	$ 103
61-120 days	35	33
121-180 days	17	9
Over 180 days	17	16
Total	**$ 166**	**$ 161**

Salaries, Wages and Benefits

Same-hospital salaries, wages and benefits expense increased by $88 million, or 4.9%, in the three months ended March 31, 2024 compared to the same period in 2023. This change was primarily attributable to increased employee benefits, recruiting and retention costs, higher incentive compensation expense, and annual merit increases for certain of our employees in the 2024 period. These factors were partially offset by a decrease in contract labor expense. Same-hospital salaries, wages and benefits expense as a percentage of net operating revenues decreased by 180 basis points to 47.4% in the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Salaries, wages and benefits expense for the three months ended March 31, 2024 and 2023 included stock-based compensation expense of $13 million and $10 million, respectively.

Supplies

Same-hospital supplies expense increased by $31 million, or 5.4%, in the three months ended March 31, 2024 compared to the same period in 2023. This increase was driven by higher patient volume and acuity, partially offset by our cost-efficiency measures. We strive to control supplies expense through product standardization, consistent contract terms and end-to-end contract management, improved utilization, bulk purchases, focused spending with a smaller number of vendors, and operational improvements. Same-hospital supplies expense as a percentage of net operating revenues in the three months ended March 31, 2024 was comparable with the same period in 2023.

Other Operating Expenses, Net

Same-hospital other operating expenses increased by $44 million, or 5.0%, in the three months ended March 31, 2024 compared to the same period in 2023. The changes in other operating expenses for the three months ended March 31, 2024 included:

- medical fees were $21 million higher;
- gains recognized during the 2024 period were $9 million lower; and
- higher legal and consulting fees of $6 million; partially offset by
- a decrease of $21 million in malpractice expense.

Same-hospital other operating expenses as a percentage of net operating revenues decreased by 90 basis points to 23.0% for the three months ended March 31, 2024 compared to 23.9% for the three months ended March 31, 2023.

Ambulatory Care Segment

Our Ambulatory Care segment is comprised of USPI's ASCs and surgical hospitals. USPI operates its surgical facilities in partnership with local physicians and, in many of these facilities, a health system partner. In most cases, we hold ownership interests in the facilities and operate them through a separate legal entity. USPI operates facilities on a day-to-day basis through management services contracts. Our sources of earnings from each facility consist of:

- management and administrative services revenues from the facilities USPI operates through management services contracts, usually computed as a percentage of each facility's net revenues; and
- our share of each facility's net income (loss), which is computed by multiplying the facility's net income (loss) times the percentage of each facility's equity interests owned by USPI.

Our role as an owner and day-to-day manager provides us with significant influence over the operations of each facility. For many of the facilities our Ambulatory Care segment holds an ownership interest in (157 of 537 facilities at March 31, 2024), this influence does not represent control of the facility, so we account for our investment in each of these facilities under the equity method for an unconsolidated affiliate. USPI controls 380 of the facilities our Ambulatory Care segment operates, and we account for these investments as consolidated subsidiaries. Our net earnings from a facility are the same under either method, but the classification of those earnings differs. For consolidated subsidiaries, our financial statements reflect 100% of the revenues and expenses of the subsidiaries. The net profit attributable to owners other than USPI is classified within net income available to noncontrolling interests. For unconsolidated affiliates, our statements of operations reflect our earnings in two line items:

- *equity in earnings of unconsolidated affiliates* —our share of the net income (loss) of each facility, which is based on the facility's net income (loss) and the percentage of the facility's outstanding equity interests owned by USPI; and
- *management and administrative services revenues, which is included in our net operating revenues* —income we earn in exchange for managing the day-to-day operations of each facility, usually computed as a percentage of each facility's net revenues.

Our Ambulatory Care segment's operating income is driven by the performance of all facilities USPI operates and by USPI's ownership interests in those facilities, but our individual revenue and expense line items contain only consolidated businesses, which represent 71% of those facilities. This translates to trends in consolidated operating income that often do not correspond with changes in consolidated revenues and expenses, which is why we disclose certain statistical and financial data on a pro forma systemwide basis that includes both consolidated and unconsolidated (equity method) facilities.

The following table presents selected revenue and expense information for our Ambulatory Care segment:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Increase (Decrease)
Net operating revenues	$ 995	$ 905	9.9 %
Equity in earnings of unconsolidated affiliates	$ 56	$ 47	19.1 %
Salaries, wages and benefits	$ 237	$ 235	0.9 %
Supplies	$ 274	$ 257	6.6 %
Other operating expenses, net	$ 146	$ 120	21.7 %

Revenues

Our Ambulatory Care segment's net operating revenues increased by $90 million, or 9.9%, during the three months ended March 31, 2024 compared to the same period in 2023. The change was driven by an increase from acquisitions of $67 million, as well as a $32 million increase in same-facility net operating revenues due primarily to negotiated commercial rate increases. These impacts were partially offset by a decrease of $9 million in net operating revenues due primarily to the closure and deconsolidation of certain facilities.

Salaries, Wages and Benefits

Salaries, wages and benefits expense increased by $2 million, or 0.9%, during the three months ended March 31, 2024 compared to the same period in 2023. This change was driven by an increase from acquisitions of $16 million, partially offset by a $5 million decrease in same-facility salaries, wages and benefits expense and a decrease of $9 million primarily due to the closure and deconsolidation of certain facilities. As a percentage of net operating revenues, salaries, wages and benefits expense decreased to 23.8% for the three months ended March 31, 2024 from 26.0% for the same period in 2023 due to enhanced labor management processes. Salaries, wages and benefits expense included $4 million of stock-based compensation expense in both of the three-month periods ended March 31, 2024 and 2023.

Supplies

Supplies expense increased by $17 million, or 6.6%, during the three months ended March 31, 2024 compared to the same period in 2023. The change was driven by an increase from acquisitions of $17 million, as well as a $6 million increase in same-facility supplies expense due primarily to higher prices for certain supplies, partially offset by a decrease of $6 million attributable to the closure and deconsolidation of certain facilities. Supplies expense as a percentage of net operating revenues decreased to 27.5% for the three months ended March 31, 2024 from 28.4% for the same period in 2023.

Other Operating Expenses, Net

Other operating expenses increased by $26 million, or 21.7%, during the three months ended March 31, 2024 compared to the same period in 2023. The change was driven by a $20 million increase in same-facility other operating expenses and an increase from acquisitions of $10 million, partially offset by a decrease of $4 million primarily due to the closure and deconsolidation of certain facilities. Other operating expenses as a percentage of net operating revenues increased to 14.7% for the three months ended March 31, 2024 from 13.2% for the same period in 2023.

Facility Growth

The following table presents the year-over-year changes in our same-facility revenue and cases on a pro forma systemwide basis, which includes both consolidated and unconsolidated (equity method) facilities.

	Three Months Ended March 31, 2024
Net revenues	6.4 %
Cases	(0.4)%
Net revenue per case	6.8 %

While we do not record the revenues of unconsolidated facilities, we believe this information is important in understanding the financial performance of our Ambulatory Care segment because these revenues are the basis for calculating our management services revenues and, together with the expenses of our unconsolidated facilities, are the basis for our equity in earnings of unconsolidated affiliates.

Joint Ventures with Health System Partners

USPI's business model is to jointly own its facilities with local physicians and, in many of these facilities, a health system partner. The table below provides information about the ownership structure of the facilities operated by our Ambulatory Care segment:

	March 31, 2024
Owned with a health system partner	217
Owned without a health system partner	320
Total	**537**

Facility Acquisitions and Investment

The table below presents the aggregate amounts we paid to acquire various ownership interests in ambulatory care facilities:

	Three Months Ended March 31,	
	2024	2023
Controlling interests	$ 439	$ 48
Equity investment in unconsolidated affiliates and consolidated facilities	8	3
Total	**$ 447**	**$ 51**

The table below reflects the change in the number of facilities operated by our Ambulatory Care segment since December 31, 2023:

	Three Months Ended March 31, 2024
Acquisitions	45
De novo	1
Dispositions/Mergers	(6)
Net increase in number of facilities operated	**40**

During the three months ended March 31, 2024, we acquired controlling interests in 45 ASCs located in 18 different states. Of these facilities, 43 are jointly owned with physicians, and two are jointly owned with a health system partner and physicians. We also acquired a controlling ownership interest in a previously unconsolidated ASC in Florida during this period. We paid an aggregate of $439 million to acquire controlling ownership interests in all of the aforementioned facilities during the three months ended March 31, 2024.

