

Ballad Health Overview



Ballad Proud



FY18



ATTACHMENT 3

ACTIONS TAKEN IN FURTHERANCE OF COMMITMENTS

ATTACHMENT 3 - ACTIVITIES CONDUCTED PURSUANT TO THE COOPERATIVE AGREEMENT

A. Improving the Community's Health Status

Ballad Health has taken a number of concrete steps toward creating a comprehensive infrastructure to support our regional efforts to improve community health. This includes internal reorganization as well as standing up a region-wide Accountable Care Community, a collaborative impact model, where community organizations identify a small number of clearly articulated goals of common interest. This effort will be supported by the Ballad Health infrastructure and will provide the critical mass of resources necessary to achieve success. Details of just some of the activities taken since the closing of the merger include:

1. Creating plans for population health improvement

a. Developed and Submitted the Population Health Plan

Ballad Health deployed a comprehensive process to gather input for and draft a population health plan, which was submitted to the Commonwealth of Virginia and State of Tennessee in June, 2018, for approval. We convened an executive steering team, which was aided in its analysis by national experts with experience in large-scale population health improvement. The steering team developed a “playbook” of evidence-based and promising practice interventions, which have the potential to be successfully implemented in our communities.

In addition, we gathered input from internal and external stakeholders to assess community health needs and refine the intervention playbook through approximately 150 interviews and 40 meetings with external groups, including the regional accountable care community steering committee, regional health departments, United Way agencies, chambers of commerce, schools and community organizations, as well as key internal groups such as the population health and social responsibility committee of the Ballad Health board of directors, the Ballad Health population health clinical committee, and hospital community boards.

Before drafting the initial population health plan, we worked with internal and external data experts and subject matter experts to ensure our approach to measuring and tracking population health and access metrics is reliable and in keeping with best practices. Meetings with both states continue to refine the data collection and reporting process which, we believe, is among the first of its kind in the country.

Through this intensive process, Ballad Health and its partner community organizations have determined that the overwhelming evidence from successful collaborative impact efforts elsewhere supports a focus on fewer measures that will have a definitive result in improving generational health. Ballad Health remains committed to investing in successful interventions that have a real opportunity for success.

- b. *Developed and Submitted Community Health Need Assessments and Implementation Plans*
Ballad Health has implemented a new process for compiling robust and comprehensive Community Health Needs Assessments (CHNAs) that engage community stakeholders earlier and more often in the process. Eleven Ballad Health facilities were due for new CHNAs this year, based on a 3-year cycle required by the Internal Revenue Service for not-for-profit hospitals.

For the first time, COPA and cooperative agreement commitments were integrated into these assessments, as well as findings from key documents such as the health plans for Tennessee and Virginia, The Southwest Virginia Blueprint for Health Enabled Prosperity, historical CHNAs from Wellmont Health System and Mountain States Health Alliance, county health rankings, and the pre-merger workgroups report titled, “Key Priorities for Improving Health in Northeast Tennessee and Southwest Virginia: A Comprehensive Community Report.”

The strategic planning department of Ballad Health piloted a model in Smyth County that improved stakeholder involvement through a community advisory committee. This approach goes well beyond the traditional model of simply conducting limited stakeholder interviews. A collaborative group met multiple times to discuss and refine both the needs assessment and implementation plan. Local participants included law enforcement, health departments, community services boards, education representatives including grade schools and higher education centers, and other local community organizations.

Community feedback regarding the collaborative assessment process has been extraordinarily positive, and stakeholders have expressed an interest in continuing to meet to help ensure their community’s health needs are being met by playing an integral part of the implementation and monitoring efforts. Ballad Health will apply this model to all future CHNA activities moving forward. Importantly, Ballad Health is also represented on the Virginia Hospital and Healthcare Association’s and the Virginia Commissioner of Health’s *Partnering for a Healthier Virginia Advisory Committee* which seeks to increase collaboration between the health department and hospitals in the Community Health Needs Assessment and implementation planning process.

The Ballad Health Community Health Needs Assessments and Implementation Plans are available to the public and can be accessed at the Ballad Health website by clicking on the name of the hospital, and then clicking on the “Community Health Needs Assessment” link. An example of the Community Health Needs Assessment for Johnson City Medical Center may be found at:

https://www.balladhealth.org/sites/balladhealth/files/documents/JCMC_Community_Health_Needs_Assessment_2018.pdf

2. Developing a Population Health Infrastructure within Ballad Health and the Community

- a. *Established the Department of Population Health within Ballad Health*
Since our merger in February of 2018, Ballad Health has built, from the ground up, a department of population health staffed by professionals in both community health and

value-based healthcare. The department is dedicated to developing solutions to improve health in the community at large, among selected populations based on assessed risk and prioritization, populations where Ballad Health has contractual arrangements to improve specific outcomes and manage cost (such as Medicare Advantage), and within Ballad Health's own team member and dependent population. The department's strategies are guided based upon Ballad Health's and its community partners' assessment of need in the community, which is the priority driver for dedication of resources. The population health and access metrics in the COPA and Cooperative Agreement are broad, and where alignment may occur with community need, those issues will be prioritized.

Efforts are led by the Chief Population Health Officer, who reports directly to the Chairman and Chief Executive Officer of Ballad Health. Additional leadership includes the Senior Vice President for Community Health and System Advancement, the Senior Vice President for Value-Based Care and Strategic Planning, the Vice President for Health Programs, and the Directors of Community and Clinical Engagement.

The new leadership hired and trained a group of community engagement specialists who are embedded in multiple communities in Northeast Tennessee and Southwest Virginia served by Ballad Health. These individuals have strong community ties and a deep understanding of the cultural nuances that impact population health in this unique region. The team is supported by a data analyst dedicated to tracking the deployment and impact of population health efforts throughout the service area.

Ballad Health has organized its grant department and community foundation under population health to align goals with, and provide support to, these community health initiatives. Ballad Health's intent is to advance the application process for external grants and funding for the various initiatives it will deploy with its community partners.

b. Established the Population Health Clinical Steering Committee

Immediately after the close of the merger in February, 2018, Ballad Health established its clinical council, comprising approximately 30 physicians nominated from the elected leadership of all Ballad Health hospitals, the health system's medical group, and independently practicing community physicians. The council meets monthly and reports directly to the quality committee of the Ballad Health board of directors. The group's goal is to ensure excellence in clinical care through physician engagement and leadership. The council employs a dyad leadership model, with each subcommittee – as well as the council itself – led by co-chairs representing both physician executives and those in full-time practice.

The clinical council is comprised of several committees, including the population health clinical steering committee. This clinical committee is composed of Ballad Health and independent community clinical providers representing physicians, pharmacists, advanced practice providers, and nursing. The committee is charged with providing guidance for Ballad Health's transformation to a community health improvement system. The group has met twice to establish its structure and focus, review existing health improvement metrics, establish a charter, and review the population health plan. Work has begun on care transitions planning, including identification of best approaches to screening activities and follow up for cancer, high blood pressure, obesity risk, and diabetes. Work in these areas is

geared toward creating seamless transitions between clinical interventions and community interventions.

c. *Established a Regional Accountable Care Community*

Ballad Health funded and has taken a lead role in the governance of a regional, multi-stakeholder Accountable Care Community (ACC) to address population health needs across a wide geographic region. Accountable Care Communities are coalitions of stakeholders who align their organizations' efforts around a focused set of population health and community well-being goals. The regional ACC will support the formation of local community action teams and expand the work of existing action teams, such as health councils who wish to align with the ACC efforts.

After a process in which Ballad Health solicited requests for proposals, the United Way of Southwest Virginia and Healthy Kingsport were selected to serve alongside Ballad Health as lead organizations for the ACC. Both of these organizations have successful track records of collective action in Virginia and Tennessee respectively. The lead organizations and ACC steering team identified an initial list of prospective member organizations across the 21 county region, and have established a membership agreement that will govern ACC participation. Membership recruitment is ongoing, and has surpassed 60 organizations as of October.

These inaugural members met in a series of focus groups to review existing consensus documents on community health needs such as department of health plans for Tennessee and Virginia, the Southwest Virginia Blueprint for Health Enabled Prosperity, historical CHNAs from Wellmont Health System and Mountain States Health Alliance, county health rankings, and the pre-merger workgroups report titled, "Key Priorities for Improving Health in Northeast Tennessee and Southwest Virginia: A Comprehensive Community Report." The group identified four collective impact strategies on which the ACC will focus its time and resources:

- Building a grassroots group of community partners;
- Aligning the activities, services and resources of those partners toward population health outcomes;
- Managing partnerships to direct momentum toward population health; and
- Mobilizing communities through shared responsibility to achieve collective impact.

d. *Established the Community Benefit and Population Health Committee*

The Ballad Health board of directors established the Community Benefit and Population Health committee of the board. This committee includes the Chief Executive Officer, Chief Operating Officer, Chief Clinical Officer and Chief Population Health Officer of Ballad Health, as well as regional leaders and multi-sector community representation. It is responsible for oversight and compliance with all population health-related COPA and cooperative agreement commitments and reporting. It is also responsible for governing the alignment of the COPA/cooperative agreement, community benefit/Community Health Needs Assessment, and value-based contracting strategies and initiatives to produce health improvement in the community.

To date, the group has established a charter and has conducted a number of education sessions on population health best practices, the Ballad Health population health plan, a revamped community health needs assessments (CHNAs) process, and value-based contracting. This committee has also reviewed, and recommended for adoption by the Ballad Health Board of directors, the population health plan and the most recent round of community health needs assessment and implementation plans.

e. Aligned Ballad Health's Business Health and population health infrastructure

Ballad Health is evolving the role of our business health services to support not only traditional business health support services (i.e., work site clinics, etc.) but to also incorporate employer-based community health programming. Our new strategy recognizes that while Ballad Health can bring value to employers through a number of our traditional business health services, employers can also bring value to Ballad Health by providing it access to their workforce to deliver health education, perform screenings, vaccinations, and provide other services in support of Ballad Health's COPA and cooperative agreement goals.

Now organized under the Senior Vice President for Value-Based Care and Strategic Planning, the business health services department is in the process of developing offerings with the Department of Health Programs, Integrated Solutions Health Network (which houses the Ballad Health Accountable Care Organization and team member wellness program), and our Health Resources Center, which focuses on community outreach and programming for health-related topics such as healthy eating, diabetes management and cardiovascular disease prevention. Business Health has outreached to individual employers and local chambers to further refine the opportunities for new services and partnerships

f. Growing the parish nurse program

Ballad Health's service region culturally is connected by faith, and Ballad Health believes connectivity to the faith community is critical for success. Parish (or faith-community) nursing combines professional nursing with health ministry, emphasizing health and healing in a faith community. Ballad Health's parish nursing program already consists of about 50 parish nurses serving approximately 30,000 parishioners in the region. Ballad Health is in the process of hiring its first full-time leader of the parish nurse program in preparation for expanding the number of parish nurses in the community, and to strengthen their connection to the health system and its population health and access goals. Ballad Health is aligning the efforts of the current program with the goals of the COPA and cooperative agreement, expanding access to other community health programming available within Ballad Health, and evaluating new technology that will provide parish nurses with more health information from Ballad Health about their parishioners.

g. Expanding Health Resources Center capabilities to other communities

The Health Resources Center (HRC) provides health education, screening and support groups based primarily in Johnson City and Kingsport. Since the merger, the HRC has been reorganized under the Senior Vice President of Value Based Care and Strategic Planning in order to work more closely with Ballad Health's care coordinators, navigators, health coaches, parish nurses the Department of Population Health; and business health services. These resources will focus more on the preventative and wellness of the community through various populations (i.e., employers, faith-based, general community, etc.). The Health Resources Center is expanding its

presence throughout the region to provide services in non-traditional settings such as mobile food distribution sites where it is easier to connect to individuals in need rather than requiring them to travel to our two current locations. Recently, Ballad Health cut the ribbon on a new, expanded, Health Resources Center (<https://www.johnsoncitypress.com/Health-Care/2018/10/01/Ballad-Health-cuts-ribbon-on-new-Health-Resources-Center>).

