



COMMONWEALTH of VIRGINIA

Department of Health

P O BOX 2448

RICHMOND, VA 23218

July 28, 2017

Marissa J. Levine, MD, MPH, FAAFP
State Health Commissioner

TTY 7-1-1 OR
1-800-828-1120

Bart Hove
President and CEO, Wellmont Health System
1905 American Way
Kingsport, Tennessee 37660

Dear Mr. Hove:

I am writing to you in follow-up to our meeting in Richmond on May 17, 2017. Thank you again for your cooperation and assistance as the Virginia Department of Health (VDH) continues its review of the Application for a Letter Authorizing Cooperative Agreement (application.)

As part of our discussion during that meeting, my staff described how Mountain States Health Alliance (MSHA) had previously reported that approximately 70% of the primary care physicians in the geographic service area are independent of either MSHA or Wellmont Health System (WHS), and that the application stated that The New Health System intends to collaborate where possible with the independent physician community in procompetitive arrangements to build an array of service offerings that will be accessible throughout the region. A member of my staff then asked what evidence MSHA and WHS have that these physicians are actually on board with what Ballad wants to do, and willing to share financial risk. In response, it was requested that the Virginia Department of Health (VDH) follow-up with WHS separately concerning the question, as it involved proprietary information.

A member of my staff also asked why, given that the actual negotiated rate adjustments for both parties over the past several years have been for much less than the CPI minus 0.25%, the rate adjustment cap commitment proffered by the parties was not for the CPI minus some greater percentage, perhaps 1.0%. In response, it was requested that VDH follow-up with WHS separately concerning that question, as it involved proprietary information.

By this letter, I am requesting your response to both of the questions expressed above. Please note 12VAC5-221-80(F) states "The commissioner shall not render a decision on the application until all supplemental information requested has been received." Thank you again for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Marissa J. Levine".

Marissa Levine, MD, MPH, FAAFP
State Health Commissioner