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BY EMAIL TRANSMISSION

CONFIDENTIAL

Honorable Ralph Alvarado, MD, FACP
Commissioner
Tennessee Department of Health
710 James Robertson Parkway
Nashville, TN 37243

Re: Request for 35% Waiver (General Surgery in Sullivan County – Bristol Surgical Associates)

Dear Commissioner Alvarado,

Ballad Health (“Ballad”) was recently approached by Bristol Surgical Associates (“BSA”), an independent general surgery group, that is seeking employment. Ballad has determined that it is necessary to employ these surgeons in order to stabilize general surgery coverage at Bristol Regional Medical Center (“BRMC”) and for the surrounding community served by this hospital. For the reasons explained below, Ballad is requesting a waiver under Section 5.05(e) of the Terms of Certification to employ seven of the BSA general surgeons at BRMC.

Background

BSA provides a full range of general surgery services to the patients in the BRMC service area. BSA is the only general surgery group with a clinic location in Bristol and the only general surgery group which holds medical staff privileges at BRMC. In addition to providing tertiary-level general surgery care at BRMC, the physicians of BSA also provide wound care services and vascular services in the Bristol community.

Like many independent physician groups, BSA has experienced significant increases in overhead expenses in recent years and rising administrative costs. These increased expenses, coupled with dwindling reimbursements for surgical services, has led the BSA physicians to the conclusion that they can no longer continue to operate as an independent physician practice. The

BSA surgeons approached Ballard seeking employment at BRMC so that they may continue serving the Bristol community. All eight of the BSA general surgeons have executed an attestation stating their desire to become employed by Ballard. These attestations are provided as attachments.

35% Rule Analysis

The BSA surgeons, all of whom practice in Bristol, Tennessee, have historically been counted for purposes of the 35% Rule as independent general surgeons practicing in Sullivan County. The employment of the BSA general surgeons, if approved, would increase the number of Ballard employed General Surgeons in Sullivan County by 8.0 FTEs.

Continuity of Surgical Coverage and Access

If Ballard is granted a waiver to hire the BSA surgeons, the Bristol community within Sullivan County will continue to have the same surgery coverage, care access, and care coordination as provided today. Employing these surgeons will help stabilize general surgery coverage at BRMC and ensure that patients of BRMC continue to have access to the surgeons at BSA who have dedicated many years to serving this community.

If Ballard is unable to employ the BSA physicians, it is very likely that one or more of these general surgeons will relocate outside of the community. Without adequate general surgery coverage at BRMC, Bristol patients would have to travel 20 miles to the closest hospital located in Kingsport, Tennessee or out of state 23 miles to a hospital located in Abingdon, Virginia. For patients residing outside of Bristol, Tennessee the distance could be much greater. Patients often travel from areas south of Roanoke, VA for trauma and specialized general surgery care at BRMC and the additional travel distance could delay medical treatment.

Impact on Independent Groups

The employment of the BSA general surgeons will not materially or adversely affect existing competition. As noted above, BSA is the only independent general surgery group practicing at BRMC. No other independent groups provide general surgery coverage at BRMC or in the Bristol community.

Based on the fact that there will be no adverse impact on independent groups, and this request will stabilize and enhance coverage for general surgery services at BRMC, Ballard is respectfully requesting a waiver under Section 5.05(e) of the Terms of Certification to employ the seven BSA general surgeons.

Impact on Pending Waiver Request for General Surgery in Kingsport

On August 31st, Ballard submitted a waiver request to reclassify certain surgeons at Holston Valley Medical Center (“HVMC”) to General Surgery and recruit two sub-specialists at HVMC to provide Bariatric Surgery and Colorectal Surgery (both of these sub-specialists would count as General Surgeons for purposes of the 35% Rule).

As the Department is aware, both HVMC and BRMC are located in Sullivan County, but the communities are 20 miles apart. Because these two hospitals are located in the same County, the 35% Rule counts the employed providers in Kingsport and Bristol together even though these communities are distinct and each has its own tertiary hospital. General surgeons tend to practice at either HVMC in Kingsport or BRMC in Bristol. No independent general surgeons other than the BSA surgeons practice at BRMC. However, since the 35% Rule is analyzed at the County level and both HVMC and BRMC are located in Sullivan County, approval of the August 31st waiver request, this BSA waiver request, or both would increase the percentage of employed General Surgeons in Sullivan County above the 35% threshold.

The August 31st waiver request is currently pending before the Department. Ballard has provided information to the Department on the impact on the percentage of employed physicians in Sullivan County if the August 31st waiver request is approved. To facilitate the Department's consideration of both the August 31st waiver request and this BSA waiver request, Ballard has attached information on the resulting employment percentages in Sullivan County if the August 31st waiver request related to Kingsport is approved, this BSA waiver request related to Bristol is approved, and if both waiver requests are approved.

We appreciate your consideration of this request. Please let us know if you need any additional information.

Sincerely,



Alan Levine
Chairman and Chief Executive Officer
Ballad Health

cc: Jonathan Skrmetti
Tennessee Attorney General and Reporter

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Appendix – Providers

[Yellow Highlighting Indicates a Change Related to the August 31st Waiver Request;
Green Highlighting Indicates a Change Related to this BSA Waiver Request]