3. Establishing Ballad Health as an Example for Community Health Improvement

We believe it is important for Ballad Health to set an example for how employers, community leaders, and individuals can make choices that lead to better health. We are adopting policies and practices to ensure that Ballad Health can serve as a positive example in our community.

First, Ballad Health has adopted a socially responsible investment policy for its cash reserves. Ballad Health's board of directors will steer investment portfolios away from companies that provide products or services that lead to poor health, for example, tobacco.

Also, Ballad Health is investing in new programs and technologies that enable patients to better manage their health and prevent disease. We are launching and piloting a number of these initiatives with our own team members and dependents – over 20,000 individuals who live within the Ballad Health service area and have the potential to act as influencers in their personal communities.

a. Established the Ballad Health as an Example Steering Committee

We have established an internal steering team and workgroups to identify target areas for intervention and improvement. These targets will impact the design of our health plan, our food and vending policies, our health promotion and wellness offerings, our team member communication and engagement activities, and our community outreach. This team is made up of multidisciplinary team members from across the organization.

b. Expanded Employee Health Risk Assessments and Health Coaching

We have expanded a comprehensive approach to screening and assessing health risks across our employee population using Applied Health Analytics to compile and analyze health risk assessments and biometrics. Ballad Health adopted a policy whereby team members and dependents who participate receive discounts on their health insurance premium. More than 11,000 team members and dependents have participated this year.

Results were shared with team members in a confidential, personalized format accessible online. Health coaches are reviewing health risks with team members who have or are at high risk for chronic disease. Ballad Health will use the aggregate data to inform programming and future benefit design to help address broad areas of opportunity for health improvement. For instance, if a significant number of team members are overweight or obese, Ballad Health may seek to provide incentives for participation in initiatives designed to mitigate the potential for a chronic condition and improve the health and well-being of those team members.

c. *Piloting an employee stress reduction intervention*

Ballad Health has developed a formal working relationship with a leading national research institution and health system to improve employee and community wellness. A mini-fellowship for a Ballad Health cardiologist was sponsored at this institution, and Ballad Health is in the process of piloting the first of a series of employee interventions designed to improve results on a number of key health risk factors such as blood sugar levels, blood pressure, body mass index and stress. A stress reduction intervention is the first of these pilots. If successful, additional pilots will be rolled out, the program will be scaled up to all Ballad Health employees and dependents, and will eventually be made available to employers throughout the region.

d. *Piloting a primary cardiovascular protection program*

Ballad Health has a strong relationship with the Pritikin Longevity Center and was selected as one of the first 10 sites in the United States to implement a Medicare-approved intensive cardiac rehab program. We are currently researching a new primary prevention program with Pritikin, which may demonstrate clear application and translation of Pritikin concepts to the reduction of disease development risk in at-risk individuals. This program is being piloted within the Ballad Health team member population.

4. Enabling Community Based Health Improvement & Sound Health Policy

a. *Strengthening Community Action and Partnerships*

Ballad Health is helping to fund and manage community efforts to implement evidence-based and promising public health programs and practices throughout the region. Outreach in several key areas has begun. The community engagement team is partnering with the Accountable Care Community, health councils, anti-drug coalitions, healthy community teams, and other grassroots groups to collectively identify those programs that contain best or promising practices to evaluate for resourcing and support. Once identified, programs will be selected for piloting resources and evaluation of impact and further assessment for scaling and replication.

i. *Employer sector activities*

- We have met with the chamber of commerce leaders from Bristol, Kingsport, and Johnson City along with large regional employers to begin a collaborative approach that will scale to the entire region. Initial areas for further pursuit include reducing opioid abuse in the workforce and benefit design that promotes high-value care.

ii. *Maternal / child health activities*

- We are working with a large local children's charity to assess the potential to align our funding and support of maternal and child health organizations in the region in support of COPA and cooperative agreement goals.
- With support from a grant by Mike and Nancy Christian, Niswonger Children's Hospital launched the Families Thrive program, which offers special support to families who are caring for a baby born with neonatal abstinence syndrome (NAS). <https://www.BalladHealth.org/news/niswonger-childrens-hospital-launches-families-thrive>
- Ballad Health Hospice hosted Camp Caterpillar, a free camp for children who have lost a loved one, with a goal of giving children and families coping tools to help them through the trauma associated with loss.

<https://www.BalladHealth.org/news/camp-caterpillar-helps-grieving-children-and-families-find-solace-companionship-and-healing>

- In response to a series of tragic child drownings in the region, Niswonger Children's Hospital partnered with Levi's Legacy to help raise awareness of water safety.

<https://www.BalladHealth.org/news/Niswonger-Childrens-Hospital-partners-Levis-Legacy-to-promote-water-safety>

iii. School-based activities

- Since 2014, Niswonger Children's Hospital has reached outside the hospital walls and into the community to improve child literacy through the B.E.A.R. Buddies reading program, which pairs volunteer mentors with elementary school students who need a boost in their reading skills. When five new schools recently requested to join the program, it became apparent more volunteers would be needed to help fill the gap and Ballad Health Chairman and CEO Alan Levine issued a call to Ballad Health team members for help. To date, 100 volunteers for the 2020 school year have signed up. <https://www.BalladHealth.org/news/Ballad-health-bear-buddies-child-literacy>

- Ballad Health Foundation and Prevention Connection partnered to bring Project Fit America to Norton Elementary School. Project Fit provides the school a grant for fitness education that includes new gymnasium and playground equipment. <https://www.BalladHealth.org/news/Ballad-health-project-fit-america-norton-elementary>

- In partnership with the Bristol Tennessee and Virginia Public Schools, Ballad Health hosted a community wellness expo to promote good health involving physical activity and free health screenings. <https://www.BalladHealth.org/news/power-health-expo-and-power-play-5k-set-april-28>

- A key area of concern for the region is children in schools who are in mental health or behavioral health crisis. In meetings with school superintendents hosted by Congressman Phil Roe, the superintendents shared stories of children who are at risk, in crisis, or even potentially demonstrating suicidal thoughts. The gaps in services available often leave teachers and school leaders with the burden of navigating what to do for the child. Ballad Health has offered to create a telehealth assessment program in partnership with the school districts whereby Niswonger Children's Hospital mental health counselors will be available to assess the child, and if necessary, refer them for immediate services. Ballad Health will hire additional counselors to be deployed to the school districts for follow-up with these children so that intervention may occur, or proper hand-off can be done for the needed services by the most appropriate support organization.

iv. Collaborative opioid intervention activities

- Ballad Health is working with three other broad regional coalitions in Tennessee and Virginia that each received \$200,000 planning grants from HRSA to coordinate efforts to fight the opioid crisis in our region. Fewer than 100 organizations nationwide were awarded the grants, which are geared toward helping communities collaborate to address the opioid crisis. Through the grant, Ballad Health will engage with a consortium of regional organizations to work collaboratively on a multi-sector approach to addressing the problem of opioid addiction in Northeast Tennessee and Southwest Virginia. The grant will support Ballad Health team members who will be deployed into local communities to work

with key stakeholders. Ballard Health will spearhead the initiative's lead consortium, which will establish other locally-governed consortia in rural communities throughout the region. Lead consortium members are the Bristol Chamber of Commerce, the Virginia Department of Health (VDH) Cumberland Plateau Health District, East Tennessee State University's Center for Prescription Drug Abuse Prevention and Treatment, Healthy Kingsport, the Johnson City Chamber of Commerce, the Kingsport Chamber of Commerce, VDH LENOWISCO Health District, VDH Mount Rogers Health District, the Northeast Tennessee Regional Health Office, Dr. Thomas Renfro of Norton Community Physician Services, Smyth County School District, Sullivan County Regional Health Department, and United Way of Southwest Virginia.

- Ballard Health joined forces with local chambers of commerce and Leadership Tennessee to rally our community at an opioid summit which featured author Sam Quinones, author of *Dreamland – A True Tale of America's Opioid Epidemic*.
- Ballard Health is the lead organization in a Smyth County Virginia community collation grant of \$737,000 from the Rural Health Opioid Program, part of the U.S. Department of Health & Human Services.

<https://www.BalladHealth.org/news/smyth-county-address-national-opioid-crisis>.

The three-year grant will be used to form a multi-disciplinary opioid consortium focused on reducing morbidity and mortality from opioid use disorder by:

- Educating the community on overcoming the stigma of opioid addiction
- Educating people battling addiction on available services in the community and help to guide them into treatment
- Providing enhanced counseling for hands-on opioid addiction treatment
- Providing expanded peer support opportunities
- Providing care coordination to support people battling opioid addiction to help them get treatment, make appointments, and remove barriers to treatment (i.e. transportation issues, etc.).

v. [Joined nationally recognized health systems to participate in the National Medicaid Transformation Project](#)

- Through participation in the Medicaid Transformation Project, Ballard Health has joined 16 leading health systems nation-wide in addressing social determinants of health for the nearly 75 million Americans who rely on Medicaid. Co-led by AVIA and former CMS Acting Administrator Andy Slavitt, the Medicaid Transformation Project will develop actionable solutions that address the health and social needs of our nation's most vulnerable patients. The work will focus on five key areas of opportunity, four of which have already been identified: behavioral health, child and maternal health, substance use disorder and avoidable emergency department visits. Medicaid Transformation Project participants believe that the solutions that help address these key areas of need for Medicaid subscribers will have the added effect of improving care for all vulnerable populations, including the uninsured.

<https://www.balladhealth.org/news/17-health-system-project-vulnerable-populations>

vi. [Piloted the Accountable Health Communities Project](#)

- Prior to Ballard Health, the two legacy systems and select community partners (Community Service Boards in Southwest Virginia, Virginia DMAS) were one of only

32 recipients nationwide of a \$2.5 million CMMI Accountable Health Communities grant. Ballard Health has continued to move forward with this work, which involves screening 75,000 Virginia Medicaid and Medicare patients annually at hospitals and physician practices for five social determinants of health risks (transportation, food, housing, interpersonal violence, and utilities). Ballard Health has expanded this screening to include substance abuse.

When at least one of these risks is identified, the patient is provided a listing of available community resources that can help address those specific needs. For a randomly selected population with at least one risk factor and with two or more emergency room visits in the past 12 months, a navigator will follow up personally to provide further support in connecting these patients to the available community resources.

This program initiated with two separate pilot projects screening a total of 8,776 Medicaid, Medicare and uninsured patients between September 1, 2017, and July 31, 2018, preceding the projected go-live by fall/winter of 2018.

This award from the federal government could not have been possible without the support of commonwealth leaders in Virginia, which Ballard Health applauds. The Accountable Health Community will assist in bridging gaps in services needed between hospitalization and home and community-based services which are necessary for addressing social determinants of care. Ballard Health remains hopeful that a similar partnership can be established in Tennessee.

b. Building Healthy Public Policy

Ballad Health is engaging in research and advocacy at the local, state and federal level to promote the population health and access goals included in the COPA and cooperative agreement. To date, we have provided education sessions to local leadership groups including chambers of commerce, government officials, business leaders and policy makers to better inform them on the requirements of the COPA and cooperative agreement and to solicit input for legislative interest and advocacy development.

Ballad Health is in the process of cataloging and assessing best practice public policies that have been shown to improve population health metrics in other parts of the country. This effort is scheduled to be completed by the end of 2018 and will assist in prioritizing legislative education and advocacy.