We also regularly engage in the purchase of equity interests with respect to our investments in unconsolidated affiliates and consolidated facilities that do not result in a change in control. These transactions are primarily the acquisitions of equity interests in ASCs and the investment of additional cash in facilities that need capital for new acquisitions, new construction or other business growth opportunities. During the three months ended March 31, 2024, we invested approximately $8 million in such transactions.

Consolidated

Impairment and Restructuring Charges, and Acquisition-Related Costs

The following tables present information about our impairment and restructuring charges, and acquisition-related costs:

	Three Months Ended March 31,	
	2024	2023
Consolidated:		
Impairment charges	$ 1	$ 1
Restructuring charges	14	18
Acquisition-related costs	12	2
Total impairment and restructuring charges, and acquisition-related costs	**$ 27**	**$ 21**

	Three Months Ended March 31,	
	2024	2023
By segment:		
Hospital Operations	$ 15	$ 18
Ambulatory Care	12	3
Total impairment and restructuring charges, and acquisition-related costs	**$ 27**	**$ 21**

During the three months ended March 31, 2024, restructuring charges consisted of $7 million of legal costs related to the sale of certain businesses, $3 million related to the transition of various administrative functions to our GBC and $4 million of other restructuring costs. Restructuring charges for the three months ended March 31, 2023 consisted of $4 million of employee severance costs, $4 million related to the transition of various administrative functions to our GBC, $4 million of legal costs related to the sale of certain businesses, $3 million of contract and lease termination fees, and $3 million of other restructuring costs. Acquisition-related costs for both of the three-month periods in 2024 and 2023 consisted entirely of transaction costs.

Litigation and Investigation Costs

Litigation and investigation costs were $4 million for both of the three-month periods ended March 31, 2024 and 2023.

Net Gains on Sales, Consolidation and Deconsolidation of Facilities

We recorded gains from the sale, consolidation and deconsolidation of facilities totaling $2.500 billion during the three months ended March 31, 2024. This activity included a pre-tax gain of $1.673 billion related to our sale of the SC Hospitals, a pre-tax gain of $529 million from the sale of the OCLA CA Hospitals, a pre-tax gain of $278 million from our sale of the Central CA Hospitals and a gain of $23 million from the sale of two ASCs.

During the three months ended March 31, 2023, we recorded gains of $13 million related to the sale and consolidation of facilities.

Interest Expense

Interest expense for the three months ended March 31, 2024 and 2023 was $218 million and $221 million, respectively.

Loss from Early Extinguishment of Debt

We incurred a loss of $8 million during the three months ended March 31, 2024 related to the redemption of our 2026 Senior Secured First Lien Notes. This loss derived from the write-off of unamortized issuance costs associated with these notes. We did not incur any losses related to the early extinguishment of debt during the three months ended March 31, 2023.

Income Tax Expense

During the three months ended March 31, 2024 and 2023, we recorded income tax expense of $750 million and $84 million, respectively, on pre-tax income of $3.084 billion and $380 million, respectively. During the three months ended March 31, 2024, we recorded an income tax benefit of $185 million to decrease the valuation allowance for utilization of interest expense carryforwards primarily due to gains from sales of facilities. During the three months ended March 31, 2023, we recorded income tax expense of $19 million, to increase the valuation allowance for interest expense carryforwards as a result of the limitation on business interest expense.

A reconciliation between the amount of reported income tax expense and the amount computed by multiplying income from continuing operations before income taxes by the statutory federal tax rate is presented below:

	Three Months Ended March 31,	
	2024	2023
Tax expense at statutory federal rate of 21%	$ 648	$ 80
State income taxes, net of federal income tax benefit	203	16
Tax benefit attributable to noncontrolling interests	(38)	(32)
Nondeductible goodwill	126	—
Stock-based compensation tax benefit	(5)	(2)
Changes in valuation allowance	(185)	19
Other items	1	3
Income tax expense	**$ 750**	**$ 84**

Net Income Available to Noncontrolling Interests

Net income available to noncontrolling interests was $183 million for the three months ended March 31, 2024 compared to $153 million for the same period in 2023. Net income available to noncontrolling interests in the 2024 period was comprised of $153 million related to our Ambulatory Care segment and $30 million related to our Hospital Operations segment.

ADDITIONAL SUPPLEMENTAL NON-GAAP DISCLOSURES

As noted in the introduction to MD&A, we use certain non-GAAP financial measures, including Adjusted EBITDA, in this report and in communications with investors, analysts, rating agencies, banks and others to assist such parties in understanding the impact of various items on our financial statements. We believe Adjusted EBITDA is useful to investors and analysts because it presents additional information about our financial performance. Investors, analysts, company management and our board of directors utilize this non-GAAP measure, in addition to GAAP measures, to track our financial and operating performance and compare that performance to peer companies, which utilize similar non-GAAP measures in their presentations. The human resources committee of our board of directors also uses certain non-GAAP measures to evaluate management’s performance for the purpose of determining incentive compensation. We believe that Adjusted EBITDA is a useful measure, in part, because certain investors and analysts use both historical and projected Adjusted EBITDA, in addition to GAAP and other non-GAAP measures, as factors in determining the estimated fair value of shares of our common stock. Company management also regularly reviews the Adjusted EBITDA performance for each reporting segment. We do not use Adjusted EBITDA to measure liquidity, but instead to measure operating performance. The non-GAAP Adjusted EBITDA measure we utilize may not be comparable to similarly titled measures reported by other companies. Because this measure excludes many items that are included in our financial statements, it does not provide a complete measure of our operating performance. Accordingly, investors are encouraged to use GAAP measures when evaluating our financial performance.

The following table presents the reconciliation of Adjusted EBITDA to net income available to Tenet Healthcare Corporation common shareholders (the most comparable GAAP term):

	Three Months Ended March 31,	
	2024	2023
Net income available to Tenet Healthcare Corporation common shareholders	**$ 2,151**	**$ 143**
Less:		
Net income available to noncontrolling interests	(183)	(153)
Income tax expense	(750)	(84)
Loss from early extinguishment of debt	(8)	—
Other non-operating income (expense), net	25	(2)
Interest expense	(218)	(221)
Operating income	3,285	603
Litigation and investigation costs	(4)	(4)
Net gains on sales, consolidation and deconsolidation of facilities	2,500	13
Impairment and restructuring charges, and acquisition-related costs	(27)	(21)
Depreciation and amortization	(208)	(217)
Adjusted EBITDA	**$ 1,024**	**$ 832**
Net operating revenues	**$ 5,368**	**$ 5,021**
Net income available to Tenet Healthcare Corporation common shareholders as a % of net operating revenues	**40.1 %**	**2.8 %**
Adjusted EBITDA as a % of net operating revenues (Adjusted EBITDA margin)	**19.1 %**	**16.6 %**

LIQUIDITY AND CAPITAL RESOURCES

CASH REQUIREMENTS

There have been no material changes to our obligations to make future cash payments under scheduled contractual obligations, such as debt and lease agreements, and under contingent commitments, such as standby letters of credit and minimum revenue guarantees, as disclosed in our Annual Report, except for the matters set forth below and the additional lease obligations and other long-term debt transactions disclosed in Notes 1 and 6, respectively, to our accompanying Condensed Consolidated Financial Statements.

