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July 31, 2017

Marissa Levine, M.D., MPH
State Health Commissioner
Virginia Department of Health
109 Governor Street
Richmond, VA 23219

Dear Commissioner Levine,

The Virginia Association of Health Plans (VAHP) would like to renew our opposition to the proposed Cooperative Agreement between Mountain States Health Alliance and Wellmont Health System and to ask for continued transparency during the review process. VAHP represents 9 insurance carriers operating in the Commonwealth, every sector of the payer marketplace in Southwest Virginia, which provides a wide range of offerings on behalf of both commercial and Medicaid Managed Care Organization (MCO) payers.

Our members continue to oppose the proposed application for Cooperative Agreement. The proposed merger would stifle competition in the Southwest Virginia, the application continues to lack crucial details and the application still lacks a comprehensive plan and adequate resources for “active oversight” by the Department.

Competition in the health care market is essential to controlling costs. Since our last public comments, VAHP is now in favor of a deregulation of the Certificate of Public Need (COPN) program in Virginia. The proposed Cooperative Agreement would make a new COPN nearly impossible to obtain by an outside competitor wishing to open a new facility in the region. New facilities must obtain a COPN from the Department to open in a region. This task can prove daunting enough without another competitor having a state sanctioned monopoly. Anyone wishing to open would have an extremely difficult task to prove viability to the Department operating where the new merged entity has a presence in the area. In addition, Ballad Health would be able to oppose such a COPN application making the approval a near impossibility. We continue to believe that the merger would block any competition in the market and create higher prices for health care in the region. As we stated in our previous public comment, the applicants still claim there will not be “any” adverse effects from a lack of competition. There has been ample evidence submitted by both VAHP and the Federal Trade Commission that the merger will result in a decrease in competition to the detriment of the consumers of health care services in the region.

The COPN issue is even more pronounced in the Lee County hospital situation. Recent articles in the Lee Daily Register have documented the fluctuations in the hospital situation in Lee County.¹ If their current

¹ Grizzle, Woodrow. “Transparency, Communication Key Themes at Hospital Authority Meeting”. Lee Daily Register. June 27, 2017. <https://leedaily.com/2017/06/27/transparency-communication-key-themes-at-hospital-authority-meeting/>

agreement with Americore Health dissolves and they lose their current COPN, that facility would have an almost insurmountable task of obtaining another one. The application continues to ignore Lee County, despite one of the stated goals of this Cooperative Agreement process has been to address the facility there.

The commitments made by the applicants continue to be vague and lack critical information. The facility commitments continue to only last for five years, a short span in the life of the proposed Cooperative Agreement that could last for decades. The April submissions by the Applicants continue to be vague, and as a great number of them has been marked proprietary, are unable to be evaluated by the public. We ask that the Commissioner review this information carefully and give these submissions all the due scrutiny before making a final decision.

VAHP renews our objection that a plan for “active supervision” by the Department is not in place to oversee the merged entity. There has been no discussion to date which staff will oversee the commitments or whether the Department has the adequate authority and resources to do so. Further, given the uncertainty and change likely coming from Washington, it is unclear whether any of the assumptions made will still be relevant under the new health care regime.

In closing, our plan members continue to be opposed to the Cooperative Agreement and appreciate the opportunity to express our concerns with you and your staff.

Best regards,



Doug Gray
Executive Director
Virginia Association of Health Plans

Cc: Erik Bodin, Virginia Department of Health
Goldie Walker, Federal Trade Commission
Stephanie Wilkinson, Federal Trade Commission
Sarah Allen, Virginia Office of the Attorney General

Grizzle, Woodrow. “Americore Health Unable to Meet Payroll at Pineville Community Hospital”. Lee Daily Register. June 10, 2017. <https://leedaily.com/2017/06/10/amicore-health-unable-to-meet-payroll-at-pineville-community-hospital/>

Grizzle, Woodrow. “Americore Health Originated as Holding Company In Ohio Days After Lawsuit”. Lee Daily Register. June 5, 2017. <https://leedaily.com/2017/06/05/amicore-health-originated-as-holding-company-in-ohio-days-after-lawsuit/>