

MATERIAL CHANGE NOTICE SUBMISSION DETAILS

MCN Number	2025-04-23-1374
OHCA Review Start Date	May 22, 2025
Anticipated date (unless tolled per regulation) by which OHCA could waive cost and market impact review	July 7, 2025
Anticipated date (unless tolled per regulation) by which OHCA could determine cost and market impact review required	July 21, 2025

SUBMITTER

HEALTH CARE ENTITY CONTACT FOR PUBLIC INQUIRY

Title	VP & Assistant GC
First Name	Steven
Last Name	Schaefer
Email Address	Steven.Schaefer@tenethealth.com

GENERAL

Business Name	Premier Health Plan Services, Inc.
Website	https://www.careclosetome.com/
Ownership Type	Corporation
Tax Status	For-profit
Federal Tax ID	33-0184827
Description of Submitting Organization	Premier Health Plan Services, Inc. ("Premier") holds a restricted health care service plan license under the Knox-Keene Health Care Service Plan Act of 1975 (a "Restricted Knox-Keene Plan"), issued in 2009, pursuant to which it contracts with much larger, fully licensed commercial and Medicare Advantage plans in Los Angeles County and Orange County. Premier currently participates in only one full risk market segment (Medicare Advantage risk) and two professional risk only market segments (Medicare Advantage and commercial). Premier is a California corporation that is governed by a board of directors.
Health Care Provider	No
For Payers: Enrollees per county	Premier operates a Restricted Knox-Keene Plan regulated by the Department of Managed Health Care ("DMHC"). Los Angeles: 11,064 Orange: 4,378 Other Counties: De minimis presence.

LOCATIONS

Counties	Los Angeles; Orange
California licenses and numbers	DMHC Plan ID: 933 0473
Other States Served	None
Primary Languages used when providing services	English
Other language if not listed above	Premier uses a language line to provide services in languages other than English.

MATERIAL CHANGE

ADDITIONAL ENTITIES

Business Name	Description of the Organization	Ownership Type	Additional MCN Submission
PHPS-CHM Acquisition, Inc.	Pre-close, PHPS-CHM Acquisition, Inc. ("Seller") owns 100% of the issued and outstanding shares of capital stock of Premier and Coast Healthcare Management, LLC ("Coast Healthcare"), which is an entity that has 6 employees and holds the office lease for Premier. Seller exists only as a holding company of Premier and Coast Healthcare, and, as such, it does not have any revenue or operations on its own.	Corporation	No
Tenet Healthcare Corporation ("Tenet")	Tenet, a publicly traded Nevada corporation (NYSE: THC), is the holding company for the Tenet brand of companies, including various direct and indirect subsidiaries, as well as downstream partnerships and joint ventures. Tenet is not a healthcare provider and	Corporation	No

<p>does not directly own or operate any hospitals or healthcare facilities, or provide direct patient care. Tenet's business, via its subsidiaries, is organized into two primary reporting segments – hospital operations and ambulatory care. As of December 31, 2024, the hospital operations segment consists of the ownership and operation of 49 acute care and specialty hospitals across 8 states, including 7 in California, as well as 135 outpatient facilities, including urgent care facilities, imaging centers, off-campus hospital emergency departments, and micro-hospitals. Over 70% of the outpatient facilities are in Texas or Arizona. This segment also includes various revenue cycle management and value-based care services that Tenet provides to hospitals and other health care facilities through its joint venture with Conifer Health Solutions, LLC. The ambulatory care segment, which is operated through the USPI Holding Company, Inc. subsidiary holds ownership interests in 518 ambulatory surgery centers and 25 surgical hospitals across 37</p>		
--	--	--

	<p>states, including California. For the years ended 2024, 2023, and 2022, respectively, net operating revenue was \$20.67 billion, \$20.55 billion, and \$19.17 billion.</p> <p>Additional information regarding Tenet's business, history, operating segments, financial information, and acquisition and merger history can be found in Tenet's Annual Report on Form 10-K for the year ended December 31, 2024, along with other forms filed with the U.S. Securities and Exchange Commission.</p>		
Tenet Business Services Corporation	Tenet Business Services Corporation does not have any operations. It primarily serves as a contracting entity for Tenet business enterprise. It is only a party to the transaction in its role as a Seller Guarantor.	Corporation	No
UCI Health	UCI Health is an administrative subdivision of The Regents of the University of California, a California constitutional corporation ("The Regents"), and is an affiliate of the University of California, Irvine ("UCI Health" or "UCI"), another administrative subdivision of The Regents. UCI Health	Other	Yes