Long-Term Debt

At March 31, 2024, using the last 12 months of Adjusted EBITDA, our ratio of total long-term debt, net of cash and cash equivalent balances, to Adjusted EBITDA was 2.79x. We anticipate this ratio will fluctuate from quarter to quarter based on earnings performance and other factors, including in the event we use our Credit Agreement as a source of liquidity or enter into acquisitions that involve the assumption of long-term debt. We seek to manage this ratio and increase the efficiency of our balance sheet by following our business plan and managing our cost structure, including through potential future asset divestitures, and through other changes in our capital structure. As part of our long-term objective to manage our capital structure, we continue to evaluate opportunities to retire, purchase, redeem and refinance outstanding debt subject to prevailing market conditions, our liquidity requirements, operating results, contractual restrictions and other factors. Our ability to improve our leverage and capital structure is subject to numerous risks and uncertainties, many of which are described in the Forward-Looking Statements and Risk Factors sections in Part I of our Annual Report.

Interest payments, net of capitalized interest, were $162 million and $177 million in the three months ended March 31, 2024 and 2023, respectively.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that may have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, except for $246 million of standby letters of credit outstanding and guarantees at March 31, 2024.

Other Cash Requirements

Our capital expenditures primarily relate to the expansion and renovation of existing facilities (including amounts to comply with applicable laws and regulations), hospital expansion focused on higher acuity services, equipment and information systems additions and replacements, introduction of new medical technologies (including robotics), design and construction of new facilities, and various other capital improvements. We continue to implement our portfolio diversification strategy into ambulatory surgery and have a baseline intention to invest $250 million annually in ambulatory business acquisitions and de novo facilities. Capital expenditures were $240 million and $235 million in the three months ended March 31, 2024 and 2023, respectively.

We anticipate that our capital expenditures for continuing operations for the year ending December 31, 2024 will total approximately $800 million to $900 million, including $154 million that was accrued as a liability at December 31, 2023.

We made income tax payments, net of tax refunds, of $5 million during the three months ended March 31, 2024 and less than $1 million during the same period in 2023.

SOURCES AND USES OF CASH

Our liquidity for the three months ended March 31, 2024 was primarily derived from net cash provided by operating activities, cash on hand and the proceeds from the sale of the SC Hospitals, the OCLA CA Hospitals and the Central CA Hospitals (together, the "Divested Hospitals"). We had $2.481 billion of cash and cash equivalents on hand at March 31, 2024 to fund our operations and capital expenditures, and our borrowing availability under our Credit Agreement was $1.500 billion based on our borrowing base calculation at March 31, 2024.

Our primary source of operating cash is the collection of accounts receivable. As such, our operating cash flow is impacted by levels of cash collections, as well as levels of implicit price concessions, due to shifts in payer mix and other factors. Our Credit Agreement provides additional liquidity to manage fluctuations in operating cash caused by these factors.

Net cash provided by operating activities was $586 million in the three months ended March 31, 2024 compared to $449 million in the three months ended March 31, 2023. Key factors contributing to the change between the 2024 and 2023 periods included the following:

- An increase in net income before interest, taxes, depreciation and amortization, impairment and restructuring charges, acquisition-related costs, litigation costs and settlements, loss from early extinguishment of debt, other non-operating income or expense, and net gains on sales, consolidation and deconsolidation of facilities of $192 million;
- Reduced cash outflows of $93 million due to a timing difference in our annual 401(k) match funding; and
- The timing of other working capital items, including the impact of the disruption caused by the Change Healthcare cyberattack on the billing and collection of our patient accounts receivable in the 2024 period, which contributed to an increase of 2.7 AR Days between December 31, 2023 and March 31, 2024.

Net cash provided by investing activities was $3.328 billion during the three months ended March 31, 2024 as compared to net cash used of $286 million during the three months ended March 31, 2023. Key factors contributing to the change between the 2024 and 2023 periods included the following: (1) proceeds from sales of facilities and other assets were $4.017 billion higher during the 2024 period, primarily due to the sale of the Divested Hospitals, partially offset by (2) increased payments of $401 million for purchases of businesses or joint venture interests due to our Ambulatory Care segment's acquisition activity during the three months ended March 31, 2024.

Net cash used in financing activities was $2.661 billion and $255 million in the three months ended March 31, 2024 and 2023, respectively. The primary factors contributing to the change between the 2024 and 2023 periods included (1) the redemption of all $2.100 billion aggregate principal amount then outstanding of our 2026 Senior Secured First Lien Notes, (2) payments totaling $278 million to repurchase 2,811 thousand shares of our common stock under our share repurchase program and (3) distributions of $162 million to noncontrolling interest holders.

We record our equity securities and our debt securities classified as available-for-sale at fair market value. The majority of our investments are valued based on quoted market prices or other observable inputs. We have no investments that we expect will be negatively affected by the current economic conditions and materially impact our financial condition, results of operations or cash flows.

DEBT INSTRUMENTS, GUARANTEES AND RELATED COVENANTS

Credit Agreement—At March 31, 2024, our Credit Agreement provided for revolving loans in an aggregate principal amount of up to $1.500 billion with a $200 million subfacility for standby letters of credit. At March 31, 2024, we had no cash borrowings outstanding under the Credit Agreement, and we had less than $1 million of standby letters of credit outstanding. Based on our eligible receivables, $1.500 billion was available for borrowing under the Credit Agreement at March 31, 2024. We were in compliance with all covenants and conditions in our Credit Agreement at March 31, 2024.

Letter of Credit Facility—We have a letter of credit facility (as amended to date, the "LC Facility") that provides for the issuance, from time to time, of standby and documentary letters of credit in an aggregate principal amount of up to $200 million. At March 31, 2024, we were in compliance with all covenants and conditions in the LC Facility, and we had $110 million of standby letters of credit outstanding thereunder.

Senior Unsecured Notes and Senior Secured Notes— At March 31, 2024, we had outstanding senior unsecured notes and senior secured notes with aggregate principal amounts outstanding of $12.662 billion. These notes have fixed interest rates and require semi-annual interest payments in arrears. The principal and any accrued but unpaid interest is due upon the maturity date of the respective notes, which dates are staggered from February 2027 through November 2031.

In March 2024, we redeemed all $2.100 billion aggregate principal amount outstanding of our 2026 Senior Secured First Lien Notes in advance of their maturity date. We used $2.100 billion of cash on hand to redeem the notes.

For additional information regarding our long-term debt, see Note 6 to the accompanying Condensed Consolidated Financial Statements and Note 8 to the Consolidated Financial Statements included in our Annual Report.

LIQUIDITY

From time to time, we expect to engage in additional capital markets, bank credit and other financing activities depending on our needs and financing alternatives available at that time. We believe our existing debt agreements provide flexibility for future secured or unsecured borrowings.

Our cash on hand fluctuates day-to-day throughout the year based on the timing and levels of routine cash receipts and disbursements, including our book overdrafts, and required cash disbursements, such as interest payments and income tax payments. Cash flows from operating activities in the first quarter of the calendar year are usually lower than in subsequent quarters of the year, primarily due to the timing of certain working capital requirements during the first quarter, including our annual 401(k) matching contributions and annual incentive compensation payments. These fluctuations can result in material intra-quarter net operating and investing uses of cash that have caused, and in the future may cause, us to use our Credit Agreement as a source of liquidity. We believe that existing cash and cash equivalents on hand, borrowing availability under our Credit Agreement and anticipated future cash provided by our operating activities should be adequate to meet our current cash needs. These sources of liquidity, in combination with any potential future debt incurrence, should also be adequate to finance planned capital expenditures, payments on the current portion of our long-term debt, payments to current and former joint venture partners, including those related to our share purchase agreement with Baylor, and other presently known operating needs.

