



STATE OF TENNESSEE
DEPARTMENT OF HEALTH

JOHN J. DREYZEHNER, MD, MPH
COMMISSIONER

BILL HASLAM
GOVERNOR

August 17, 2016

Ms. Beth D. Rhinehart
President and CEO
Bristol Chamber of Commerce
20 Volunteer Parkway
Bristol, TN 37620

Mr. Gary Mabrey
President/CEO
Johnson City/Jonesborough/Washington Chamber of Commerce
603 East Market Street
Johnson City, TN 37601

Mr. Miles Burdine
President/CEO
Kingsport Chamber of Commerce
400 Clinchfield Street #100
Kingsport, TN 37660

Dear Ms. Rhinehart, Mr. Mabrey, and Mr. Burdine:

Thank you for the recent letter co-signed by the three of you on behalf of your respective Chambers of Commerce reiterating your support for the Mountain States Health Alliance and the Wellmont Health System proposed merger. I appreciate your positive comments regarding the opportunities that our process has afforded the public to express its views on the subject as well as your recognition of the excellent work performed by the Advisory Group.

We at the Department of Health understand the feelings that you express in your letter regarding your “strong wish that the process advance....” Immediately upon receipt of an incomplete Certificate of Public Advantage (COPA) application on February 16, 2016, we began our internal review process and our public meeting process. Our initial hope was that the June 7, 2016, public hearing would take place subsequent to our having deemed the application complete and would fulfill the statutory public hearing requirement; unfortunately, we cannot fulfill that requirement until at least 50 days after the application has been deemed complete. At this point, the Department is still waiting on certain information that Wellmont and Mountain States were told in March that we must receive before we can deem the application complete. Obviously, the application is not yet deemed complete.

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You state in your letter that “they [Wellmont and Mountain States] have been responding to ongoing detailed requests from the Department for ...additional information...” While they have been responding, it has often been months between our requests for information and their provision of it. Just this past Tuesday, August 9, 2016, the Department received responses to all of the questions we asked over three months earlier on April 22, 2016, and we will need time to review this information to determine if our questions have been adequately answered. In addition, the Department still has not received an updated Plan of Separation that is crucial to the COPA process. The Department understands that the applicants have been working on this component, but an acceptable Plan of Separation is required by the COPA statute and by our rules and without it a COPA cannot be granted.

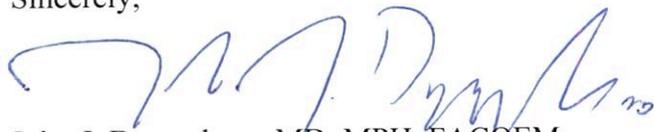
You may go to our website to view a timeline of the process we have been undergoing for over the past year: <http://tn.gov/health/article/certificate-of-public-advantage-application-proceedings>

As a final comment, I will respond to your comments regarding other states’ COPA-regulated mergers. There have been very few of these mergers and the ones that have occurred have been between individual hospitals; none have involved two such large healthcare systems that together have as large a market share in so large a geographic area. Additionally, there never before has been a COPA application in Tennessee. Thus, we are in completely new territory here and every step we take is one we haven’t taken before. Additionally, the processes we put in place regarding this COPA application will set precedence for the entire State of Tennessee; in contrast, Virginia’s COPA statute applies only to Southwest Virginia. The contemplation of a decision to permit a COPA under this state law is not one to be taken lightly, and indeed the best interests of the citizens of Tennessee require that we not only perform our work timely but also with a full and complete application and a robust understanding of its implications so we can make the best possible decision for the people of Tennessee.

Let me assure you, the Department is committed to moving as quickly as possible to complete this evaluation process, and we are working diligently to be responsive and transparent throughout the process.

Thank you again for your interest and comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "John J. Dreyzehner", with a small "no" written at the end of the signature.

John J. Dreyzehner, MD, MPH, FACOEM
Commissioner