<p>does not fit neatly within the “health care entity” classification as defined in 22 CCR § 97431(g). Rather, it essentially functions as a general umbrella/de facto holding company for various discrete health care operations, including affiliated providers and hospitals in Orange County and parts of Los Angeles County. UCI Health’s affiliates/affiliated operations consist of various affiliated providers, including the discrete facilities of UCI Medical Center, UCI Health – Fountain Valley (f/k/a Fountain Valley Regional Hospital & Medical Center), UCI Health – Lakewood (f/k/a Lakewood Regional Medical Center), UCI Health – Placentia Linda (f/k/a Placentia-Linda Hospital), UCI Health – Los Alamitos (f/k/a Los Alamitos Medical Center), UCI Health Family Health Center, and Irvine Medical Complex. UCI Health’s hospital affiliates, if considered in the aggregate, generated the following revenues:</p> <ul style="list-style-type: none"> • FY24 = \$2,487,235; • FY23 = \$1,981,337; • FY22 = \$1,750,865. 		
--	--	--

CRITERIA

A health care entity with annual revenue, as defined in section 97435(d) , of at least \$25 million or that owns or controls California assets of at least \$25 million, or;	Yes
--	-----

CIRCUMSTANCES FOR FILING

<p>The transaction involves a transfer or change in control, responsibility or governance of the Submitter. A transaction will directly or indirectly transfer control, responsibility, or governance in whole or in part of a material amount of the assets or operations of a health care entity to one or more entities if:</p> <p>(1) The transaction would result in the transfer of 25% or more of the voting power of the members of the governing body of a health care entity, such as by adding one or more members, substituting one or more members, or through any other type of arrangement, written or oral; or</p> <p>(2) The transaction would vest voting rights significant enough to constitute a change in control such as supermajority rights, veto rights, and similar provisions even if ownership shares or representation on a governing body are less than 25%;</p>	Yes
---	-----

TRANSACTION DETAILS

Anticipated Date of Transaction Closure	6/14/2025
Description of the Transaction	Please see the document titled "06 – Premier – Description of the Transaction" in the Documents to be Submitted section for the full description of the transaction.
Submitted to US Department of Justice or Federal Trade Commission?	No
Submitted to Other Agency?	Yes
Date of Submission	8/17/2024
To Whom Submitted	California Department of Managed Health Care ("DMHC")
Description of Submission (Include Agency name(s) and State(s))	The Proposed Transaction was originally submitted to the California DMHC for review as a Notice of Proposed Material Modification for a health care services plan. The DMHC then referred Premier to OHCA for review.
Subject to court proceeding	No
Description of current services provided and expected post-transaction impacts on health care services	Premier's operations will not materially change as a result of the Proposed Transaction and there are no expected post-transaction impacts on health care services. It currently provides services in both Los Angeles and Orange counties and will continue to do so post-transaction. The Proposed Transaction will also not result in

	<p>any impact to provider contract terms or any change to member benefits (which remain the responsibility of Premier's fully licensed health care service plan partners). Finally, Premier does not intend to exit either its full risk Medicare Advantage market segment or its two professional-only risk market segments (Medicare Advantage and commercial). See also Sections 3, 4, and 6 above for a description of current services and the expected benefits of the Proposed Transaction.</p>
<p>Prior mergers or acquisitions that: (A) involved the same or related health care services;</p> <p>(B) involved at least one of the entities, or their parents, subsidiaries, predecessors, or successors, in the proposed transaction; and</p> <p>(C) were closed in the last ten years.</p>	<p>As to Submitter:</p> <p>In 2018, Tenet California, Inc. (which is not a party to the transaction, but is the current parent company to PHPS-CHM Acquisition, Inc.) entered into a Stock Purchase Agreement to sell its interests in Golden State Medicare Health Plan ("Golden State") to McArthur Court Acquisition Corp. Golden State is a health care service plan licensed by DMHC.</p> <p>As to UCI:</p> <p>N/A.</p>
<p>Description of Potential Post Transaction Changes</p>	<p>Following the transaction, Premier will be wholly owned by UCI Health and the composition of Premier's Board of Directors and Officers will change to reflect the new ownership. Specifically, Donna Costanza, Scott Ramsey, and Bryan Forry will be removed as members of Premier's Board of Directors. Bryan Forry will also be removed as Premier's Secretary. Lisa Gibbs will become a member of Premier's Board of Directors. Randolph Siwabessy will become a member of Premier's Board of Directors as well as Premier's Secretary. No other changes to key personnel are currently contemplated. Certain employees of Premier's pre-transaction parent company will become employees of UCI and will continue to provide the same services and support currently provided to Premier via an administrative services agreement. No other material post-transaction changes are anticipated.</p>
<p>Description of the nature, scope, and dates of any pending or planned material changes occurring between the Submitter and any other entity, within the</p>	<p>None.</p>