Ballad Health continues to advocate for rural health on the national stage. Alan Levine, chairman and chief executive officer of Ballard Health, on September 25th testified to a subcommittee of the U.S. Senate Committee on Health, Education, Labor and Pensions (HELP). Mr. Levine presented an oral and written summary outlining some of the most critical issues facing rural hospitals in the United States as well as legislative and regulatory strategies (i.e.: 340b Drug Discount Program, Medicare Area Wage Index, etc.) that can help communities address the health issues that disproportionately affect rural and non-urban residents throughout the country. His testimony highlighted steps Ballard Health is taking to transform rural hospitals, and to sustain services in a region of the nation heavily impacted

by the factors which are harming rural health care. Mr. Levine's written testimony is available here: <https://www.help.senate.gov/imo/media/doc/Levine1.pdf> and video testimony is available here: <https://www.c-span.org/video/?c4751429/alan-levine-testimony>

B. Improving Access to Healthcare Services

1. Virginia Medicaid expansion

A priority during the 2018 legislative session in Virginia was the passage of Medicaid expansion. Expansion was included in Virginia's biennial budget passed on June 7, 2018. Ballad Health worked closely with legislators in Virginia to educate them on the impact on health outcomes, access and economic development of providing approximately 400,000 uninsured, low-income Virginians (approximately 21,000 in Ballad Health's Virginia service area) with access to insurance.

Expansion takes effect January 1, 2019 with enrollment beginning November 1, 2018. Ballad Health is helping to raise awareness in the community about new options for coverage by deploying messaging in its hospitals and clinics in conjunction with the Virginia Department of Medical Assistance Services. We are also working with our enrollment services vendor to identify patients who will now qualify for Virginia Medicaid and encourage enrollment and are hosting 10 community events in November to meet face to face with patients and assist them in enrolling.

2. Hospital sponsored dental residency program will increase care for low-income individuals

One of the key gaps in health care rural regions, including the region served by Ballad Health, is access to dental care. Evidence shows that poor dental health can lead to diabetes, heart disease and other serious health conditions, in addition to harming the quality of life for each individual without access. Ballad Health has worked with a not-for-profit dental program to establish a hospital-based dental residency program at Johnston Memorial Hospital in Abingdon, Virginia. Dentists who enter dental residency are fully licensed dentists who wish to obtain advanced training in areas such as prosthodontics. This program would not only increase access to dental care for the underserved, but could also increase the supply of dentists locating in the area after their training. The application for a hospital-based dental residency has been submitted for review by the dental residency accrediting organization. This program has not been formally announced, as Ballad Health is awaiting approval first.

3. Addiction medicine fellowship partnership announced

Ballad Health and East Tennessee State University announced a partnership in June, 2018, to create a fellowship program in addiction medicine. Through the partnership, ETSU will apply to the Accreditation Council for Graduate Medical Education to create a new fellowship program in addiction medicine. As part of its commitment to expand education and training in the region, Ballad Health will fund any un-reimbursed costs of the fellowship program, which, over a 10-year period could cost more than \$2.5 million. https://www.etsu.edu/news/2018/06-jun/nr_addiction_medicine_fellowship_program_application.aspx

4. Access to low/no cost pharmaceuticals increased for low income individuals

Hawkins County Memorial Hospital and Hancock County Hospital achieved 340B status designation from the U.S. Department of Health and Human Services, reflecting their important role in the community as a provider of essential healthcare services to individuals who cannot afford to pay for their care. This program will assist Ballad Health in ensuring patients can access needed medication.

5. JMH graduates first class of family medicine residents

Johnston Memorial Hospital graduated its first class of six family and internal medicine residents in June of 2018. Of these graduates, three are planning on staying in the community to provide primary care. Currently there are 31 residents in years one through three of their residency program at JMH.

6. Greene County Hospitals remain open by specializing and adding new 12-bed progressive care unit

While 80 rural hospitals throughout the nation, led in part by Tennessee, have closed or been forced to significantly curtail services since 2010, Ballad Health has implemented one of the core benefits of the merger through its vision of eliminating unnecessary and costly duplication that threatened the viability of these rural hospitals, and instead is sustaining the hospitals and adding services. In the fiscal year that just ended, the two hospitals in Greene County, Laughlin Memorial and Takoma Regional, saw combined operating losses of \$11 million, with cumulative two-year losses totaling nearly \$31 million. Under each hospital's previous ownership, in 2014 and 2015, deteriorating financial results led to discussions between the incumbent boards and management for a consolidation of the two hospitals. A mutual agreement could not be reached, which resulted in Takoma being acquired by Wellmont Health System, and Laughlin being acquired by Mountain States Health Alliance. The merger creating Ballad Health paved the way, with state approval, for this partnership to finally happen. Had the hospitals remained independent during the last two years as cash reserves declined, the evidence shows that at least one would likely have closed.

In its approval of the merger creating Ballad Health, the state of Tennessee agreed with Ballad Health officials that "significant duplication of services exists in Greene County, Tennessee as a result of the two rural hospitals located therein." Further, the state said Ballad Health, "may consolidate services into one of such rural hospitals and repurpose the other rural hospital ... without prior approval from the department" under certain circumstances.

On August 1, Ballad Health announced plans to keep both community hospitals in Greene County open, allowing them to work together as one hospital with two campuses and enabling specialization of services that has been shown to lead to better outcomes for patients. Beginning in early 2019, Takoma Regional Hospital will focus its services on advanced outpatient and non-acute inpatient care, while Laughlin Memorial Hospital will focus on providing acute inpatient services. Services to be offered at Takoma will include inpatient rehabilitation, inpatient geriatric-psychiatric care, occupational medicine, sleep medicine, emergency medicine and advanced diagnostic imaging. Services to be offered at Laughlin will include inpatient surgery, inpatient medical/surgical care, same-day surgery, endoscopy, emergency medicine, ICU and obstetrics, including labor and delivery.

The hospitals will also work together to provide a combination of observation and short-stay care for pediatrics. In addition, a new 12-bed progressive care unit will be added at Laughlin.

The plans announced in Greene County illustrate how two rural hospitals that were previously competitors in an environment where both were financially struggling are now able collaborate in a manner that will preserve acute care services in Greeneville in accordance with the state's primary goal of preserving access, and will enhance the viability of the hospitals going forward.
<https://www.balladhealth.org/news/plans-sustainability-and-enhancement-greene-county-healthcare>

7. Opened a new rural hospital in Unicoi County

Again, with 80 rural hospital closures or reductions in services throughout the nation, led in part by Tennessee, Ballad Health implemented its vision for a new kind of rural health access. In October 2018, Ballad Health opened a new rural hospital in Unicoi County, replacing an aging facility that was originally constructed in 1953. While the hospital is not financially feasible as a stand-alone entity, Ballad Health made good on a promise to the people of Unicoi County and has not only kept the community's hospital open, but has provided a new state-of-the-art facility that houses some of the most advanced technology within the health system and is introducing new services to the community.

The new hospital features limited, low-acuity inpatient acute care services, a 24-hour emergency department, physician office space, a chest pain center and standard and advanced diagnostics. Among the outpatient diagnostic offerings is CT Scanning, 3D mammography and a virtual theater MRI, which features a built-in movie screen and music to create a relaxing virtual experience for patients undergoing scans. The better patient experience allows patients to remain still longer, which results in more efficient, high-quality imaging. The virtual theater MRI is the first of its kind in the Ballad Health system.

In addition to these services, the new hospital introduced nuclear medicine services, allowing patients to receive cardiac stress tests close to home. The hospital also offers inpatient cardiology coverage seven days a week.

The hospital also is in a unique partnership with the International Storytelling Center (ISC) with the goal of being designated by summer 2019 as the world's first storytelling hospital and receiving only the second ISC Seal of Excellence to be awarded to an organization. The goal is to embed a storytelling culture for staff, patients, visitors and the community to help accomplish hospital goals of improved patient and staff satisfaction and wellbeing, better patient education, and more meaningful community engagement. Storytelling projects already accomplished or in the works include storytelling training for every staff member, a heritage wall that shares community history stories, community and staff stories collected at opening events, and signups for story circles beginning soon. A junior board from the local middle school has been selected and is in the planning stages of a storytelling legacy project to benefit the hospital and the community.

8. Recruitment of new physicians to the region

A key responsibility of Ballad Health is the recruitment and retention of physicians in the community. Failure to do so inhibits access to care, and requires the utilization of temporary

doctors, who are not residents locally. Because Ballad Health’s service area receives among the lowest reimbursement in the nation from Medicare, and because many commercial payers base their reimbursement on Medicare rates and policies, it is extremely difficult for independently practicing doctors to generate the resources they could receive elsewhere, thereby undermining the region’s competitiveness for doctors. Thus, particularly for specialists, if Ballad Health were not recruiting doctors – and in many cases subsidizing or employing them – the physicians simply would not be available to the residents of our region. The COPA contains limitations on Ballad Health’s ability to employ needed physicians and to provide for those services timely. Ballad Health has complied with such limitations, which has created cost concerns and increased concerns related to coverage needs. Notwithstanding these limitations, Ballad Health’s ultimate objective is to ensure access to needed services, and the board of directors of Ballad Health has directed management to ensure access always remains a priority. This remains an important issue for Ballad Health and the region, and Ballad Health will seek ongoing dialogue with the State of Tennessee to ensure any well-intended provisions or limitations do not create impairment to access.

Ballad Health has recruited new physicians and advanced practitioners to the region to improve access to primary care and specialty care. Areas of specialty include anesthesiology, cardiology, cardiothoracic surgery, endocrinology, family practice, general surgery, gynecology, hematology, hospitalist, intensivist, maternal-fetal medicine, nephrology, neurology, neurosurgery, OB/GYN, oncology, orthopedics, pain management, pediatrics, pulmonology, psychiatry, radiology, urology, wound care, and vascular medicine. Of the 79 providers recruited, 64 are employed by Ballad Health, and the remaining 15 were recruited to independent practices with assistance from Ballad Health through various means including recruitment incentives and income supplementation for doctors who join practices in the community. Eleven of the providers recruited in 2018 are in the area of family medicine.

| Specialty | Hospital | Group (Red denotes private group) | Name |
|------------------------------------|----------|--------------------------------------|-------------------------|
| Anesthesiology | IPMC | Anesthesia and Pain | Helen Wilson, MD |
| Cardiology | SCCH | WMA | Dr. Villoch |
| Cardiology NP | JCMC | MSMG | Spencer Maden, NP |
| Cardiology NP | JMH | MSMG | Shannon Tally Nelms, NP |
| Cardiology NP | JMH | MSMG | Ashley Winegar, NP |
| Cardiology NP (structural heart) | JCMC | MSMG | McGahey |
| Cardiothoracic Surgery NP | HVMC | WMA - WCHI | Jordan Smith, PA |
| Endocrinology | HVMC | WMA | Rashid Mahboob, MD |
| Family Practice | HCMC | WMA | Crystal Stiltner, DO |
| Family Practice | IPMC | Mountain Region Family Medicine | Zachary Sumpter, DO |
| Family Practice | IPMC | Mountain Region Family Medicine | Brent Baker, MD |
| Family Practice | IPMC | Holston Medical Group | Mary Axelrad, MD |
| Family Practice | IPMC | MSMG | Teanna Moore, DO |
| Family Practice | JMH | MSMG | Elizabeth Dockery, DO |
| Family Practice Residency Director | JMH | MSMG - JMH | Jennifer Hanke, DO |
| Family Practice - NP | BRMC | WMA | Ashley Lindholm, NP |
| Family Practice - NP | JMH | MSMG | Rebecca Mabry, NP |
| Family Practice - NP | IPMC | MSMG | Deronna Moore, PA |
| Family Practice - NP | SSH | MSMG | Prabha Long, NP |
| General Surgery | BRMC | Bristol Surgical Assoc. | John Vance, MD |
| General Surgery | SSH | MSMG | Jeremy Meyer, MD |
| Gynecology - NP | SCCH | MSMG | Norah Nutter, NP |
| Hem/Oncology | MVRMC | WMA | Harish Madala, MD |