Long-term liquidity for debt service and other purposes will be dependent on the amount of cash provided by operating activities and, subject to favorable market and other conditions, the successful completion of future borrowings and potential refinancings. However, our cash requirements could be materially affected by the use of cash in acquisitions of businesses, repurchases of securities, the exercise of put rights or other exit options by our joint venture partners, and contractual or regulatory commitments to fund capital expenditures in, or intercompany borrowings to, businesses we own. In addition, liquidity could be adversely affected by a deterioration in our results of operations, including our ability to generate sufficient cash from operations, as well as by the various risks and uncertainties discussed in this section, other sections of this report and in our Annual Report, including any costs associated with legal proceedings and government investigations.

We have not relied on commercial paper or other short-term financing arrangements or entered into repurchase agreements or other short-term financing arrangements not otherwise reported in our balance sheet. In addition, we do not have significant exposure to floating interest rates given that all of our current long-term indebtedness has fixed rates of interest except for borrowings, if any, under our Credit Agreement.

CRITICAL ACCOUNTING ESTIMATES

In preparing our Condensed Consolidated Financial Statements in conformity with GAAP, we must use estimates and assumptions that affect the amounts reported in our Condensed Consolidated Financial Statements and accompanying notes. We regularly evaluate the accounting policies and estimates we use. In general, we base the estimates on historical experience and on assumptions that we believe to be reasonable, given the particular circumstances in which we operate. Actual results may vary from those estimates.

We consider our critical accounting estimates to be those that (1) involve significant judgments and uncertainties, (2) require estimates that are more difficult for management to determine, and (3) may produce materially different outcomes under different conditions or when using different assumptions. Our critical accounting estimates have not changed from the description provided in our Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following table presents information about certain of our market-sensitive financial instruments at March 31, 2024. The fair values were determined based on quoted market prices for the same or similar instruments. The average effective interest rates presented are based on the rate in effect at the end of the reporting period. The effects of unamortized discounts and issue costs are excluded from the table.

	Maturity Date, Years Ending December 31,							
	2024	2025	2026	2027	2028	Thereafter	Total	Fair Value
					(Dollars in Millions)			
Fixed-rate long-term debt	$ 91	$ 74	$ 37	$ 3,025	$ 3,111	$ 6,648	$ 12,986	$ 12,614
Average effective interest rates	7.3 %	7.7 %	8.6 %	5.7 %	5.8 %	5.6 %	5.7 %	

We have no affiliation with partnerships, trusts or other entities (sometimes referred to as “special-purpose” or “variable-interest” entities) whose purpose is to facilitate off-balance sheet financial transactions or similar arrangements by us. As a result, we have no exposure to the financing, liquidity, market or credit risks associated with such entities. We do not hold or issue derivative instruments for trading purposes and are not a party to any instruments with leverage or prepayment features.

ITEM 4. CONTROLS AND PROCEDURES

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined by Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report with respect to our operations that existed prior to the acquisition of controlling ownership interests in 45 centers by our Ambulatory Care segment’s subsidiaries during the quarter ended March 31, 2024. The evaluation was performed under the supervision and with the participation of management, including our chief executive officer and chief financial officer. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective as of March 31, 2024 to ensure that material information is recorded, processed, summarized and reported by management on a timely basis in order to comply with our disclosure obligations under the Exchange Act and the SEC rules thereunder.

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Because we provide healthcare services in a highly regulated industry, we have been and expect to continue to be party to various lawsuits, claims and regulatory investigations from time to time. For information regarding material legal proceedings in which we are involved, see Note 12 to our accompanying Condensed Consolidated Financial Statements, which is incorporated by reference.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below presents share repurchase transactions completed during the three months ended March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program(1)	Maximum Dollar Value of Shares That May Yet be Purchased Under the Program
	(In Thousands)		(In Thousands)	(In Millions)
January 1 through January 31, 2024	—	$ —	—	$ 550
February 1 through February 29, 2024	—	$ —	—	$ 550
March 1 through March 31, 2024	2,811	$ 98.86	2,811	$ 272

(1) In October 2022, our board of directors authorized the repurchase of up to $1 billion of our common stock through a share repurchase program that expires on December 31, 2024. The share repurchase program does not obligate us to acquire any particular amount of common stock, and it may be suspended for periods or discontinued at any time before its scheduled expiration.

These repurchases were made, and any future repurchases will be made, in open-market or privately negotiated transactions, at management's discretion subject to market conditions and other factors, and in a manner consistent with applicable securities laws and regulations.

The table does not include shares tendered to satisfy the exercise price in connection with cashless exercises of employee stock options or shares tendered to satisfy tax withholding obligations in connection with employee or director equity awards.

ITEM 5. OTHER INFORMATION

(c) Trading Plans

During the three months ended March 31, 2024, none of our directors or Section 16 officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

Unless otherwise indicated, the following exhibits are filed (or, in the case of Exhibit 32, furnished) with this report:

(10) Material Contracts

(a) Forms of Award used to evidence (i) grants of time-based restricted stock units and (ii) grants of performance-based restricted stock units, in each case after 2023 to Saumya Sutaria, M.D. under the Tenet Healthcare 2019 Stock Incentive Plan*

(b) Forms of Award used to evidence (i) grants of time-based restricted stock units and (ii) grants of performance-based restricted stock units, in each case after 2023 to executives other than the Chief Executive Officer, under the Tenet Healthcare 2019 Stock Incentive Plan*

(31) Rule 13a-14(a)/15d-14(a) Certifications

(a) Certification of Saumya Sutaria, M.D., Chief Executive Officer

(b) Certification of Sun Park, Executive Vice President and Chief Financial Officer

(32) Section 1350 Certifications of Saumya Sutaria, M.D., Chief Executive Officer, and Sun Park, Executive Vice President and Chief Financial Officer

(101 SCH) Inline XBRL Taxonomy Extension Schema Document

(101 CAL) Inline XBRL Taxonomy Extension Calculation Linkbase Document

(101 DEF) Inline XBRL Taxonomy Extension Definition Linkbase Document

(101 LAB) Inline XBRL Taxonomy Extension Label Linkbase Document

(101 PRE) Inline XBRL Taxonomy Extension Presentation Linkbase Document

(101 INS) Inline XBRL Taxonomy Extension Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document

(104) Cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 formatted in Inline XBRL (included in Exhibit 101)

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* Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TENET HEALTHCARE CORPORATION
(Registrant)

Date: April 30, 2024	By:	/s/ R. SCOTT RAMSEY
		R. Scott Ramsey
		Senior Vice President, Controller
		(Principal Accounting Officer)

Exhibit 10(a)

TENET HEALTHCARE 2019 STOCK INCENTIVE PLAN
TERMS AND CONDITIONS OF
RESTRICTED STOCK UNIT AWARD

The Human Resources Committee (the "**Committee**") of the Board of Directors of Tenet Healthcare Corporation (the "**Company**") is authorized under the Company's 2019 Stock Incentive Plan, as such may be amended from time to time (the "**Plan**"), to make awards of restricted stock units ("**RSUs**") and to determine the terms of such RSUs.

On **[Grant Date]** (the "**Grant Date**"), the Committee granted you, Saumya Sutaria, M.D. ("**You**"), an award of RSUs. The RSUs were granted by the Committee subject to the terms and conditions set forth below in this certificate (the "**Certificate**"). The RSUs are also subject to the terms and conditions of the Plan, which is incorporated herein by this reference. Each capitalized term not otherwise defined herein will have the meaning given to such term in the Plan.

1. Grant. The Committee has granted to You RSUs representing the right to receive **[Shares Granted]** Shares in consideration for services to be performed by You for the Company or an Affiliate.

2. Vesting. Subject to Sections 3 and 4 below, the RSUs will vest as follows: (a) one-third will vest on the first anniversary of the Grant Date, (b) one-third will vest on the second anniversary of the Grant Date, and (c) one-third will vest on the third anniversary of the Grant Date (each one-year period, a "**Vesting Period**").

   If Your employment terminates or if You cease providing services to the Company or an Affiliate for any reason other than as set forth in Sections 3 or 4 below, Your unvested RSUs will automatically be cancelled upon such termination of employment or services in exchange for no consideration.

