

Southwest Virginia Health Authority
851 French Moore Jr. Boulevard, Suite 178
Abingdon, Virginia 24210

November 22, 2016

Marissa J. Levine, M.D., M.P.H., F.A.A.F.P.
Commissioner
Virginia Department of Health
109 Governor Street
Richmond, Virginia 23219

Dear Commissioner Levine:

On November 7, 2016 the Southwest Virginia Health Authority (the "Authority") acted pursuant to Section 15.2-5384.1 of the Code of Virginia (the "Code") and voted on whether to recommend to you that you approve the "*Commonwealth of Virginia Application for a Letter Authorizing Cooperative Agreement*" between Mountain States Health Alliance and Wellmont Health System submitted to our Authority on February 16, 2016 and deemed complete on August 26, 2016 (the "Application"). As you know, we held a joint public hearing on the Application on October 3, 2016.

The Authority had a specific role to undertake as part of the consideration of the Application by the Commonwealth of Virginia. While that role required specific attention to a number of the components of the Application, we recognized that the General Assembly entrusted your office with the responsibility to approve the Application and ensure compliance with the provisions of any cooperative agreement your office approves. Through our working group structure and multiple meetings, the Authority's members reviewed in detail the Application and the consequences it might cause. We employed staff with relevant expertise to assist us in this responsibility.

The Authority's ultimate action on the Application followed consideration of thousands of pages of material submitted by both the Applicants and various regional and national stakeholders, as multiple constituencies actively engaged in this review process. We appreciate all of the members of the community who attended our listening sessions, who submitted written comments for us to consider, who attended, presented and spoke at the meetings of our Board of Directors, or who spoke at our public hearing. We carefully considered all of their contributions to this process. The General Assembly entrusted our Authority with this initial step in the process because we are uniquely positioned to review this Application in the context

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of its impact on health and health care in Southwest Virginia, and I am pleased with the effort put forth by the members of the Board of Directors of the Authority.

The Board of Directors of the Authority considered each individual benefit and each individual disadvantage set forth in Section 15.2-5384.1(E)(2). The Authority rejected both the originally proposed commitments and the initial accountability metrics and required much more specific commitments and a more comprehensive measuring and accountability system. Together, we believe these changes make for a more comprehensive and effective arrangement than originally proposed.

Following this review of the benefits and disadvantages provided in the statute, the Board of Directors of the Authority determined pursuant to Section 15.2-5384.1(E)(1) of the Code of Virginia that the benefits likely to result from the proposed cooperative agreement would outweigh the disadvantages likely to result from a reduction in competition from the proposed cooperative agreement. Then, by unanimous vote, the Authority recommended the Application with the revised commitments and the revised process for measuring the fulfillment of those commitments for approval by you.

We are preparing a written report on the Authority's review of the Application and in the next few days we will send the report to you. In the meantime, please contact us if we can provide further information to you about our process or the result we reached.

Very Truly Yours,

SOUTHWEST VIRGINIA HEALTH AUTHORITY



Terry G. Kilgore, Chairman

cc: Members of the Board of Directors of the Southwest Virginia Health Authority
Ms. Barbara Allen
Mr. Roger Leonard
Mr. Alan Levine
Mr. Bart Hove
Tim Belisle, Esq.
Gary Miller, Esq.
Jim Daniel, Esq.
Richard G. Cowart, Esq.