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Tenet Healthcare Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Adam Feinstein of Barclays Capital.

Adam Feinstein - Barclays Capital

You provide some disclosure in the press release about the Florida and Central region reported strong growth whereas the California and some of the state regions reported weaker growth. I was just curious if you could comment a little bit more, so we have a better understanding of what's going on in the different geographies and if there are any extraordinary factors that would have driven to the difference in those markets.

Secondly, I wanted to ask you about working capital improvements. At your Investor Day you had outlined some opportunities and certainly a lot of things have changed since then, but I was just curious about your thoughts in terms of additional working capital improvements in the future.

Stephen Newman M.D.

With respect to volume variation, I think this is probably the fourth quarter that we've mentioned some weakness in our southern states region performance. We've taken a number of actions to again turn that around and those are somewhat mitigated by the activities of our new leadership in the hospital. We've also expanded our physician recruitment activities in the southern states region and added physician relationship program representatives there.

I think that we're seeing significant spikes in unemployment in some of those micro markets in the southern states region. For example, in the Carolina's we're seeing isolated unemployment rates that are approaching 10% and remember, we operate in very small markets in the Carolina's where this can be a significant deterrent to overall volume as well as commercial managed care volume. We've also seen some softening in our Atlanta market recently as the economic downturn has begun to hit that metropolitan area.

California is a different story and as you know, it has been the epicenter of the real estate foreclosure issue and in some of those markets where the foreclosure rate is up, along with unemployment, we've seen a decrease in elective utilization of hospital services.

I would say that nothing was radically different in the fourth quarter with respect to our volume distributions and we continue to believe that we'll make progress in all of those regions and will

aggregate toward increasing volumes quarter-over-quarter this year with respect to admissions as well as outpatient procedures.

Biggs Porter

With regards to your question on working capital, as you know, we have focused on collecting more cash up front, on patient collections. We have focused on driving down the discharge, not final build metrics, so bills go out faster, and we have also focused on our collection processes after billing. All of those things did enable us to achieve a two day reduction in accounts receivable that we're targeting for 2008, so we're clearly pleased that we are able to accomplish that in what seems to be a difficult, or more challenging, environment economically.

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