3. Certain Termination Events. In the event that Your termination of employment occurs as result of your death, Disability (as defined in that certain Amended and Restated Employment Agreement by and between You and the Company, effective as of September 1, 2021, the "**Employment Agreement**")), by the Company without Cause (as defined in the Employment Agreement) or by You for Good Reason (as defined in the Employment Agreement) (each, a "**Termination Event**"), Your unvested RSUs will vest in full on the date of such a Termination Event.

4. Change in Control. In the event of a Change in Control, the following provisions will apply:

   (a) If the successor company assumes the RSUs or substitutes other restricted stock units for such RSUs (or agrees to assume or substitute such awards) and You incur a Qualifying Termination within the Protection Period, unvested RSUs (or substitute restricted stock units) will fully vest on the later of (i) the date of Your Qualifying Termination or (ii) immediately prior to the occurrence of the Change in Control.

   (b) If the successor company does not assume the RSUs, or substitute other restricted stock units for the RSUs, unvested RSUs will fully vest immediately prior to the occurrence of the Change in Control.

   In the event You incur a Qualifying Termination not within the Protection Period, the provisions of Section 3 will apply.

5. Settlement; Tax Withholding. Upon the vesting of Your RSUs, Your RSUs will be settled in Shares within 60 days and You will recognize ordinary income. Notwithstanding the foregoing, to the extent required to comply with Section 409A of the Code, if You are a "specified employee" within the meaning of Section 409A of the Code, and the vesting of Your RSUs is triggered as a result of Your termination of employment, the delivery of Shares shall be delayed until (a) the six-month anniversary of Your separation from service (within the meaning of Section 409A) or (b) if earlier, as soon as practicable following Your death. The Company is required to withhold payroll taxes due with respect to that ordinary income. Pursuant to the Plan, at its option the Committee either may (i) have the Company withhold Shares having a Fair Market Value equal to the amount of the tax withholding or (ii) require You to pay to the Company the amount of the tax withholding.

6. Rights as Shareholder. You will not have any rights of a shareholder prior to the receipt of Your Shares, and will obtain such rights only upon Your receipt of the Shares, at which time You will have all of the rights of a shareholder with respect to the Shares received upon the vesting of those RSUs, including the right to vote those Shares and receive all dividends and other distributions, if any, paid or made with respect thereto. Any Shares or cash distributed as dividends with respect to the Shares underlying the RSUs will be subject to the same vesting schedule as the underlying RSUs and shall be settled as provided in Section 5.

7. Transferability. The RSUs generally may not be transferred, assigned or made subject to any encumbrance, pledge, or charge. Limited exceptions to this rule apply in the case of death, divorce, or gift as provided in Section 12.3 of the Plan.

8. Clawback. Any RSUs You are granted hereunder and/or Shares You receive in settlement of such RSUs, in addition to all other Awards granted to You under the Plan and/or Shares or cash You receive in settlement of such Awards, shall be subject to recovery by the Company in the circumstances and manner provided in any Incentive Compensation Clawback Policy that may be adopted or implemented by the Company and in effect from time to time on or after the date hereof, and You shall effectuate any such recovery at such time and in such manner as the Company may specify. For purposes of this Certificate, the term "**Incentive Compensation Clawback Policy**" means and includes any clawback or recoupment policy that the Company may adopt or implement.

9. Effect on Other Employee Benefit Plans. The value of the RSUs evidenced by this Certificate will not be included as compensation, earnings, salaries, or other similar terms used when calculating Your benefits under any employee benefit plan sponsored by the Company or an Affiliate, except as such plan otherwise expressly provides.

10. No Employment Rights. Nothing in this Certificate will confer upon You any right to continue in the employ or service of the Company or any Affiliate or affect the right of the Company or an Affiliate to terminate Your employment at any time with or without cause.

11. Amendment. By written notice to You, the Committee reserves the right to amend the Plan or the provisions of this Certificate provided that no such amendment will impair in any material respect Your rights under this Certificate without Your consent except as required to comply with applicable securities laws or Section 409A of the Code.

12. Severability. If any term or provision of this Certificate is declared by any court or government authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any term or provision of this Certificate not declared to be unlawful or invalid. Any term or provision of this Certificate so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to such term or provision to the fullest extent possible while remaining lawful and valid.

13. Construction. A copy of the Plan has been made available to You and additional copies of the Plan are available upon request to the Company's Corporate Secretary at the Company's principal executive office during normal business hours. To the extent that any term or provision of this Certificate violates or is inconsistent with an express term or provision of the Plan, the Plan term or provision shall govern and any inconsistent term or provision in this Certificate shall be of no force or effect.

14. Binding Effect and Benefit. This Certificate shall be binding upon and, subject to the terms and conditions hereof, inure to the benefit of the Company, its successors and assigns, and You and Your successors and assigns.

15. Entire Understanding. This Certificate and the Plan embody the entire understanding and agreement of the Company and You in relation to the subject matter hereof, and no promise, condition, representation or warranty, expressed or implied, not herein stated, shall bind the Company or You.

16. Governing Law. This Certificate shall be governed by, and construed in accordance with, the laws of the State of Nevada, without reference to principles of conflict of laws.

Electronic Signature: **[Electronic Signature]**

Acceptance Date: **[Acceptance Date]**

TENET HEALTHCARE 2019 STOCK INCENTIVE PLAN
TERMS AND CONDITIONS OF
RESTRICTED STOCK UNIT PERFORMANCE AWARD

The Human Resources Committee (the "**Committee**") of the Board of Directors of Tenet Healthcare Corporation (the "**Company**") is authorized under the Company's 2019 Stock Incentive Plan, as such may be amended from time to time (the "**Plan**"), to make awards of restricted stock units ("**RSUs**") and to determine the terms of such RSUs.

On **[Grant Date]** (the "**Grant Date**"), the Committee granted you, Saumya Sutaria, M.D. ("**You**"), an award of RSUs. The RSUs were granted by the Committee subject to the terms and conditions set forth below in this certificate (the "**Certificate**"). The RSUs are also subject to the terms and conditions of the Plan, which is incorporated herein by this reference. Each capitalized term not otherwise defined herein will have the meaning given to such term in the Plan.

1. Grant. The Committee has granted to You RSUs representing the right to earn **[Shares Granted]** Shares based upon target achievement of applicable performance goals (the "**Target RSUs**") in consideration for services to be performed by You for the Company or an Affiliate. Subject to Sections 3 and 4, from 0% to 250% of the Target RSUs may vest hereunder subject to the attainment of Performance Criteria (as defined below).

2. Performance Criteria.

   (a) *Performance Period.* Your RSUs are subject to a three-year performance period that began on January 1, 2024 and ends on December 31, 2026 (the "**Performance Period**").

   (b) *Performance Measures.* Your RSUs will provisionally vest based on the Company's achievement of the performance goals as follows:

      (i) Between 0% and 200% of one-third of the Target RSUs will vest based on achievement of the 2024 performance goals set forth set forth in Appendix A for fiscal year 2024;

      (ii) Between 0% and 200% of one-third of the Target RSUs will vest based on achievement of the 2025 performance goals established by the Committee and communicated to You promptly thereafter for fiscal year 2025; and

      (iii) Between 0% and 200% of one-third of the Target RSUs will vest based on achievement of the 2026 performance goals established by the Committee and communicated to You promptly thereafter for fiscal year 2026.

   Following completion of the Performance Period, the provisionally vested RSUs will be subject to adjustment based on the Company's Relative TSR (as defined in Appendix A) for the Performance Period as set forth in Appendix A. The performance goals set forth in Appendix A and each of the performance goals established by the Committee for fiscal years 2025 and 2026 shall be collectively referred to as herein as the "**Performance Criteria**".

3. Vesting. The RSUs that have provisionally vested under Section 2 above will vest on the third anniversary of the Grant Date (the "**Vesting Date**"). If Your employment terminates or if You cease providing services to the Company or an Affiliate for any reason prior to the Vesting Date, other than as set forth in Section 4 or 5 below, Your unvested RSUs (even if provisionally vested) will be automatically cancelled.

