



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
ANDREW JOHNSON TOWER, 5TH FLOOR
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243

BILL LEE
GOVERNOR

LISA PIERCEY, MD, MBA, FAAP
COMMISSIONER

September 28, 2021

Mr. Alan Levine
Executive Chairman, President, and CEO
Ballad Health
303 Med Tech Parkway, Suite 300
Johnson City, TN 37604

RE: Proposal to Modify the HR/GME Plan (to include Milligan University Addictions Counseling program)

Mr. Levine,

I have a request to modify Ballad Health's ("Ballad") Health Research and Graduate Medical Education Plan ("HR/GME Plan") required by Section 3.03 of the Second Amended and Restated Terms of Certification ("TOC") to add a grant of \$150,000 to the Milligan University Addictions Counseling Program which had been previously made to the University. This proposal was referred to the Tennessee Department of Health ("TDH") by the COPA Monitor in May of 2021.

TDH recognizes the devastating impact that addiction has on individual lives and the need for the training of qualified addiction counselors. While we applaud Ballad for identifying and supporting this important program at Milligan University, we are committed to following the provisions set forth in the TOC so that the Department may appropriately fulfill its statutory duties.

Plan modifications are allowed through the process set forth in Section 3.06(c) of the TOC which provides that any plan modifications are "to be effective on a *prospective* basis." The State's use of the term "prospective" in this section was deliberate and intentional. It reflects the State's active role in reviewing and assessing not only if the proposed spending is consistent with the applicable plan and spending category, but also if the proposed spending is an appropriate use of limited resources and is expected to impact one or more of the Index measures. Section 3.06(c)'s requirement that plan modifications become effective on a prospective basis allows the State to comply with its statutory duties in determining that the Certificate of Public Advantage ("COPA") represents a continuing public advantage.

Accordingly, we expect and request that any future plan modification proposals will be submitted to us in accordance with the provisions of Section 3.06(c) so that we can meet our obligations to make decisions in advance of the contributions being made to determine whether spending can be approved as qualifying spend on such worthy projects.

In this case, because the plan modification proposal was submitted to TDH after Ballard had contributed \$150,000 to Milligan University, unfortunately, the requirement of prospective approval was not met. For this reason, I am unable to accept Ballard's proposal to modify the HR/GME Plan to include the \$150,000 contribution to Milligan University in support of its Addiction Counseling Program.

This determination in no way reflects upon the program at Milligan University nor upon TDH's assessment of the need for addiction counselors. Further, if Ballard determined to continue to support such an addiction counseling program and included spending as an implementation strategy in a future or amended HR/GME Plan or other plan, TDH would welcome the opportunity to consider that future plan on its own merits.

Thank you for your continuing efforts to serve the needs of your patients. While TDH takes our supervision role under the COPA very seriously, we also see ourselves as partners with Ballard in working through the various issues that will invariably arise in this unprecedented process. Ballard's success is imperative to the residents of Northeast Tennessee and Southwest Virginia, and we want to do our part to help make that success possible.

Please let my staff or me know if you have any additional questions or need further clarification.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lisa Piercey".

Lisa Piercey, MD, MBA, FAAP
Commissioner

Cc: The Honorable Norman Oliver, State Health Commissioner
Virginia Department of Health

Tim Belisle, General Counsel
Ballad Health

Claire C. Haltom, Shareholder
Baker Donelson PC

Larry Fitzgerald
COPA Monitor

Janet M. Kleinfelter, Deputy Attorney General
State of Tennessee

Jim Mathis, COPA Director
Tennessee Department of Health

Judi Knecht, Population Health Program Manager
Tennessee Department of Health

Erik Bodin, Office of Licensure and Certification
Commonwealth of Virginia

Karen Guske, SVP Ballad Health
COPA Compliance Officer