| | | | |
|-----------------------|------|----------------------|-------------------------|
| Hospitalist | BRMC | WMA | Mark Sah, DO |
| Hospitalist | IPMC | MSMG | Jamie Bartley, DO |
| Hospitalist | IPMC | MSMG | Mark McCommons, MD |
| Hospitalist | HVMH | WMA | Alissa Hinkle, MD |
| Hospitalist | HCMH | WMA | Venkata Vedantam, MD |
| Hospitalist | HVMC | WMA | Aaron Towe, MD |
| Hospitalist | JCMC | MSMG | Brock (TJ) Mitchell, MD |
| Hospitalist | JMH | MSMG | Jeffrey Manfredonia, DO |
| Hospitalist | JMH | MSMG | Trent Keel, DO |
| Hospitalist | JMH | MSMG | Tambi |
| Hospitalist | TRH | WMA | Alexandra Bowling, DO |
| Hospitalist - NP | HVMC | WMA | Lucy Xayathone, NP |
| Hospitalist - NP | HVMC | WMA | Linda Moore, NP |
| Hospitalist - NP | SCCH | MSMG | Jenny Pruitt, NP |
| Hospitalist - NP | SCCH | MSMG | Amanda Daugherty, NP |
| Hospitalist - NP | SCCH | MSMG | Emily Fields, NP |
| Hospitalist - NP | JMH | MSMG | Justin Day, NP |
| Hospitalist, NP | IPMC | MSMG | Brad Moore, NP |
| Intensivist - NP | JCMC | MSMG | Brooklyn Beaupre, NP |
| Intensivist - NP | JCMC | MSMG | Leisa Morris, NP |
| Maternal Fetal | JCMC | ETSU OB | Willis |
| Nephrologist | JMH | MSMG | Pavan Annamaraju, MD |
| Neurology (clinic) | JCMC | MSMG | Marivi Neibauer, MD |
| Neurology - NP | JCMC | MSMG | Hannah Audia, NP |
| Neurology - NP | JCMC | MSMG | Jan Summer Osborne, NP |
| Neurology - NP | JMH | MSMG | Rachel Anderson, NP |
| Neurosurgeon | HVMC | WMA | Jon Traeau, MD |
| Neurosurgery - NP | JCMC | MSMG | Abbie Harris, NP |
| Neurosurgery - NP | IPMC | MSMG | Nina Tarlton, NP |
| OB/Gyn | IPMC | MSMG | Whitney Rich, MD |
| OB/GYN | LPH | WMA | Tara Moore, DO |
| OB/Gyn - NP | LPH | WMA | Jennifer Harrell, NP |
| OB/Gyn - NP | SCCH | MSMG | Nora Nutter, NP |
| Oncology - NP | JCMC | MSMG | Jamie Loveday, NP |
| Orthopedic | HVMC | Watauga Ortho | Scott MacDonald, MD |
| Orthopedic | HVMC | Watauga Ortho | Dustin Price, MD |
| Orthopedic | HVMC | Watauga Ortho | Tyler Duncan, MD |
| Orthopaedic | BRMC | Watauga Ortho | John Martino |
| Orthopaedic | BRMC | Watauga Ortho | Jason Fogleman, DO |
| Orthopedic | BRMC | Watauga Ortho | David Carver, MD |
| Orthopedic - PA | NCH | MSMG | Jay Bush, PA |
| Orthopedic Trauma | HVMC | WMA | Paul Hinkel, DO |
| Orthopedic Trauma- PA | HVMC | WMA | Kevin Hudson, PA |
| Pain Management – NP | HVMC | WMA - PM (Jett) | Serena Blevins, NP |
| Pain Management – NP | IPMC | MSMG - ETBS | Allison Raettig, NP |
| Pediatrics | LPH | WMA | Smita Akkinpally, MD |
| Pulmonary – NP | BRMC | WMA | Ashley Davis |
| Psychiatry - NP | TRH | WMA | Jessica McAfee, NP |
| Psychiatry - NP | RCMC | MSMG | Amanda Loughlin, NP |
| Psychiatry - NP | WOOD | MSMG | Blankenship |
| Radiology | HVMC | Blue Ridge Rad. | Laura Slusher, MD |
| Radiology | HVMC | Blue Ridge Rad. | Jonathan Suther, MD |
| Radiology | BRMC | Blue Ridge Radiology | Joseph Harpole, MD |
| Urology | JMH | MSMG | Brad Bauer, MD |
| Wound Care - NP | JCMC | MSMG | Kara Hill, NP |
| Vascular - NP | JCMC | MSMG | Hagerman, NP |

9. Increased patients' choice by reducing restrictions on where physicians may practice
Prior to the merger, Mountain States and Wellmont had restrictions on certain specialty physicians such that they could not freely practice at the hospitals affiliated with the competing

system. While serving the competitive needs of the hospitals, this also limited access to the hospitals for the patients. Since the merger closed, Ballad Health has taken several steps to eliminate these restrictions, including standardizing hospital contracts so hospitalists may provide cross-coverage; allowing legacy Wellmont cardiovascular services surgeons to provide vascular coverage at Johnson City Medical Center and allowing legacy Mountain States cardiovascular services surgeons to provide call coverage for Bristol Regional Medical Center during provider absences. While the competitive restrictions have been removed, certain limitations in the Terms of Certification have impacted the ability of cardiologists to practice at the hospitals of their choice. To date, this issue remains unresolved.

10. Improved access to cardiovascular services for veterans

Ballad Health and the Mountain Home Veterans Administration Medical Center in Johnson City have established a national model for public-private partnership in cardiovascular service. Ballad Health provides physicians to help operate the VA's cardiovascular service line. This reduces wait times for veterans in our region in need of these services and reduces the necessity for them to travel elsewhere.

11. Expanded access to transitional care services in Kingsport

The transitional care unit at Indian Path Community Hospital in Kingsport has expanded to accept more patients, providing a customized setting for patients who need long-term treatment and helping to reduce length of stay in the acute hospital setting.

12. Expanded access to nursing and allied health care through support of new and expanded education and training programs

Nursing and other allied health professions are in short supply in rural areas nationwide, and our region is no different. Shortages in clinical staff can increase wait times for services, shut down nursing floors, and limit the availability of services. Ballad Health is committed to supporting training and education of nursing and allied health either directly or through partnerships with each college and university in the region. In particular, Ballad Health has:

- a. Formed a steering committee to develop and deploy a system-wide nurse residency program.
- b. Created a standardized certified nursing assistant (CNA) program and identified a schedule for increased frequency of CNA courses to be provided.
- c. Standardized the nurse intern II program for the system, including job descriptions, application process, program components and curriculum.
- d. Defined sexual assault nurse examiner (SANE) and forensic nursing course requirements, and the course to be provided, for team members in the system necessary to sit for nursing certification examination.
- e. Increased collaboration with regional nursing programs to support additional capacity for nursing student admission in academic programs currently at capacity to produce additional new graduate nurses year round.
- f. Contracted with Northeast State Community College (NESCC) for admission of 20 additional associate degree nursing students each spring semester starting January 2019, which will provide December graduates annually starting December 2020. The program did not previously graduate a December class, and this provides an additional 20 new graduate nurses annually above current capacity at NESCC program.

- g. The first two classes of the ETSU/Holston Valley accelerated BSN program graduated in May and August, 2018, producing a net gain of 34 additional nurse graduates above previous program capacity.

13. Established the department of virtual health

A department of virtual health has been established at Ballad Health under the leadership of the Chief Clinical Officer. The new director of virtual health has over 20 years of experience establishing robust telemedicine capabilities in rural communities, academic medical centers and healthcare systems in Texas, Colorado, and Tennessee. Working with the support of the Chief Information Officer, this department will focus on initiatives to increase access to services in underserved communities, as well as identifying opportunities to leverage the data at our disposal to empower patients with their own health information. A number of virtual health goals are included in the behavioral health, pediatrics health and rural health plans submitted to the state, including linking all Ballad Health emergency departments to Niswonger Children's Hospital, expanding access to behavioral health consults for rural primary care practices, and expanding the telestroke program.

14. Improved patient access to care through the Epic patient portal

The Epic patient portal (MyChart) features have been expanded with the latest 2018 upgrade. The features are currently available for patients of former Wellmont facilities and clinics, as well as the newly operational Unicoi County Hospital. Ballad Health is investing more than \$160 million to deploy a common health IT platform, which will result in all Ballad Health facilities being fully operational on this platform by March, 2020. Important new patient functionality includes:

- Patients can now share their health information with family members or with their providers, regardless of what information system the provider uses.
- Patients can now pull information into their Epic chart from other Epic locations.
- Patients can now complete e-visits with their providers through their mobile MyChart account.
- Patients can now schedule their mammography screenings through the patient portal.

C. Improving Healthcare Quality

Two areas of concern are typically raised by anti-trust regulators when health systems merge. First, the use of increased market power to increase pricing. Second, there is a question about the effect of mergers on the sustainability of quality in the absence of competition.

Ballad Health has complied with the provisions of the COPA/Cooperative Agreement related to the pricing concerns. Proprietary evidence exists that costs have actually decreased in some cases, and as demonstrated elsewhere in this report, Ballad Health is structurally positioning itself to be a high-value, lower-cost provider. Thus, there is no reason to believe that Ballad Health will violate the pricing limits contained within the COPA/Cooperative Agreement.

With respect to quality, Ballad Health has maintained that due to national public reporting, value-based contractual arrangements and increased patient mobility for higher acuity elective services, the environment remains highly competitive for inpatient services. Further, the outpatient environment in the local region remains highly competitive. The majority of Ballad Health's revenue is outpatient, and this trend is increasing.

Because of these competitive trends and increased transparency, and most importantly, because it is locally governed and operated by people who, themselves, are deeply concerned about the quality of care in the region, the commitment to high quality remains stronger than ever. Ballad Health is engaged in a number of initiatives and efforts to sustain its already high quality, and is on a path to becoming a top decile performing health system.

What follows are merely examples of the results of our work, and the systems being put in place to institutionalize the results.

1. *Ballad Health receives national recognition for quality*

Ballad Health hospitals, facilities and services lines received numerous awards, certifications and quality designations since February of 2018. Among these are:

a. Mountain States named in the top 20% of health systems by IBM/Watson

Mountain States Health Alliance, a subsidiary of Ballad Health, was named among the top 20 percent of America's health systems by IBM/Watson, based on performance in key quality metrics such as mortality rates, readmission rates, average length of stay, rate of Medicare spending per beneficiary, emergency department throughput, hospital-acquired conditions, and others. Other systems listed among the top 20 percent include the Cleveland Clinic, the Mayo Foundation, Mercy Health, and Sentara Healthcare. Mountain States was the only health system in its size category in Tennessee or Virginia to be recognized in the top 20 percent.

<https://www.balladhealth.org/news/ballad-health-legacy-systems-recognized-nationally-excellence>

b. Highly successful accreditation surveys by the Joint Commission, the national accreditation agency for the U.S. Centers for Medicare and Medicaid Services.

The Joint Commission uses the most stringent criteria for accrediting hospitals, and hospitals are required to be resurveyed every three years. The hospitals do not know when the surveyors will come, and the surveys are designed to capture a real state of patient care in each hospital. Since the merger closed in February, nine Ballad Health hospitals have been surveyed by the Joint Commission. In those surveys, not one hospital was cited with a conditional level finding or threat to life. By comparison, year-to-date, the Joint Commission has cited 51.57% of hospitals surveyed nationally in 2018 with conditional level deficiencies, which requires another survey and additional expense to the facilities. **Ballad Health facilities are continuing to outperform most hospitals in the nation.**

c. Niswonger Children's Hospital and the JCMC Family Birth Center recertified as the state-designated perinatal center

Niswonger Children's Hospital and the Family Birth Center at Johnson City Medical Center received re-certification as the state-designated regional perinatal center. Funding is provided by the State of Tennessee to only five designated regional tertiary centers to ensure that the infrastructure for high-risk perinatal services is in place statewide. The system includes 24-hour telephone consultation with physicians and nurses, professional education within the region, transportation of high-risk pregnant

women and infants, and post-neonatal follow-up. Research indicates that ensuring high-risk pregnant women and newborns receive risk-appropriate care can reduce maternal and infant morbidity and mortality.

d. Overmountain Recovery receives CARF accreditation.