4. Certain Termination Events. In the event that Your termination of employment occurs as result of your death, Disability (as defined in that certain Amended and Restated Employment Agreement by and between You and the Company, effective as of September 1, 2021, the "**Employment Agreement**")), by the Company without Cause (as defined in the Employment Agreement) or by You for Good Reason (as defined in the Employment Agreement) (each, a "Termination Event"), Your RSUs will vest on the date of such a Termination Event based on (i) the Company's actual performance with respect to the applicable Performance Criteria during such completed portion of the Performance Period that has provisionally vested on or prior to such a Termination Event and (ii) assuming target achievement of the applicable Performance Criteria for such incomplete portion of the Performance Period that has not provisionally vested on or prior to such a Termination Event.

5. Change in Control. In the event of a Change in Control, the following provisions will apply:

(a) If the successor company assumes the RSUs or substitutes other restricted stock units for such RSUs (or agrees to assume or substitute such awards) and You incur a Termination Event within the Protection Period, the unvested RSUs (or substitute restricted stock units) will vest as provided in Section 4 above.

(b) If the successor company does not assume the RSUs, or substitute other restricted stock units for the RSUs, and if either (i) the Change in Control occurs within the Performance Period, then each of the Performance Criteria will be deemed to have been met at the target level and unvested RSUs representing the Target RSUs will fully vest immediately prior to the occurrence of the Change in Control or (ii) the Change in Control occurs after the end of the Performance Period, but prior to the Vesting Date, then Your provisionally vested RSUs will fully vest immediately prior to the occurrence of the Change in Control.

(c) In lieu of (a) or (b), the Committee may declare the level at which the Performance Criteria are deemed to be met and the unvested RSUs will vest to that extent immediately prior to the occurrence of the Change in Control.

6. Settlement; Tax Withholding. Upon the vesting of Your RSUs, Your RSUs will be settled in Shares within 60 days and You will recognize ordinary income. Notwithstanding the foregoing, to the extent required to comply with Section 409A of the Code, if You are a "specified employee" within the meaning of Section 409A of the Code, and the vesting of Your RSUs is triggered as a result of Your termination of employment, the delivery of Shares shall be delayed until (a) the six-month anniversary of Your separation from service (within the meaning of Section 409A), or (b) if earlier, as soon as practicable following Your death. The Company is required to withhold payroll taxes due with respect to that ordinary income. Pursuant to the Plan, at its option the Committee either may (i) have the Company withhold Shares having a Fair Market Value equal to the amount of the tax withholding or (ii) require You to pay to the Company the amount of the tax withholding.

7. Rights as Shareholder. You will not have any rights of a shareholder prior to the receipt of Your Shares, and will obtain such rights only upon Your receipt of the Shares, at which time You will have all of the rights of a shareholder with respect to the Shares received upon the vesting of those RSUs, including the right to vote those Shares and receive all dividends and other distributions, if any, paid or made with respect thereto. Any Shares or cash distributed as dividends with respect to the Shares subject to the RSUs will be subject to the same vesting schedule and performance conditions as the underlying RSUs and shall be settled as provided in Section 6.

8. Clawback. Any RSUs You are granted hereunder and/or Shares You receive in settlement of such RSUs, in addition to all other Awards granted to You under the Plan and/or Shares or cash You receive in settlement of such Awards, shall be subject to recovery by the Company in the circumstances and manner provided in any Incentive Compensation Clawback Policy that may be adopted or implemented by the Company and in effect from time to time on or after the date hereof, and You shall effectuate any such recovery at such time and in such manner as the Company may specify. For purposes of this Certificate, the term "**Incentive Compensation Clawback Policy**" means and includes the Tenet Healthcare Corporation Clawback Policy as well as any other clawback or recoupment policy that the Company may adopt or implement.

9. Transferability. The RSUs generally may not be transferred, assigned or made subject to any encumbrance, pledge, or charge. Limited exceptions to this rule apply in the case of death, divorce, or gift as provided in Section 12.3 of the Plan.

10. Effect on Other Employee Benefit Plans. The value of the RSUs evidenced by this Certificate will not be included as compensation, earnings, salaries, or other similar terms used when calculating Your benefits under any employee benefit plan sponsored by the Company or an Affiliate, except as such plan otherwise expressly provides

11. No Employment Rights. Nothing in this Certificate will confer upon You any right to continue in the employ or service of the Company or any Affiliate or affect the right of the Company or an Affiliate to terminate Your employment at any time with or without cause.

12. Amendment. By written notice to You, the Committee reserves the right to amend the Plan or the provisions of this Certificate provided that no such amendment will impair in any material respect Your rights under this Certificate without Your consent except as required to comply with applicable securities laws or Section 409A of the Code.

13. Severability. If any term or provision of this Certificate is declared by any court or government authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any term or provision of this Certificate not declared to be unlawful or invalid. Any term or provision of this Certificate so declared to be unlawful or invalid

shall, if possible, be construed in a manner that will give effect to such term or provision to the fullest extent possible while remaining lawful and valid.

14. Construction. A copy of the Plan has been made available to You and additional copies of the Plan are available upon request to the Company's Corporate Secretary at the Company's principal executive office during normal business hours. To the extent that any term or provision of this Certificate violates or is inconsistent with an express term or provision of the Plan, the Plan term or provision shall govern and any inconsistent term or provision in this Certificate shall be of no force or effect.

15. Binding Effect and Benefit. This Certificate shall be binding upon and, subject to the terms and conditions hereof, inure to the benefit of the Company, its successors and assigns, and You and Your successors and assigns.

16. Entire Understanding. This Certificate and the Plan embody the entire understanding and agreement of the Company and You in relation to the subject matter hereof, and no promise, condition, representation or warranty, expressed or implied, not herein stated, shall bind the Company or You.

17. Governing Law. This Certificate shall be governed by, and construed in accordance with, the laws of the State of Nevada, without reference to principles of conflict of laws.

Electronic Signature: **[Electronic Signature]**

Acceptance Date: **[Acceptance Date]**

Exhibit 10(b)

TENET HEALTHCARE 2019 STOCK INCENTIVE PLAN
TERMS AND CONDITIONS OF
RESTRICTED STOCK UNIT AWARD

The Human Resources Committee (the "**Committee**") of the Board of Directors of Tenet Healthcare Corporation (the "**Company**") is authorized under the Company's 2019 Stock Incentive Plan, as such may be amended from time to time (the "**Plan**"), to make awards of restricted stock units ("**RSUs**") and to determine the terms of such RSUs.

On **[Grant Date]** (the "**Grant Date**"), the Committee granted you, **[Participant Name]** ("**You**"), an award of RSUs. The RSUs were granted by the Committee subject to the terms and conditions set forth below in this certificate (the "**Certificate**"). The RSUs are also subject to the terms and conditions of the Plan, which is incorporated herein by this reference. Each capitalized term not otherwise defined herein will have the meaning given to such term in the Plan.

1. Grant. The Committee has granted to You RSUs representing the right to receive **[Shares Granted]** Shares in consideration for services to be performed by You for the Company or an Affiliate.

2. Vesting. Subject to Sections 3 and 4 below, the RSUs will vest as follows: (a) one-third will vest on the first anniversary of the Grant Date, (b) one-third will vest on the second anniversary of the Grant Date, and (c) one-third will vest on the third anniversary of the Grant Date (each one-year period, a "**Vesting Period**").

   If Your employment terminates or if You cease providing services to the Company or an Affiliate for any reason other than as set forth in Sections 3 or 4 below, Your unvested RSUs will automatically be cancelled upon such termination of employment or services in exchange for no consideration.

3. Certain Termination Events.

   (a) *Death or Disability.* All unvested RSUs will fully vest on the date of Your termination of employment in the event Your employment is terminated for any of the following reasons:

   (i) Death, or

   (ii) Disability (as defined under section 409A(a)(2)(C)(ii) of the Code).