12 months following the date of the notice	
--	--

SECTION 6: PREMIER - DESCRIPTION OF TRANSACTION

6.1. Description of the transaction. Please address all of the following:

6.1.a. The goals of the transaction;

Premier Health Plan Services, Inc. (“Premier” or the “Plan”) operates in a single service area composed of contiguous portions of Los Angeles County and Orange County (the “Service Area”) on a capitated professional risk basis and on a global risk basis pursuant to contracts with much larger, fully licensed, commercial and Medicare Advantage plans.¹ Premier is owned by PHPS-CHM Acquisition, Inc. (“Seller”), a wholly owned, indirect subsidiary of Tenet Healthcare Corporation (“Tenet”). Premier holds a restricted health care service plan license issued by the California Department of Managed Health Care (“DMHC”). Under its original license, issued in 2009, Premier contracts with fully licensed health care service plans on a plan-to-plan basis to manage and accept global (professional and institutional risk) or professional-only risk for Medicare Advantage enrollees in the Service Area. Its DMHC license was later amended to include its professional services only risk contracts with commercial health care service plans with respect to their commercial enrollees who reside or work in the Service Area. Premier currently participates in only one full risk market segment (Medicare Advantage risk) and two professional risk only market segments (Medicare Advantage and commercial) and will not exit either market segment as a result of the Proposed Transaction (as defined below). But for the Plan, Seller has no health care assets or operations in the Service Area.

UCI Health is an administrative subdivision of The Regents of the University of California, a California constitutional corporation (“The Regents”), and is an affiliate of the University of California, Irvine (“UCI Health” or “UCI”), another administrative subdivision of The Regents. UCI Health is does not fit neatly within the “health care entity” classification as defined in 22 CCR § 97431(g). Rather, it essentially functions as a general umbrella/de facto holding company for various discrete health care operations, including affiliated providers and hospitals in Orange County and parts of Los Angeles County.

The parties believe that the Proposed Transaction will improve care coordination, facilitate continued alignment for the Plan and its network, and prevent disruption to members and enrollees.

¹ As of December 2024, Premier’s enrollees in the Service Area made up more than 98.3% of its total enrollment—while the Plan has enrollees in other counties, no other county has an enrollment above 103 members or represents more than 0.66% of Premier’s total enrollment. Thus, while the Plan’s operations are confined to the Service Area, a small portion of its enrollees reside outside the Service Area.

6.1.b. A summary of the terms of the transaction;

Pursuant to a Stock Purchase Agreement (the “Purchase Agreement”), The Regents acting by and on behalf of UCI Health, propose to acquire 100% of the issued and outstanding shares of capital stock of Premier (the “Proposed Transaction”).

The Purchase Agreement, dated March 22, 2024, is by and among The Regents, on behalf of UCI Health, Seller, Tenet, and Tenet Business Services Corporation (as Seller Guarantor only). As more specifically set forth in the Purchase Agreement, the total purchase price applicable to the Proposed Transaction is \$15,000,000 (the “Purchase Price”), which amount is payable in cash funded by UCI at the consummation of the Proposed Transaction (the “Closing”). Following the Closing, UCI will be the sole parent of Premier.

After Closing, the composition of Premier’s Board of Directors and Officers will change to reflect the new ownership structure, including the removal of certain existing members and the appointment of new Directors and Officers. Premier’s bylaws will be amended to incorporate applicable changes. Otherwise, the Proposed Transaction is anticipated to have minimal impacts on Premier’s programs and business operations.

6.1.c. A statement of why the transaction is necessary or desirable;

Narrow-network plans tend to be more affordable than traditional, broad-network plans for plan enrollees, administrators, and insurance companies. Because providers within a narrow network tend to accept lower reimbursement rates than out-of-network providers, health plans can offer more affordable rates to enrollees. Premier’s narrow institutional network was created to promote and facilitate affordable access to care in the Service Area, where various providers and facilities affiliated with UCI operate. The Proposed Transaction is desirable because it will allow UCI to improve care coordination and the overall efficiency of, and cost associated with, care delivery. As the substantial majority of Premier’s enrollees or members receive health care services in the Service Area where UCI has affiliated facilities and operations, UCI seeks to offer a holistic care delivery system that enhances access to high-quality, affordable healthcare for patients and enrollees in Los Angeles and Orange counties.