Overmountain Recovery achieved a three-year accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF), representing a tremendous achievement after one year of operation. Most newly operational addiction treatment facilities are awarded only a one-year certification.

Overmountain Recovery is a service of Ballad Health and East Tennessee State University in partnership with Frontier Health. It is the region's only medication-assisted therapy clinic offering comprehensive treatment of substance use disorder including methadone and buprenorphine therapy, intensive counseling services and wrap-around social services. During the two-day CARF survey, the commission evaluated the clinic's business and service practices to ensure they meet international standards of quality, and also assessed sustained organizational success and patient outcomes. As of September, the facility serves approximately 160 patients and has a 70 percent retention rate, which is higher than most national benchmarks.

e. Holston Valley interventional carotid care ranked #1 in US by CareChex®

For the third consecutive year, Holston Valley Medical Center was ranked as No. 1 in the country for medical excellence in interventional carotid care by CareChex®. Led by Dr. Chris Metzger, the carotid program at HVMC has developed a national reputation as a training and research leader. For the seventh year, Dr. Metzger hosted a team of Harvard endovascular fellows during a week-long training period that allowed the students to observe Dr. Metzger as he performed carotid artery stenting procedures. In addition to one-on-one training with the fellows, Metzger regularly performs carotid artery stenting procedures that are transmitted live to medical conferences in different locations in the country and across the globe. These include New Cardiovascular Horizons and Vascular Interventional Advances conference, which draws an attendance of more than 2,500 health care professionals, and TCT (Transcatheter Cardiovascular Therapeutics), which draws 12,000 attendees. <https://www.balladhealth.org/news/dr-chris-metzger-shares-expertise-helps-train-harvard-endovascular-fellows>

f. Norton Community Hospital Inpatient Rehab recognized at top decile performance

The Norton Community Hospital Inpatient Rehab Unit was recognized in 2018 for its twelfth consecutive year of top-decile performance – out of more than 800 facilities – for functional patient outcomes. The evaluation was based on the delivery of quality care that is effective, efficient, timely and patient-centered. To determine the rankings, Uniform Data System for Medical Rehabilitation (UDSMR) used a system that measures the efficiency and effectiveness of a hospital's rehabilitation programs by evaluating and tracking patient progress through the rehabilitation process. Patients' functional levels refer to their ability to return to their daily lives and activities without impairment. The unit first opened in 1998, and since that time, it has served nearly 4,000 patients recovering from a variety of injuries, illnesses and accidents.

- g. Lonesome Pine Hospital Family Medicine Residency program accredited*
The Lonesome Pine Hospital family medicine residency program achieved initial accreditation from the Accreditation Council for Graduate Medical Education (ACGME). The family medicine program can now accept medical school graduates with osteopathic medicine (DO) and medical doctor (MD) degrees, which means it can select residents from a larger number of quality applicants. To earn the accreditation, the residency program demonstrated its ability to operate with a well-developed educational curriculum, qualified faculty, supervision and graduated responsibility and ongoing evaluations of resident competence. The accreditation process also focused multiple criteria on safety and quality measures, requiring full participation from residents, faculty, medical staff and team members alike.
- h. Hawkins County Memorial Hospital recognized as Top 100 Hospital*
Hawkins County Memorial Hospital received national recognition from multiple agencies in 2018. The hospital was recently chosen as one of the Watson Health 100 Top Hospitals® 2018 winners. Previously known as the Truven Health Analytics® 100 Top Hospitals, Hawkins County Memorial also earned that honor in 2016 and 2017. Hawkins County Memorial was also named one of the Top 100 Rural & Community Hospitals by the Charter Center for Rural Health for 2018. The hospital also received that same recognition in 2016 and 2017, when iVantage Health Analytics issued the award. In addition, for the sixth straight years, the hospital has been ranked in the top 10 percent in the nation for patient satisfaction in overall hospital care by CareChex®, an information service of Quantros Inc.
- i. Franklin Woods Community Hospital recognized as Top 100 Hospital*
For the second year in a row, Franklin Woods Community Hospital was named one of the nation's "100 Top Hospitals" by Truven Health Analytics. The honor recognizes Franklin Woods for meeting the highest national standards in 11 key areas, including patient care, operational efficiency and financial stability. Making the list indicates hospitals deliver effective care at a reasonable cost, have systems in place that safeguard patients from medical errors, provide evidence-based treatments and produce superior outcomes. Other measurable areas include readmission rate, length of stay, mortality rate, patient throughput in the emergency department, cost per patient and patient satisfaction.
- j. Hancock County Hospital recognized by Becker's Healthcare*
Hancock County Hospital was named among 66 Critical Access Hospitals to Know by Becker's Healthcare in 2018. Hospitals on this list are recognized for clinical quality and excellence in care delivery based on awards and rankings from respected organizations including iVantage Health Analytics, The Chartis Group, the National Rural Health Association, CareChex, Healthgrades and Medicare star ratings.
- k. Bristol Regional Medical Center certified by Novalis for stereotactic radiosurgery*
Bristol Regional achieved certification from Novalis for stereotactic radiosurgery, demonstrating the hospital's ongoing commitment to radiotherapy patient safety and treatment quality. Novalis Certified is an independent accreditation program that promotes high standards of care in the delivery of cranial and body radiosurgery and

includes a review of organizational, personnel, technological and quality assurance practices.

2. Ballad Health Clinical Council established and providing clinical leadership

Early in the year, Ballad Health established its clinical council, comprising approximately 30 physicians from Ballad Health hospitals, the health system's medical group and community physicians. The council meets monthly and reports directly to the quality committee of the Ballad Health board of directors. The group's goal is to ensure excellence in clinical care through physician engagement and leadership.

A number of sub-committees have been formed to focus on specific priorities, each of which networks with other physicians both inside and outside the health system to advance common clinical goals. The subcommittees are:

- Evidence based medicine – high value care subcommittee
- Medical staff services subcommittee
- Surgical services/perioperative subcommittee
- P&T subcommittee
- Patient, family, physician experience subcommittee
- Opioid task force subcommittee
- Health information exchange subcommittee
- Population health subcommittee

The council employs a dyad leadership model, with each subcommittee – as well as the council itself – led by co-chairs representing both physician executives and those in full-time practice. Select activities and achievements of the Clinical Council include:

a. Reduced hospital-acquired C. diff infections by 45%

One of the first quality improvement initiatives of the clinical council was an ambitious campaign to reduce hospital-acquired clostridium difficile (C. diff) infections by 30% in 90 days. By coordinating clinical practices across the system, not only did the program succeed, but it surpassed its goal of 30% reduction and cut C. diff infections by 45%, with sustained results. Ballad Health data indicated a baseline of 22 cases per month when the program started. By the end of the program, the average dropped to 13 cases per month. Results are now at the top quartile based on Hospital Compare benchmarks.

b. Encouraging appropriate use of radiation in inpatient testing

In addition to the C. diff initiative, the clinical council has also designed and is preparing to implement initiatives tied to evidence based testing for the purpose of ensuring appropriateness of testing. This is a national initiative sponsored by the Choosing Wisely Campaign.

c. Development and deployment of best practices to reduce catheter-associated urinary tract infections

Holston Valley developed an interdisciplinary approach to the reduction of catheter-associated urinary tract infection (CAUTI) that included nurse-driven protocol for

catheter removal, implementation of accountability protocol for education and daily catheter assessment, and an updated catheter kit that includes bladder scanners and a new type of Foley catheter. The result was a significant reduction in CAUTI in this tertiary care environment, with zero CAUTIs in medical/surgical units for 26 months. The Holston Valley practice was rolled out to other hospitals throughout Ballad Health in October and has been presented as a best practice to the Tennessee Hospital Association and the American Organization of Nurse Executives.

d. Physician led alignment of physician preference items produces supply chain savings

The clinical council has established a formal, collaborative supply chain project between physician leadership and supply chain leadership to help align group purchasing and physician choice. Savings of \$16-20 million are projected over the next 2 years based on work in cardiovascular services, ortho/trauma, and neuro services, and additional savings are expected in multiple other disciplines. While such initiatives reduce cost, they also improve quality by eliminating variation. Physician input in this process is critical, and the clinical council provides such a venue for physician input.

e. Promoting High Value Care

In August, Ballad Health was chosen for a national initiative that has the potential to improve the value of care patients receive while reducing healthcare spending nationwide. The High-Value Care Collaborative, a partnership of the American Hospital Association, the American Board of Internal Medicine Foundation's Choosing Wisely campaign, and the Costs of Care organization, brings together participants to improve efficiency in health care, decrease cost and improve quality. During the next year, Ballad Health, along with other selected health systems and medical groups, will seek to adopt strategies that reduce unnecessary cost and deliver evidence-based care that has been demonstrated to reduce the burden on patients. In deploying evidence-based practices, Ballad Health will share guidance with other leading health systems, while also learning from successful initiatives utilized in those systems.

<https://www.balladhealth.org/news/ballad-health-national-initiative-enhance-care-value>

The group is also participating in the Virginia Center for Health Innovation's Virginia Choosing Wisely efforts promote high value care. More than 40 insurers, health systems, community organizations, professional societies, employer groups and the Virginia state government have aligned to pursue the aims outlined in the 2018 Virginia Health Value Dashboard. <http://www.vahealthinnovation.org/virginia-health-value-dashboard/>

f. Clinician Experience Project to reduce physician burnout

Ballad Health is committed to improving physician leadership and addressing physician burnout through a national program – The Clinician Experience Project. Led by Dr. Steve Beeson, this effort is a clinician skill-building community with over 70 partner health systems, 15,000 clinician members, and 500 clinician leaders. The goal is to equip clinicians with the skill and support to effectively manager burnout, leadership, team-based care and the patient experience and is support by more than 600 physician-designed video learning resources.

3. Quality Department Activities

Ballad Health combined the functions of the quality departments operating in the two legacy health systems and immediately began to standardize quality operations and achieve improved performance. The quality function now reports to the chief nursing officer and works closely with the newly established Ballad Health clinical council.

a. System-wide quality plan developed

The Inaugural FY 2018-2019 Ballad Health quality plan was developed to include the Quality, Service and Safety Committee Charter, the organizational structure, key relationships, the use and sharing of data both external and internal, Quality Assurance and Performance Improvement (QAPI), and priority metrics. These priorities were selected considering risk, volume, propensity for problems, impact on health outcomes, patient safety, and quality of care.

b. Sepsis teams established

Ballad Health multi-disciplinary performance improvement teams have been established to address the care of the patient with sepsis and the reduction in hospital-acquired pressure ulcers.

c. Quality scorecard developed

The quality department developed a system scorecard for the target measures, monitoring measures, and identified priorities established by the quality, service and safety committee and the clinical council. The scorecard guides improvement at the facility, market, state and system levels.

d. Quality policy, process and infrastructure unified across Ballad Health

Ballad Health has selected one policy repository for use system-wide. Two committees, administrative and clinical, have been established to achieve consolidation of policies and procedures to align system practices. As of October, 2018, 132 policies/procedures have been consolidated, and 893 out of date or unnecessary policies have been retired.