   (b) *Retirement on or after age 62*. On the date of Your termination of employment as a result of Your retirement on or after reaching age 62, a pro-rated portion of the RSUs scheduled to vest during the Vesting Period in which such termination occurs (based on the number of months You are actually employed during such Vesting Period) will vest and settle.

   (c) *Qualifying Termination*. In the event of Your termination of employment as a result of a Qualifying Termination outside the Protection Period, any unvested RSUs scheduled to vest during the Vesting Period in which such termination occurs shall remain outstanding and eligible to vest as they would have had you remained employed.

4. Change in Control. In the event of a Change in Control, the following provisions will apply:

   (a) If the successor company assumes the RSUs or substitutes other restricted stock units for such RSUs (or agrees to assume or substitute such awards) and You incur a Qualifying Termination within the Protection Period, unvested RSUs (or substitute restricted stock units) will fully vest on the later of (i) the date of Your Qualifying Termination or (ii) immediately prior to the occurrence of the Change in Control.

   (b) If the successor company does not assume the RSUs, or substitute other restricted stock units for the RSUs, unvested RSUs will fully vest immediately prior to the occurrence of the Change in Control.

   In the event You incur a Qualifying Termination not within the Protection Period, the provisions of Section 3 will apply.

5. Settlement; Tax Withholding. Upon the vesting of Your RSUs, Your RSUs will be settled in Shares within 60 days and You will recognize ordinary income. Notwithstanding the foregoing, to the extent required to comply with Section 409A of the Code, if You are a "specified employee" within the meaning of Section 409A of the Code, and the vesting of Your RSUs is triggered as a result of Your termination of employment, the delivery of Shares shall be delayed until (a) the six-month anniversary of Your separation from service (within the meaning of Section 409A) or (b) if earlier, as soon as practicable following Your death. The Company is required to withhold payroll

taxes due with respect to that ordinary income. Pursuant to the Plan, at its option the Committee either may (i) have the Company withhold Shares having a Fair Market Value equal to the amount of the tax withholding or (ii) require You to pay to the Company the amount of the tax withholding.

6. Rights as Shareholder. You will not have any rights of a shareholder prior to the receipt of Your Shares, and will obtain such rights only upon Your receipt of the Shares, at which time You will have all of the rights of a shareholder with respect to the Shares received upon the vesting of those RSUs, including the right to vote those Shares and receive all dividends and other distributions, if any, paid or made with respect thereto. Any Shares or cash distributed as dividends with respect to the Shares underlying the RSUs will be subject to the same vesting schedule as the underlying RSUs and shall be settled as provided in Section 5.

7. Transferability. The RSUs generally may not be transferred, assigned or made subject to any encumbrance, pledge, or charge. Limited exceptions to this rule apply in the case of death, divorce, or gift as provided in Section 12.3 of the Plan.

8. Clawback. Any RSUs You are granted hereunder and/or Shares You receive in settlement of such RSUs, in addition to all other Awards granted to You under the Plan and/or Shares or cash You receive in settlement of such Awards, shall be subject to recovery by the Company in the circumstances and manner provided in any Incentive Compensation Clawback Policy that may be adopted or implemented by the Company and in effect from time to time on or after the date hereof, and You shall effectuate any such recovery at such time and in such manner as the Company may specify. For purposes of this Certificate, the term "**Incentive Compensation Clawback Policy**" means and includes any clawback or recoupment policy that the Company may adopt or implement.

9. Effect on Other Employee Benefit Plans The value of the RSUs evidenced by this Certificate will not be included as compensation, earnings, salaries, or other similar terms used when calculating Your benefits under any employee benefit plan sponsored by the Company or an Affiliate, except as such plan otherwise expressly provides.

10. No Employment Rights. Nothing in this Certificate will confer upon You any right to continue in the employ or service of the Company or any Affiliate or affect the right of the Company or an Affiliate to terminate Your employment at any time with or without cause.

11. Amendment. By written notice to You, the Committee reserves the right to amend the Plan or the provisions of this Certificate provided that no such amendment will impair in any material respect Your rights under this Certificate without Your consent except as required to comply with applicable securities laws or Section 409A of the Code.

12. Severability. If any term or provision of this Certificate is declared by any court or government authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any term or provision of this Certificate not declared to be unlawful or invalid. Any term or provision of this Certificate so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to such term or provision to the fullest extent possible while remaining lawful and valid.

13. Construction. A copy of the Plan has been made available to You and additional copies of the Plan are available upon request to the Company's Corporate Secretary at the Company's principal executive office during normal business hours. To the extent that any term or provision of this Certificate violates or is inconsistent with an express term or provision of the Plan, the Plan term or provision shall govern and any inconsistent term or provision in this Certificate shall be of no force or effect.

14. Binding Effect and Benefit. This Certificate shall be binding upon and, subject to the terms and conditions hereof, inure to the benefit of the Company, its successors and assigns, and You and Your successors and assigns.

15. Entire Understanding. This Certificate and the Plan embody the entire understanding and agreement of the Company and You in relation to the subject matter hereof, and no promise, condition, representation or warranty, expressed or implied, not herein stated, shall bind the Company or You.

16. Governing Law. This Certificate shall be governed by, and construed in accordance with, the laws of the State of Nevada, without reference to principles of conflict of laws.

Electronic Signature: **[Electronic Signature]**

Acceptance Date: **[Acceptance Date]**

TENET HEALTHCARE 2019 STOCK INCENTIVE PLAN
TERMS AND CONDITIONS OF
RESTRICTED STOCK UNIT PERFORMANCE AWARD

The Human Resources Committee (the "**Committee**") of the Board of Directors of Tenet Healthcare Corporation (the "**Company**") is authorized under the Company's 2019 Stock Incentive Plan, as such may be amended from time to time (the "**Plan**"), to make awards of restricted stock units ("**RSUs**") and to determine the terms of such RSUs.

On **[Grant Date]** (the "**Grant Date**"), the Committee granted you, **[Participant Name]** ("**You**"), an award of RSUs. The RSUs were granted by the Committee subject to the terms and conditions set forth below in this certificate (the "**Certificate**"). The RSUs are also subject to the terms and conditions of the Plan, which is incorporated herein by this reference. Each capitalized term not otherwise defined herein will have the meaning given to such term in the Plan.

1. <u>Grant</u>. The Committee has granted to You RSUs representing the right to earn **[Shares Granted]** Shares based upon target achievement of applicable performance goals (the "**Target RSUs**") in consideration for services to be performed by You for the Company or an Affiliate. Subject to Sections 3 and 4, from 0% to 250% of the Target RSUs may vest hereunder subject to the attainment of Performance Criteria (as defined below).

2. <u>Performance Criteria</u>.

   (a) *Performance Period.* Your RSUs are subject to a three-year performance period that began on January 1, 2024 and ends on December 31, 2026 (the "**Performance Period**").

   (b) *Performance Measures.* Your RSUs will provisionally vest based on the Company's achievement of the performance goals as follows:

      (i) Between 0% and 200% of one-third of the Target RSUs will vest based on achievement of the 2024 performance goals set forth set forth in Appendix A for fiscal year 2024;

      (ii) Between 0% and 200% of one-third of the Target RSUs will vest based on achievement of the 2025 performance goals established by the Committee and communicated to You promptly thereafter for fiscal year 2025; and

      (iii) Between 0% and 200% of one-third of the Target RSUs will vest based on achievement of the 2026 performance goals established by the Committee and communicated to You promptly thereafter for fiscal year 2026.

   Following completion of the Performance Period, the provisionally vested RSUs will be subject to adjustment based on the Company's Relative TSR (as defined in Appendix A) for the Performance Period as set forth in Appendix A. The performance goals set forth in Appendix A and each of the performance goals established by the Committee for fiscal years 2025 and 2026 shall be collectively referred to herein as the "**Performance Criteria**".

