Under the deal, which has entered the due diligence phase, Tenet would become majority partner responsible for all operations of Carondelet's assets and Ascension would all but leave the Arizona market. Tucson, AZ-based Carondelet Health Network and parent Ascension Health are negotiating a joint venture with Tenet Healthcare Corp. and Arizona's Dignity Health, the health systems announced jointly this week.

Under the deal, which has entered the due diligence phase, Tenet would become majority partner responsible for all operations of Carondelet's assets, including St. Joseph's and St. Mary's Hospitals in Tucson; Holy Cross Hospital in Nogales, AZ; Carondelet Medical Group; Carondelet Specialist Group; and Carondelet's ancillary businesses.

The deal means that Ascension is all but leaving the Arizona market, but the St. Louis, MO-based health system would hold a minority interest and Carondelet would continue its Catholic sponsorship.

Dignity Health's role in the joint venture and its stake in the partnership were not detailed in the joint media release. Executives from the three health systems said this week they would not comment beyond praising the deal in a joint media release.

The announcement marks the second major deal with statewide implications in Arizona in the past four weeks. In late June, Banner Health, the University of Arizona, and its affiliated University of Arizona Health Network announced that they will create a statewide healthcare organization.

The affiliation is expected to generate $1 billion in new capital and academic investments, and would combine more than 37,000 employees, making it the largest private employer in Arizona.

Daniel Derksen MD, with the University of Arizona College of Public Health, says many of the forces that are changing the healthcare marketplace in other parts of the country are at work in Arizona.

For starters, the number of uninsured Arizonans declined by 300,000 in the first six months of 2014, largely through regained coverage through Medicaid restoration, the Medicaid expansion under the Affordable Care Act, and the private coverage bought through the health insurance marketplace.

"The music that we are all dancing to is more of our uninsured being covered and systems that have been challenged with a heavy burden of uncompensated care now have the opportunity to partner with others to provide the full array of services," Derksen says.

"It makes sense because now it is not a matter of how you keep the sick people out of your system and reduce your uncompensated care. Now, as more Arizonans get coverage, we have to compete on value and user friendliness and easy access to the services we provide," he says.

"There is going to be a lot of looking around and saying 'which partner can we arrange a union with so that we can be more responsive to the population that is coming before us?' rather than 'let's just focus on lucrative niche services and that will cross subsidize our uncompensated care some way.' Now the issue is integration and coordination of care and identifying gaps in that service or gaps in that fully integrated system and finding partners who can help strengthen those weaknesses so they can respond to these opportunities."