Examples of steps taken to institutionalize improvements in quality include:

o Infection prevention efforts standardized

The facility infection prevention departments have been centralized into a unified team, led by the system director of infection prevention. This allows for system standardization, streamlining of work and system-wide implementation of best practices. The team meets on a monthly basis to share successes and struggles so that lessons learned and successful initiatives can be replicated across the system.

o Antibiotic stewardship committee established

Legacy antibiotic stewardship teams were consolidated to create the Ballad Health antibiotic stewardship committee. This allows for standardization and system-wide implementation of best practices. The committee developed a process for pharmacy to review all C. diff orders for appropriateness,

contributing to system-wide improvements in C. diff rates. The committee also implemented clinical guidelines for pharmacy-led penicillin allergy testing.

- Isolation policies standardized

Ballad Health standardized isolation policies and signage were developed, allowing team members, independent practitioners or contractors working in any facility to immediately recognize and comply with isolation guidelines.

- Influenza vaccination policy adopted

The medical staff service subcommittee of the clinical council standardized and implemented the Ballad Health mandatory influenza vaccination policy.

- Joint Commission readiness standardized

The approach for Joint Commission accreditation and continuous survey readiness program has been consolidated and standardized.

4. Nursing and Clinical Education Activities

a. General nursing and clinical education activities

- Nursing leadership

The Ballad Health Nursing Institute Chief Nursing Officer Council (NICNOC) was created in February 2018 to help standardize professional practices and evidence based care across the health system. The council meets monthly, with other activities occurring in between meeting dates. The first Ballad Health nursing leadership conference was held in May, 2018.

- Servant's Heart Award

Adopting a best practice from one of its legacy systems, Ballad Health developed its own Servant's Heart award process, recognizing team members across the system who go above and beyond the call of duty to care for patients, community members, and their fellow team members. Servant's Heart winners have an outstanding commitment to patient-centered care, setting a strong example for others to follow. The winners are nominated by fellow team members, leaders, physicians, volunteers, patients and family members. For the 2018 awards, there were 129 unique nominees coming from a total of 172 nomination submissions. Fourteen honorees were recognized with Servant's Heart awards at the annual Ballad Health service awards banquet on June 14.

b. Nursing policies and processes unified across Ballad Health

- Established nursing policy and procedure committees

Ballad Health policy and procedure committees formalized and implemented for policy standardization and management, including administrative policy and procedure committee and clinical policy and procedure committee.

- Standardized policy and procedure on use of restraints
Identified “Handle with Care” as the system educational approach for de-escalation and appropriate use of restraint techniques. This training is now provided in clinical team member orientation.
- Standardized medical professional screening and competency in Obstetrics
Nursing standardized the Ballad Health Qualified Medical Professional Screening criteria and competency requirements for registered nurses performing obstetric patient screening for obstetric patients presenting to the obstetric department for evaluation consistent with the TN State Board of Nursing Registered Nurse Scope of Practice.

c. Education Activities

- Deployed the Ballad Health clinical education department.
Ongoing education and development of team members is an important commitment of Ballad Health. Through direct efforts and the use of technology, Ballad Health seeks to sustain professional competencies, and ensure ongoing learning related to policies, best practices, and professional advancement. Work has been completed to align team member educational courses in the two current learning management systems. The use of technology in reaching our team members is an important component of sustaining competencies and ensuring ongoing learning related to policies, best practices and professional advancement.
- Unified educational assistance policies across Ballad Health
One organizational policy for continuing education and tuition support for all team members was deployed. A Ballad Health scholarship plan for healthcare program students in critical healthcare roles of increased shortage/vacancy (not current team members) was deployed to support completion of education and future employment opportunity in multiple disciplines throughout the health system.
- Standardized the process for academic student affiliation
Nursing standardized the process for academic student affiliation for clinical educational practicum experience at Ballad Health. Student processes were centralized under the clinical education department. For example:
 - A new orientation process for students was developed and deployed across Ballad Health
 - A new website and student orientation handbook was deployed
 - Student affiliation contract process has been approved and is in development for Ballad Health
 - Aligned the ACNEP scheduling process for Ballad Health
 - Created one point of contact for academic programs for student processing and contract negotiation

- o Standardized orientation for clinical team members

Ballad Health has standardized general human resource and clinical orientation for new team members alternating delivery of the program with the standardized content in rotating locations (JCMC, HVMC, BRMC and NCH) weekly.

D. Improving Financial Stability and Performance

1. Bond ratings upgraded and affirmed as a result of the merger

In April, Ballad Health's credit ratings were upgraded by S&P Global Ratings and Fitch Ratings, and affirmed by Moody's. Fitch increased the credit rating by two categories to a solid "A" rating with a stable outlook. S&P issued an "A-" rating with a stable outlook, and Moody's affirmed its existing ratings and outlook at BBB+.

Together, the three rating agencies cited a variety of strengths of Ballad Health that led to the upgrades and affirmation. Citing the strength and experience of the management team, historical disciplined financial management, a strong strategic vision and a solid plan for refinancing that will lead to immediate reductions in debt service, the nation's three leading rating agencies applauded the potential for the merger between Wellmont Health System and Mountain States Health Alliance to produce outstanding results.

<https://www.balladhealth.org/news/credit-ratings-significantly-upgraded-affirmed>

2. Debt refinancing and restructuring lowers interest payments and increases availability of cash for reinvestment

In May, 2018, Ballad Health refinanced \$540 million of debt through issuance of a new series of bonds. Due in part to the merged health system's improved credit ratings, the market reacted very favorably to the issuance, and Ballad Health's bonds were oversubscribed by more than 10 times, with the health system receiving orders for more than \$5.6 billion. Due to the extraordinarily high demand for its bonds, Ballad Health was able to obtain favorable interest rates, saving the health system \$20 million per year in debt service payments and increasing the amount of cash available to reinvest in critical services for the community.

3. Value-based contracting to improve quality and service and reduce the total cost of care

Ballad Health has increasingly entered into "value-based contracts" with government and commercial payers. In contrast with typical "fee-for-service" contracts, which pay a flat fee for a specific service regardless of the outcome, value-based contracts tie payment to achieving certain levels of quality and service as well as managing the total cost of care. One of the objectives of Ballad Health is to reduce the growth in the total cost of care, while sustaining high quality. Value-based arrangements align those goals with the third-party payors who share these objectives.

Ballad Health has continued to perform well on value-based contracts in the most recent reporting period while expanding the number of value-based contracts we have with payors and strengthening our capacity to manage these contracts.

a. *Medicare Accountable Care Organization one of only 21 in the nation to achieve shared savings with the federal government for the five years the program has existed.*

Ballad Health's accountable care organization (ACO), AnewCare Collaborative, was one of only 21 ACOs in the country to achieve savings for the fifth year in a row through the Medicare Shared Savings Program (MSSP) administered by the U.S. Centers for Medicare and Medicaid Services (CMS). By delivering high-quality care and reducing the cost of care, Ballad Health saved CMS \$3.2 million in spending, and the health system was awarded a \$1.6 million shared savings distribution. While achieving these savings, AnewCare also achieved high marks on the quality scores within the program, with a quality score of 87.8 percent. Ballad Health has become a model for successful implementation of shared savings arrangements, and seeks to continue its collaboration with the federal government. Ballad Health believes this model is appropriate for other government-funded populations, like Medicaid and TennCare, and will seek such opportunities to reduce cost and improve outcomes with our state partners.

b. *Achieved Medicare Advantage performance goals and expanded value based contracts*

Ballad Health also has value-based contracts with a number of Medicare Advantage programs, which provide incentive payments to Ballad Health if certain quality, service and medical cost savings targets are achieved. This year, Ballad Health actually reduced the costs for a Medicare Advantage population, while achieving excellent outcomes on incentive-based payment and improving the accuracy of risk-adjusting the population. Ballad Health was rewarded for this effort through several million dollars of incentive payments for improvement of quality and service, with reduction in cost. Importantly, in addition to benefitting the patient, government and payors, this approach will benefit independently practicing physician groups that rely on their own risk-based contracting, since reduced overall costs will reduce their exposure.

While many hospital systems have expanded and merged with an eye toward leveraging higher pricing, Ballad Health's business model remains focused on reducing costs, improving outcomes and sharing in the resulting savings.

c. *Value-based contract dashboard expanded across Ballad Health*

Because the movement toward value-based purchasing is a new phenomenon, little has been invested nationally in the creation of data platforms and information that assists in the monitoring of such arrangements. Ballad Health has developed and deployed a proprietary, comprehensive tool that includes a dashboard highlighting performance on the various value-based contracts across the system. This includes full-risk contracts, shared savings contracts, pay for gaps/care coordination, hospital-based contracts, and other contracts across both legacy systems. The dashboard denotes the number of covered lives, maximum upside and downside potential, estimates of current performance overall as well as specific contract components and status. This information is reviewed on a regular basis by management and the community benefit and population health and finance committees of the Ballad Health board of directors, and assists in prioritization of efforts where opportunity exists.

4. [First annual Ballard Health Management Action Plan completed; Five-Year Financial Plan completed](#)

Ballad Health completed its first strategic plan cycle as a health system, resulting in the FY19 management action plan, five market plans, five service line plans, and over 20 corporate plans. Ballad Health has invested in, and utilizes, the MedeAnalytics Enterprise Performance Management tool to create visibility throughout the system on the progress with the plans, timelines, deliverables, and metrics. The COPA /Cooperative Agreement plans for behavioral health, children's health, rural services and population health will also be tracked by the MedeAnalytics tool. Ballad Health also expanded its project management department to assist management and staff in priority integration, efficiencies, and COPA cooperative plan development and implementation work.

The board of directors and management have begun a longer-term strategic planning process to map the direction of Ballad Health for the next 10 years. This plan will provide a roadmap for Ballad Health's evolution, and for each year's management action plan. Each year, as the management action plan is updated, performance targets and goals will be tied to the longer-term strategy.

5. [Five-Year Financial Plan, Capital and Debt](#)

As part of the planning process, Ballad Health maintains a disciplined, rolling five-year financial plan. Each year, the plan is updated based on current payment policy, projected volumes, strategic initiatives and projected expense and capital needs. The five-year plan currently projects that Ballad Health will make significant reductions in debt by year five, with such projections being influenced heavily based on how cash is utilized. If unknown capital needs arise, or if other needs materialize, cash may be utilized to provide for those needs. The importance of a conservative approach to capital and spending in the first five-year period relates to the number and amount of major capital projects undertaken more recently by Ballad Health and its legacy systems. Specifically, Ballad Health and its legacy organizations have brought five new hospitals online in recent years, and major capital projects were performed at other system hospitals, which brought new equipment and facilities. As newer projects begin to age after the first five-year plan is exhausted, it is important for Ballad Health to have the capacity on its balance sheet to provide for what will be expected capital needs. Thus, Ballad Health is taking a responsible and methodical approach to capitalization and debt reduction. These issues are intertwined, and an important part of ensuring ongoing capital needs can be met.

Capital issues are further complicated by the industry-wide slowdown in inpatient utilization. Fewer capital dollars are needed for inpatient related services as volumes decrease, while more capital is needed in areas like information technology and outpatient access. An example of the type of capital spending that combines the need for certain inpatient services with outpatient access is the recently opened Unicoi County Hospital. In that instance, an outpatient focused hospital was built in a rural community where high-acuity inpatient services do not need to be provided. High-quality diagnostics and emergency services are a major component of this project. As a community-based organization, Ballad Health remains committed to ensuring its facilities and assets are well-capitalized, and the board of directors has a long-term plan to ensure this occurs.

Ballad Health is pleased that in its first year, the expected capital expenditures will exceed the combined capital expenditures of each legacy health system over the last five years. **In a specific advantage related to the merger, the newly merged entity will spend more in capital in its first year than both systems did on a combined basis in any of the last five years.**

Included in this capital spending is more than \$160 million over three years to upgrade the information technology and move to a common information technology platform. This new platform will create significant opportunity for improved outcomes and reduced risk for patients, reduced costs, more patient engagement and more robust sharing of critical information between providers. Additional examples of capital deployed include: new MRI diagnostics, hybrid cardiovascular operating room, replacement CT scanners, new beds, a new hospital in Unicoi county, significant upgrades to exteriors of hospitals, advanced radiological diagnostics, and a host of other investments for the improvement of care.