3. <u>Vesting</u>. The RSUs that have provisionally vested under Section 2 above will vest on the third anniversary of the Grant Date (the "**Vesting Date**"). If Your employment terminates or if You cease providing services to the Company or an Affiliate for any reason prior to the Vesting Date, other than as set forth in Section 4 or 5 below, Your unvested RSUs (even if provisionally vested) will be automatically cancelled.

4. <u>Certain Termination Events</u>. Your unvested RSUs will vest as follows in the event any of the following events (each, a "**Termination Event**") occurs prior to the Vesting Date:

   (a) *Death or Disability*. In the event of Your termination of employment as result of your death or disability (as defined under section 409A(a)(2)(C)(ii) of the Code): (i) a pro-rated portion of Your RSUs (based on the number of months You are actually employed during the Performance Period) will vest on the date of such a Termination Event based on the Company's actual performance with respect to the applicable Performance Criteria during such completed portion of the Performance Period that has provisionally vested on or prior to such a Termination Event and (ii) the remaining portion of Your RSUs will vest on the date of such a Termination Event assuming target achievement of the applicable Performance Criteria for such incomplete portion of the Performance Period that has not provisionally vested on or prior to such a Termination Event.

(b) *Retirement*. In the event of Your termination of employment as a result of Your retirement on or after reaching age 62, a pro-rated portion of Your RSUs (based on the number of months You are actually employed during the Performance Period) will vest on the Vesting Date, taking into account the Company's actual performance with respect to the applicable Performance Criteria.

(c) *Qualifying Termination*. In the event that Your termination of employment occurs as result of Your Qualifying Termination, Your RSUs will remain outstanding and continue to vest based on the Company's actual performance with respect to the applicable Performance Criteria during the full Performance Period as they would have had you remained employed.

5. <u>Change in Control</u>. In the event of a Change in Control, the following provisions will apply:

(a) If the successor company assumes the RSUs or substitutes other restricted stock units for such RSUs (or agrees to assume or substitute such awards) and You incur a Termination Event within the Protection Period, the unvested RSUs (or substitute restricted stock units) will vest as provided in Section 4 above.

(b) If the successor company does not assume the RSUs, or substitute other restricted stock units for the RSUs, and if either (i) the Change in Control occurs within the Performance Period, then each of the Performance Criteria will be deemed to have been met at the target level and unvested RSUs representing the Target RSUs will fully vest immediately prior to the occurrence of the Change in Control or (ii) the Change in Control occurs after the end of the Performance Period, but prior to the Vesting Date, then Your provisionally vested RSUs will fully vest immediately prior to the occurrence of the Change in Control.

(c) In lieu of (a) or (b), the Committee may declare the level at which the Performance Criteria are deemed to be met and the unvested RSUs will vest to that extent immediately prior to the occurrence of the Change in Control.

6. <u>Settlement; Tax Withholding</u>. Upon the vesting of Your RSUs, Your RSUs will be settled in Shares within 60 days and You will recognize ordinary income. Notwithstanding the foregoing, to the extent required to comply with Section 409A of the Code, if You are a "specified employee" within the meaning of Section 409A of the Code, and the vesting of Your RSUs is triggered as a result of Your termination of employment, the delivery of Shares shall be delayed until (a) the six-month anniversary of Your separation from service (within the meaning of Section 409A), or (b) if earlier, as soon as practicable following Your death. The Company is required to withhold payroll taxes due with respect to that ordinary income. Pursuant to the Plan, at its option the Committee either may (i) have the Company withhold Shares having a Fair Market Value equal to the amount of the tax withholding or (ii) require You to pay to the Company the amount of the tax withholding.

7. <u>Rights as Shareholder</u>. You will not have any rights of a shareholder prior to the receipt of Your Shares, and will obtain such rights only upon Your receipt of the Shares, at which time You will have all of the rights of a shareholder with respect to the Shares received upon the vesting of those RSUs, including the right to vote those Shares and receive all dividends and other distributions, if any, paid or made with respect thereto. Any Shares or cash distributed as dividends with respect to the Shares subject to the RSUs will be subject to the same vesting schedule and performance conditions as the underlying RSUs and shall be settled as provided in Section 6.

8. <u>Clawback</u>. Any RSUs You are granted hereunder and/or Shares You receive in settlement of such RSUs, in addition to all other Awards granted to You under the Plan and/or Shares or cash You receive in settlement of such Awards, shall be subject to recovery by the Company in the circumstances and manner provided in any Incentive Compensation Clawback Policy that may be adopted or implemented by the Company and in effect from time to time on or after the date hereof, and You shall effectuate any such recovery at such time and in such manner as the Company may specify. For purposes of this Certificate, the term "**Incentive Compensation Clawback Policy**" means and includes the Tenet Healthcare Corporation Clawback Policy as well as any other clawback or recoupment policy that the Company may adopt or implement.

9. <u>Transferability</u>. The RSUs generally may not be transferred, assigned or made subject to any encumbrance, pledge, or charge. Limited exceptions to this rule apply in the case of death, divorce, or gift as provided in Section 12.3 of the Plan.

10. <u>Effect on Other Employee Benefit Plans</u> The value of the RSUs evidenced by this Certificate will not be included as compensation, earnings, salaries, or other similar terms used when calculating Your benefits under any employee benefit plan sponsored by the Company or an Affiliate, except as such plan otherwise expressly provides

11. No Employment Rights. Nothing in this Certificate will confer upon You any right to continue in the employ or service of the Company or any Affiliate or affect the right of the Company or an Affiliate to terminate Your employment at any time with or without cause.

12. Amendment. By written notice to You, the Committee reserves the right to amend the Plan or the provisions of this Certificate provided that no such amendment will impair in any material respect Your rights under this Certificate without Your consent except as required to comply with applicable securities laws or Section 409A of the Code.

13. Severability. If any term or provision of this Certificate is declared by any court or government authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any term or provision of this Certificate not declared to be unlawful or invalid. Any term or provision of this Certificate so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to such term or provision to the fullest extent possible while remaining lawful and valid.

14. Construction. A copy of the Plan has been made available to You and additional copies of the Plan are available upon request to the Company's Corporate Secretary at the Company's principal executive office during normal business hours. To the extent that any term or provision of this Certificate violates or is inconsistent with an express term or provision of the Plan, the Plan term or provision shall govern and any inconsistent term or provision in this Certificate shall be of no force or effect.

15. Binding Effect and Benefit. This Certificate shall be binding upon and, subject to the terms and conditions hereof, inure to the benefit of the Company, its successors and assigns, and You and Your successors and assigns.

16. Entire Understanding. This Certificate and the Plan embody the entire understanding and agreement of the Company and You in relation to the subject matter hereof, and no promise, condition, representation or warranty, expressed or implied, not herein stated, shall bind the Company or You.

17. Governing Law. This Certificate shall be governed by, and construed in accordance with, the laws of the State of Nevada, without reference to principles of conflict of laws.

Electronic Signature: **[Electronic Signature]**

Acceptance Date: **[Acceptance Date]**

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification

I, Saumya Sutaria, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tenet Healthcare Corporation (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: April 30, 2024

/s/ SAUMYA SUTARIA

Saumya Sutaria, M.D.

Chief Executive Officer

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification

I, Sun Park, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tenet Healthcare Corporation (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: April 30, 2024

/s/ SUN PARK

Sun Park

Executive Vice President and Chief Financial Officer

Exhibit 32

**Certifications Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code**

We, the undersigned Saumya Sutaria and Sun Park, being, respectively, the Chief Executive Officer and the Executive Vice President and Chief Financial Officer of Tenet Healthcare Corporation (the "Registrant"), do each hereby certify that (i) the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Form 10-Q"), to be filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Registrant and its subsidiaries.

Date: April 30, 2024	/s/ SAUMYA SUTARIA
	Saumya Sutaria, M.D.
	Chief Executive Officer
Date: April 30, 2024	/s/ SUN PARK
	Sun Park
	Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350; it is not being filed for purposes of Section 18 of the Securities Exchange Act, and is not to be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.