Furthermore, the Proposed Transaction is necessary for the continued stability of operations of Premier and to help ensure that the Plan’s enrollees continue to have access to affordable care within their communities. The Plan has historically operated at a loss and under present circumstances there can be no assurance that the Plan will continue to be able to operate in the long term for its current enrollees with its current ownership structure. UCI has committed in its filings to DMHC that it will support the Plan in its compliance with Knox-Keene requirements regarding financial ability and net equity requirements, including through continuous capital monitoring and capital infusions (when required). Consequently, the expeditious Closing of the Proposed Transaction is necessary to ensure that care is not disrupted.

6.1.d. General public impact or benefits of the transaction, including quality and equity measures and impacts;

The Proposed Transaction will not adversely affect Premier’s enrollees or the general public. As noted above, the Proposed Transaction will not result in any substantial change to Premier’s management or operations, impact provider contract terms, or result in changes to member benefits (which remain the responsibility of Premier’s fully licensed health care service plan partners), and so will have no adverse impact on Premier’s enrollees. The Proposed Transaction will help ensure that the Plan will continue to serve its enrollees in the Service Area as it has in prior years, now as a part of UCI umbrella. Due to the present financial dynamics, failure to consummate the Proposed Transaction in a timely manner will require the Plan to consider strategic alternatives, including a wind down of its operations. The Proposed Transaction will materially benefit the community and existing enrollees by providing an opportunity for the Plan to continue operating without needing to consider strategic alternatives.

6.1.e. Narrative description of the expected competitive impacts of the transaction; and

The Proposed Transaction will not materially alter the competitive landscape for Medicare Advantage or commercial products or the stability of the health care delivery system in the Service Area and in California more broadly.

As of February 2025, Premier assumes global risk for 3,596 Medicare Advantage enrollees across the Service Area. In addition, the Plan assumes professional risk for 1,605 Medicare Advantage members and 10,089 commercial members. Even when combining the Plan’s global and professional risk-only (not global) members, the aggregate of the Plan’s Medicare Advantage enrollees in both Service Area counties would make up less than 0.58% (in Los Angeles County) and less than 1.65% (in Orange County) of all Medicare Advantage enrollees in 2024.² When considering the Plan’s enrollees as a percentage of the total population eligible for Medicare Advantage in the Service Area, Premier’s share is further reduced. Moreover, of the 11,694 enrollees for which the Plan assumes only professional risk, the Plan’s enrollees make up less than 0.1% of the more than 13,900,000 commercial enrollees in California.³

Additionally, there are numerous national and regional non-restricted health care service plans, as well as other restricted health care service plans, operating in Premier’s service area and throughout California that provide robust competition and options for enrollees in Los Angeles and Orange counties and will continue to do so post-Closing. Premier is payer agnostic in its plan-

² *Medicare Advantage: Total Enrollment, by Plan Type*, KFF, <https://www.kff.org/medicare/state-indicator/total-enrollment-by-plan-type/> (select “Counties” under the “Locations” tab, then navigate to California and select “California, Los Angeles” and “California, Orange” from the dropdown).

³ California Health Care Foundation, *California Health Insurers, Enrollment*, <https://www.chcf.org/wp-content/uploads/2025/02/CAHealthInsurersEnrollmentAlmanac2025QRG.pdf> (February 24, 2025).

to-plan arrangements with fully licensed health care service plan partners and will continue to remain so post-Closing. In addition, this is a dynamic marketplace in which plans can and do enter new geographic areas where they see a business opportunity, and there are no significant hurdles to entry for the numerous plans that are already doing business in California.

6.1.f. Description of any actions or activities to mitigate any potential adverse impacts of the transaction on the public.

The parties do not anticipate any adverse impacts from the Proposed Transaction given the minimal anticipated changes to Premier's business operations and the small number of enrollees enrolled in the Plan. Specifically, the Proposed Transaction is not expected to negatively impact the public's ability to access California's health care market. As mentioned previously, the Proposed Transaction will also help ensure that the Plan continues to serve its enrollees in the Service Area as it has in prior years under the ownership and control of UCI Health. In fact, the Proposed Transaction itself is an effort to mitigate potential adverse impacts to enrollees and individuals in the Service Area. The Plan's future, and coverage for current enrollees in the Plan's network, is dependent on whether the Proposed Transaction occurs. Given the economic realities of the Plan, if the Proposed Transaction does not occur, there can be no assurance that the Plan will continue to operate in its current structure in the long term for its current enrollees. The Plan's near-term survival and long-term viability require significant operational commitments and financial investments that are most likely to come from an operator who has active operations in the Service Area, as UCI Health does. The Proposed Transaction is the best option to avoid potential adverse impacts on the public, as the current economic realities of the Plan are such that – in absence of the Proposed Transaction – the Plan will need to consider strategic alternatives for the future, including potential closure or winddown of the Plan.