6. Reducing unnecessary external signage and improving patient wayfinding

Rather than “rebranding” the new health system by replacing every external Mountain States and Wellmont sign one-for-one, Ballad Health adopted a system-wide strategy of “de-branding.” Many signs that had been erected by legacy systems for purely competitive purposes are being permanently removed, and signs that are replaced with Ballad Health branding will be designed and placed according to patients’ wayfinding needs. Not only will this reduce the visual clutter that external signs produce against our mountain landscape, it allows for money otherwise spent on signage to be redirected to improving patient care and services. The project involves local vendors, in an effort to keep expenditures in the region as much as possible.

7. Operational Excellence (Lean Management) Activities

Ballad Health has adopted lean management as its common approach to operational excellence. Lean management supports the concept of continuous improvement in performance (clinical quality, service, operations, financial) and takes a long-term approach to work that methodically strives to achieve incremental changes in processes to improve efficiency and quality. Since the merger, Ballad Health has developed and deployed an operational excellence (lean management) class for all new hires as part of the orientation process, revamped and consolidated the lean training program for leaders across Ballad Health, and developed new lean certification levels that incorporate practices from both legacy health systems.

8. First Quarter Results Reported – Strong Financial Results

Ballad Health reported its results for the first budgeted quarter as a merged health care system. The strong financial performance was driven by well-executed expense management. Overall, earnings before interest, taxes, depreciation and amortization (EBITDA) grew year-over-year by 25.2 percent to \$52.6 million. With improvements in productivity, reductions in the use of temporary contract labor, focused management of supply cost and overall operational focus, the operating income went from a loss in the prior year period to a gain in the current year. This performance was achieved even with a continued 4.3 percent decline in admissions and a 0.7 percent decline in adjusted admissions. Two variables are driving the reductions in volume. First, rural and non-urban communities all over America are seeing reductions in volume as population growth has been stagnant. Second, Ballad Health is working collaboratively with its physician community to reduce unnecessary lower-acuity admissions. Both variables are impacting Ballad Health. Even while admissions have been declining, patient acuity, or the severity of patient needs, has increased by 2.5 percent, indicating that lower acuity admissions

are the primary driver of the decline in volume. This, combined with a modest increase in inpatient surgery (0.1 percent growth year over year) and an overall increase in total surgeries of 1.7% to 18,290 cases, supports the assertion that volume declines are largely through the effort of risk-based, shared savings and value-based arrangements to reduce lower acuity admissions.

An important component driving the merger of Mountain States Health Alliance with Wellmont Health System was the choice facing both systems related to whether to join larger out-of-region health systems or keep local governance control. An out-of-region acquisition of either system, or both, would likely have resulted in the loss of 1,000 or more jobs locally. This assertion is based on past evidence of what larger systems typically do when they acquire smaller regional systems. As administrative and support functions are no longer needed locally, they are consolidated into larger corporate centers. At the time of the merger, Ballad Health stipulated that there would be some local synergies between the systems, and those synergies are ongoing. However, these synergies are small relative to the alternative of a larger acquisition of the two legacy systems.

As a result of this approach, Ballad Health invested \$267.1 million into the local economy through salaries, wages and benefits spending, an increase of \$1.5 million from the prior year period. There has been no negative impact on aggregate labor spending resulting from the merger, and there has been an avoidance of massive reductions in workforce, which would have resulted had the legacy systems been acquired from outside organizations. Ballad Health identified this as one of the key benefits of the merger, and this benefit is being realized. Ballad Health estimates a 1,000-person reduction in the local workforce would have resulted in an annualized decrease in salary, wages and benefits of more than \$100 million.

9. Implementing a common clinical and operational technology platform

Information technology is integral to any successful health system. Yet nationwide, many providers still cannot easily share information with each other, electronic health records are frustrating to interact with for both physicians and patients, and in many cases health systems installing new technology are hundreds of millions of dollars over budget and years behind on their technology implementation.

Ballad Health is committed to moving to a common clinical platform as part of the merger to improve patient care quality and experience and connect patients and physicians region wide to their health information.

a. Implementing the Epic electronic health record system wide

In April 2018, the Ballad Health board of directors approved the move to a common clinical platform and electronic health record, with Epic as the chosen vendor. Prior to the merger, Epic was in use by Wellmont Health System facilities but not Mountain States Health Alliance. Immediately following the board vote, work began on an implementation plan to bring the former Mountain States Health Alliance facilities onto the platform. Infrastructure enhancements began during the summer to support the expansion.

A common electronic health record across the new health system will allow patient information to be shared immediately at the point of service regardless of where a patient enters the Ballad Health system, providing clinical staff with information to better manage patients in the emergency room, the physician's office and the hospitals. Previously, patients who used both Mountain States and Wellmont services could not be assured that all of this information was available to at the time of treatment. Fragmented information "silos" have been routinely identified nationally as a key contributor to driving unnecessary costs (such as duplicate tests) and poor outcomes (such as when a provider does not have a complete medication list or list of known allergies).

The first facility transition in the Ballad Health Epic rollout plan occurred at the newly-constructed Unicoi County Hospital on October 23, 2018. As part of Ballad Health's commitment to supporting rural healthcare, the new facility was built to replace an aging rural hospital in Erwin, Tennessee, and the Epic launch was completed concurrent with the hospital's opening date. The next facility to go live with Epic will be Laughlin Memorial Hospital in Greeneville, Tennessee, in April 2019. The remaining physician clinics and 13 hospitals will go live with Epic in late 2019/early 2020. This will place all Ballad Health facilities on a common clinical platform and newly extend Epic functionality to hundreds of thousands of patients in the region.

b. Community connectivity

Discussion have begun with independent physicians to determine the best way to share clinical information across the region. EpicCare Link software, which allows physicians a simple web-link to view the content of patient records in Epic, has been made available to independent physician offices at no cost to them.

In addition, Epic's Community Connect program installs fully functional Epic software into independent physicians' offices to serve as their office EHR. Meetings have begun with several physician groups regarding this program.

An overall health information exchange plan required by the COPA and cooperative agreement is under development. This plan will propose a strategy for maximizing health information exchange across all providers in the Ballad Health service area, regardless of their particular choice of electronic health record. Final plans will be submitted to the states on January 31, 2019.

c. Unifying IT systems, applications, the network and domain

A review of all IT systems and applications is in process. The goal is to eliminate duplication and create a more efficient and standardized electronic health record. Several hundred applications are now running within Ballad Health; many of them are duplicative of each other or redundant of Epic capability. Rationalizing these applications will reduce cost to the health system as fewer licensing and maintenance fees will need to be paid, and will increase overall reliability of the system as updates and integration will be more reliable.

Work has also begun to create one network and one domain for Ballad Health. This will provide the infrastructure needed to establish the common clinical platform across Ballad Health and to extend to independent physician offices, providing for enhanced data interoperability.

d. Data governance

A governance structure has been developed for data and governance. This will be used to structure the databases and to produce metrics for population health, predictive analytics, COPA/CA metrics, etc. These analytics will be used to monitor the health improvements in our region.

FY19





ATTACHMENT 3

ACTIONS TAKEN IN FURTHERANCE OF COMMITMENTS

A. Summary

While many nonurban and rural health systems around the nation struggle to survive in a volatile healthcare environment, Ballad Health has sought a different path, one where local healthcare governance is willing to face those challenges by making the difficult decisions that come with the fiduciary responsibility of sustaining these important assets. Although some health systems that have undergone a merger have found difficulty in achieving benefits—with one such system recently announcing nearly \$600 million in operating losses during its first year of operation—Ballad Health has conversely turned pre-merger losses into improved financial stability that supports the programs, services and access needed in this large region.

Serving a largely rural region with no population growth, declining hospitalization rates and stagnant economic output, Ballad Health has efficiently realigned its resources to enhance quality of care and better serve the needs of its service population, which has extremely high rates of diabetes, obesity, addiction and other preventable illnesses and disease.

That repositioning of resources gave Ballad Health the leverage to lower costs for patients and employers while simultaneously investing in needed specialties, rural health services, academics and research, children’s services and nursing wages.

For the fiscal year, Ballad Health saw its financial position improve through exceptional management of expenses, improved productivity, reduced reliance on temporary contract labor and focused supply cost management. Sound management of cost has not come at the expense of quality. To the contrary, objective quality measures have improved, more than 150 new providers have been recruited, and services have been restored to communities that had previously lost them. The Ballad Health Board of Directors has established a primary goal to become a nationally-recognized, zero-harm health system performing at the top decile among American health systems.

Ballad Health does not merely seek to survive in this environment. No longer just a healthcare service provider, Ballad Health has instituted steps to become a proactive community health improvement partner with initiatives to improve educational attainment, workforce participation and healthy behaviors.

Some of the activities and accomplishments during the 2019 fiscal year include:

B. Improving the community’s health status

1. Accountable Care Community achievements

A leadership committee representing 24 regional organizations, along with more than 250 community stakeholder groups, has created the region’s first accountable care community – a collaborative group whose goal is to transform the health of a region spanning 21 counties in Northeast Tennessee and Southwest Virginia.

A formalized partnership of Ballad Health, Healthy Kingsport and the United Way of Southwest Virginia serves as the backbone of the accountable care community, which uses the collective impact model to align the efforts of all sectors of a community or region to accomplish shared objectives.

The accountable care community will focus on supportive systems, programs and environments that nurture strong children and families to help them develop the key characteristics that will lead to success in life. The 250 participating community stakeholder groups identified the concept of personal resiliency as being a primary differentiator between those who succeed in life and overcome adverse experiences and those who do not, which is especially critical to the region’s children. [https://www.balladhealth.org/news/regional-leaders-create-](https://www.balladhealth.org/news/regional-leaders-create)

[accountable-care-community](#)

2. Creation of new Behavioral Health Services Division

To achieve success in a value-based healthcare environment and to achieve the goals for improved access to behavioral services for the region, Ballad Health created the Behavioral Health Services Division.

This new division will oversee all inpatient and outpatient services, including Overmountain Recovery and 186 behavioral service beds throughout the health system, including the 84 beds at Woodridge Hospital. Already, the new division is taking lead on establishing a residential facility for women who are pregnant and homeless, or drug addicted – a meaningful step toward reducing the abuse, neglect and other challenges that plague our region due to the addiction epidemic. <https://www.balladhealth.org/news/org-changes-increase-physician-leadership>

3. Programs to improve child literacy

Since 2014, Niswonger Children’s Hospital has reached outside the hospital walls and into the community to improve child literacy through the B.E.A.R. Buddies reading program, which pairs volunteer mentors with elementary school students who need a boost in their reading skills. When five new schools recently requested to join the program, Ballad Health Chairman and CEO Alan Levine issued a call to Ballad Health team members to help fill the gap. To date, 100 volunteers for the 2020 school year have signed up.

<https://www.balladhealth.org/news/Ballad-health-bear-buddies-child-literacy>

Ballad Health also partnered with seven United Way organizations in a pilot initiative to increase grade-level reading and improve reading proficiency for the region’s children. The program is supported by a \$300,000 investment, which includes \$100,000 from Ballad Health Foundation and \$100,000 from contributions made by Ballad Health team members during the health system’s 2018 team member campaign.

The program is piloting the following initiatives: Tutoring and educational programming designed to raise children’s reading level scores in school systems; training on trauma-informed care for teachers and caregivers; United WE READ, which engages, empowers and equips all children and families using tools and strategies to build a literacy-rich culture; reading volunteers brought digitally into the classroom through a computer program called Vello; and a region-wide chronic absence initiative offering mini-grants and a regionally focused online attendance toolkit across 17 school districts in Southwest Virginia.