Sullivan County General Surgery – BSA Employment Scenario

Provider	Group	Employed? ¹	General Surgery FTE Allocation in Sullivan County as of 6/30/23	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Kingsport only	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Bristol only	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Kingsport & Bristol
Gerald (Ward), Grace MD	Holston Medical Group	N	1.0	1.0	1.0	1.0
Holt, Steven MD	Holston Medical Group	N	1.0	1.0	1.0	1.0
Stanski, Cheryl MD	Holston Medical Group	N	1.0	1.0	1.0	1.0
Thomas, Thomas MD	Holston Medical Group	N	1.0	1.0	1.0	1.0
Jones Jr., Jon W. MD	ETSU Physicians – Surgery	N	0.5	0.5	0.5	0.5
Collins II, Sidney MD	Bristol Surgical Associates	N → Y	1.0	1.0	1.0	1.0
Furrow, Paige MD	Bristol Surgical Associates	N → Y	1.0	1.0	1.0	1.0
Gwaltney, David MD	Bristol Surgical Associates	N → Y	0.8	0.8	0.8	0.8
McClintic, Eugene MD	Bristol Surgical Associates	N → Y	1.0	1.0	1.0	1.0
McCracken, Jessica DO	Bristol Surgical Associates	N → Y	1.0	1.0	1.0	1.0
Scharfstein Jr., Benjamin MD	Bristol Surgical Associates	N → Y	1.0	1.0	1.0	1.0
Sides, Jake MD	Bristol Surgical Associates	N → Y	1.0	1.0	1.0	1.0
Vance, John DO	Bristol Surgical Associates	N → Y	1.0	1.0	1.0	1.0
Testerman, George MD	Ballad Trauma of Kingsport	Y ²	0.0 ³	0.0 (Administrative Duties only Effective 7/31/23)	0.0	0.0
Compton, Ray MD	Ballad Trauma of Kingsport	Y ³	0.0 ⁴	0.0	0.0	0.0

¹ Holston Medical Group doctors are allocated to HVMC, IPMC, and Bristol Regional Medical Center (Kingsport and Bristol). Bristol Surgical Associates are allocated 100% to Bristol Regional Medical Center.

² These physicians were previously counted as 100% hospital-based (trauma surgery) and were not included in the 35% Rule calculations; Under the comprehensive surgery model, at least a portion of each physician's time will now be allocated to acute care/general surgery and will need to be reclassified as General Surgery for purposes of the 35% Rule.

³ As of 12/31/2022, this physician was providing 1.0 FTEs of Trauma Surgery which was not counted towards the General Surgery 35% Rule calculations since Trauma Surgery is treated as hospital-based and exempt from the 35% Rule calculations.

Provider	Group	Employed? ¹	General Surgery FTE Allocation in Sullivan County as of 6/30/23	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Kingsport only	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Bristol only	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Kingsport & Bristol
				(Resigned 6/4/23)		
Clark, Lindsey MD	Ballad Trauma of Kingsport	Y	0.3 ⁴	1.0	0.3	1.0
Weir, Robert MD	Ballad Trauma of Kingsport	Y ³	0.0 ⁴	0.8 (0.2 allocation to Norton)	0.0	0.8 (0.2 allocation to Norton)
Smith, Peter MD	Ballad Trauma of Kingsport	Y ³	0.0 ⁴	0.0 (Assumes at Least One Subspecialist is Hired) ⁵	0.0	0.0
Cooler, Art MD	Ballad Trauma of Kingsport	Y ³	0.0 ⁴	0.0 (Assumes at Least One Subspecialist is Hired) ⁶	0.0	0.0
Ehrenfried, John MD	Surgical Associates of Kingsport	Y	1.0	1.0	1.0	1.0
Hart, Stephanie MD	Surgical Associates of Kingsport	Y	1.0	1.0	1.0	1.0
Jackson, Beth MD	Surgical Associates of Kingsport	Y	0.4	0.4	0.4	0.4
Kramer, Andrew MD	Surgical Associates of Kingsport	Y	1.0	1.0	1.0	1.0
Oggero, Kelly MD	Surgical Associates of Kingsport	Y	1.0	1.0	1.0	1.0
[New Bariatric Surgeon]	[Surgical Associates of Kingsport]	Requesting Approval to Recruit	0.0	1.0	0.0	1.0

⁴ As of 12/31/2022, Dr. Clark was providing 0.3 FTEs of General Surgery which was included in the General Surgery 35% Rule calculations and 0.7 FTEs of Trauma Surgery which was treated as hospital-based and exempt from the 35% Rule calculations.

⁵ Ballad has already identified a candidate for one of the two subspecialty surgeon positions so, if the August 31st waiver request is approved, the release of Drs. Smith and Cooler from their employment would likely occur within a matter of months.

Provider	Group	Employed? ¹	General Surgery FTE Allocation in Sullivan County as of 6/30/23	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Kingsport only	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Bristol only	General Surgery FTE Allocation in Sullivan County if 35% Waiver is Approved for Kingsport & Bristol
[New Colorectal Surgeon]	[Surgical Associates of Kingsport]	Requesting Approval to Recruit	0.0	1.0	0.0	1.0

Impact Analysis

	General Surgery in Sullivan County as of 6/30/23	General Surgery FTE Allocation in Sullivan County if August 31 st 35% Waiver is Approved for Kingsport only	General Surgery FTE Allocation in Sullivan County if August 31 st 35% Waiver is Approved for Bristol only ⁶	General Surgery FTE Allocation in Sullivan County if August 31 st 35% Waiver is Approved for Kingsport & Bristol
Independent General Surgery FTEs in Sullivan County	12.2	12.2	4.5	4.5
Employed General Surgery FTEs in Sullivan County	4.7	8.2	12.5	16.0
Total General Surgery FTEs in Sullivan County	16.9	20.4	17.0	20.5
Percentage of General Surgery Physicians Employed in Sullivan County	27.8%	40.2%	73.5%	78.0%

⁶ This assumes that the remaining trauma surgeons (Weir & Clark) will stay hospital-based at their 6/30/23 allocations, that Smith and Cooler have already left, and that the two new sub-specialists would not be hired for Kingsport (reducing the total FTE amount by 1.5 for Weir/Clark and 2.0 for the new providers).