In April 2019, Ballad Health donated 3,000 books to schools in Smyth County, Virginia, allowing each student in the school system to take home a free book. <https://wcyb.com/news/local/ballad-health-donates-3000-books-to-smyth-county-schools>

4. STRONG Kids initiative

Ballad Health is participating in a new initiative called STRONG Kids, which stands for Striving Toward Resiliency and Opportunities for the Next Generation, that brings together and assists regional organizations that support children.

The program will enable Ballad Health, Niswonger Children’s Hospital and the Bristol chapter of Speedway Children’s Charities to share ideas and best practices that will help children in the region reach their potential through expanded opportunities in health, education and economic vitality. The partnership is designed to bring a new level of support to these organizations that are on the front lines serving children.

<https://www.balladhealth.org/news/initiative-improving-regions-children>

5. Creation of The Ballad Health Innovation Center

Ballad Health created The Innovation Center to serve as a hub for development of partnerships and collaborations that can bring to market life-saving initiatives and other technologies and services that can improve the human condition.

Interfacing with Ballad Health research programs and developing partnerships with vendors that add value, The



Innovation Center will create opportunities to capitalize on new programs that have potential in the marketplace. <https://www.balladhealth.org/news/org-changes-increase-physician-leadership>

6. Partnership with Washington County results in 10% reduction of employee health costs

Ballad Health's partnership with Washington County, TN, resulted in a 10% reduction in county employee health insurance premiums during the 2017-2018 year, according to a letter from Mayor Joe Grandy. In fiscal year 2018-2019, Grandy said county employee premiums held steady as healthcare costs continued to decline. Grandy credited the involvement of Ballad Health in controlling costs and reducing unnecessary hospital admissions and utilization as a primary reason for the cost reduction.

7. Smyth County opioid crisis grant

With Smyth County Community Hospital serving as the lead organization, community stakeholders in Smyth County, Virginia, were awarded a \$737,000 federal grant from the Rural Health Opioid Program, which is part of the U.S. Department of Health & Human Services. The three-year grant will be used to form a multi-disciplinary opioid consortium. <https://www.balladhealth.org/news/smyth-county-address-national-opioid-crisis>

C. Improving access to healthcare services

1. Announced plan for new addiction services for pregnant women

Ballad Health has commenced the planning process for the implementation of new services for women who are pregnant and in need of certain mental health services, addiction treatment and other supports that will help ensure the strongest possible starts for their children.

The new services were made possible through the planned consolidation of acute care, surgical and other services to Greeneville Community Hospital East Campus from the West Campus.

To begin planning for implementation, and because local physicians and emergency medical services leaders advised it would be best for patient care, all emergency services were integrated at Greeneville Community Hospital East Campus effective Sept. 1, 2019. These services will join acute care and surgical services, which were integrated in April 2019.

By integrating services in the two Greeneville hospitals, which each had an occupancy of less than 30 percent and more than \$70 million in operating losses over the previous five years, Ballad Health can utilize the reclaimed capacity to bring new services, while also strengthening the community's acute care hospital services. Concentrating acute care volumes at one facility helps sustain quality, improve efficiency and lower the cost of care. Additionally, by providing needed new services to women who are pregnant and in serious need of behavioral health and other treatment services, healthcare costs and other costs to society will be reduced over time. <https://www.balladhealth.org/news/announces-new-services-greeneville>

2. Opened America's newest rural hospital in Unicoi County

Ballad Health officially opened the new Unicoi County Hospital in October 2018. The 40,000-square-foot facility includes a 24-hour emergency department with a telemedicine connection to Niswonger Children's Hospital; 10 inpatient beds; pulmonary, cardiac and acute care services; a chest pain center; standard and advanced diagnostics including nuclear medicine; and outpatient services.

3. Board of Directors voted to reopen Lee County Community Hospital

While more than 100 rural hospitals across the nation have closed since 2010, Ballad Health bucked that trend in January 2019 when its board of directors voted unanimously to start negotiating with the Lee County Hospital Authority to reopen the Lee County Community Hospital in Pennington Gap, Virginia, which had closed in 2013.

Ballad Health worked in conjunction with a group of 20 local Lee County residents who serve on the Community Advisory Committee to complete a Community Health Needs Assessment to better understand what types of services were most needed in the area. That assessment was reviewed and approved by the Lee County Hospital Authority. The hospital is on schedule to open in the fall of 2020. <https://www.balladhealth.org/news/new-lee-county-urgent-care>

4. Reduced fees for physician practices

As part of Ballad Health's commitment to make healthcare more affordable and accessible, the health system announced a new, uniform pricing system that resulted in a 17% overall average decrease in professional fees for Ballad Health physicians and other caregivers. The change also significantly discounted professional fees by 77% for patients without insurance.

The adjusted pricing affects all charges from physicians, nurse practitioners and physician assistants employed by Ballad Health, including those with Ballad Health Medical Associates primary care and specialty practices and Ballad Health Urgent Care.

In addition to the decrease in prices, this evaluation of pricing and charge structures resulted in the decision to increase the uninsured discount of 25% for legacy Mountain States Health Alliance clinic patients to match the discount received by legacy Wellmont clinic patients. That discount is now 77% across Ballad Health for all physician practices. Out-of-pocket costs for patients with insurance, including Medicare, Medicaid and commercial plans, did not significantly change. Ballad Health also increased the threshold for patients who are eligible for charity care from 200% of the federal poverty level to 225% of the federal poverty level. <https://www.balladhealth.org/news/physician-practices-reduce-charges>.

5. Announced plans to protect and advance rural healthcare in Wise County

Now operating as a single health system, Ballad Health has been able to keep nearly 700 more patients in Wise County, Virginia, for their care during the past year who would have had to travel before the merger. Many of those patients were surgical patients who would have previously been referred outside of Wise County to receive care due to physicians' inability to provide cross-coverage among Wise County hospitals that were competitors. Although the county saw no population growth in 2018, the number of surgeries performed in the county increased by 16%.

Ballad Health also invested \$2.2 million in 2018 to update facilities in Wise County with new equipment and spaces, like new cardiac stress test equipment, more telemedicine capabilities and renovations to the long-term facilities.

Following the recommendation of local physicians, Ballad Health chose to stop performing operating room (OR) surgery procedures at Mountain View Regional Hospital because the number of procedures taking place was too low to meet industry-accepted patient safety standards. Surgical procedures continued to be performed at Lonesome Pine Hospital and Norton Community Hospital.

Most recently, the Commonwealth of Virginia approved Ballad Health's plan to strengthen healthcare safety and access by moving inpatient and critical care services from Mountain View to Lonesome Pine Hospital and combine the two hospitals' medical/surgical and ICU units. The plan also includes integrating emergency room services at Norton Community Hospital. <https://www.balladhealth.org/news/progress-healthcare-wise-county>

6. Founded dental residency at Johnston Memorial Hospital

Johnston Memorial Hospital launched a dental residency program that offers advanced training to dentists who have obtained licensure and are interested in furthering their education or specializing in a certain field.

The residency will establish the Appalachian Highlands Community Dental Center, where a dental resident will provide a variety of services, including preventative care such as sealants, as well as restorative care like crowns,



fillings and dentures. The dental care is offered on a sliding scale to uninsured community members in need throughout Southwest Virginia, where as many as 68% of residents live without dental insurance.

<https://www.balladhealth.org/news/johnston-memorial-dental-underserved>

7. Supported Milligan College’s addiction counseling concentration

Thanks to support from Ballad Health and the BlueCross BlueShield of Tennessee Health Foundation, Milligan College announced the expansion of its Master of Science in Counseling program to include a concentration in addictions counseling, beginning in the fall of 2019.

Milligan’s counseling program is a two-year, 60 credit hour program offering concentrations in clinical mental health and school counseling. The addition of addictions counseling is projected to double the number of students in the program.

With limited graduate-level options available in the region, the demand for licensed addictions counselors has increased exponentially. Graduates of the new concentration will be qualified for licensure as addictions counselors. Also, current licensed clinical mental health counselors will have an option to add on the addictions subspecialty in as few as two semesters. <https://www.balladhealth.org/news/milligan-addiction-counseling-degree>

8. Partnership with ETSU to create fellowship program in addiction medicine

Ballad Health and East Tennessee State University formed a partnership to create a new fellowship program in addiction medicine. As part of its commitment to expand education and training in the region, Ballad Health will fund any un-reimbursed costs of the fellowship program which, over a 10-year period, could cost more than \$2.5 million. Once it seeks accreditation to the Accreditation Council for Graduate Medical Education, ETSU has a goal of accepting its first fellows by July 2020. <https://www.balladhealth.org/news/milligan-addiction-counseling-degree>

9. Donated EMS substation property to Greene County

Ballad Health donated the Greene County-Greeneville Emergency Medical Service substation building to Greene County. The donation involved a two-story brick substation that serves residents within the town of Greeneville’s limits. It also acts as a backup for the four Greene County-based substations in Mosheim, Tusculum, Baileyton and in the South Greene community. The substation, which functions as EMS headquarters for Greene County, features three ambulance bays, a kitchen, a lounge, bathrooms, storage areas and sleeping quarters for up to eight people. <https://www.balladhealth.org/news/ballad-health-donates-ems-substation-greene-county>

10. Recruitment of new physicians to rural Southwest Virginia

Ballad Health provided the necessary resources to recruit more than 140 new specialists to serve our region, many of whom were recruited to private practices not owned by Ballad Health. The addition of specialists is helping to improve access to care in rural communities. For instance, Wise County in Virginia now benefits from an orthopedist, a cardiologist and several other physicians and providers. Wythe County, in Virginia, a community not served by a Ballad Health hospital, benefits from a cardiologist recruited by Ballad Health. Throughout the region, new physicians and advanced practitioners, recruited and funded by Ballad Health, are serving the region – from trauma care to pediatrics, from Wythe County Virginia to Hancock County, Tennessee.

D. Improving healthcare quality

1. Quality metrics

Driven by the clinical leadership team and the contributions of physicians and team members across the system,

Ballad Health improved 12 out of 17 key quality measures pre-selected by the states when compared to the 2017 baseline.

Ballad Health's Board of Directors has adopted a zero-harm culture for the organization, and processes have commenced to institutionalize this objective.

This focused effort on quality improvement significantly benefitted patients. Specific examples include: zero infections for abdominal hysterectomy cases across the system; 47% reduction in pressure injury rate; 42% reduction in clostridium difficile infections; 39% reduction in iatrogenic pneumothorax rate; and 13% reduction in central line bloodstream infections. <https://www.balladhealth.org/news/reports-annual-results-high-ranking-hospitals-strong-financial>

2. National recognition for quality improvements

U.S. News & World Report named all four of Ballad Health's flagship hospitals—Johnson City Medical Center, Holston Valley Medical Center, Bristol Medical Center in Tennessee and Johnston Memorial Hospital in Virginia—as top-performing hospitals in Tennessee and Virginia in several specialties, with each hospital providing “top performing” services and programs in heart failure and COPD in both states. In each state, less than 30% of all hospitals had any top-performing programs.

Additionally, in the *U.S. News* rankings, Bristol Regional and Holston Valley moved up in overall rankings from No. 10 in Tennessee last year to No. 7 this year. And recently, *Forbes Magazine* named Johnson City Medical Center as one of the best employers in Tennessee among all employers.

<https://www.balladhealth.org/news/reports-annual-results-high-ranking-hospitals-strong-financial>

3. Ongoing quality improvement programs receive praise from national experts

Ballad Health has instituted a comprehensive quality improvement program systemwide based on the FOCUS PDCA model—a model designed to empower team members to identify opportunities for improvement and measurably implement those opportunities. These efforts are organic and driven by staff at all levels. The Ballad Health approach to quality improvement was recently praised by national experts who facilitate and assess organizational commitment to quality.

For instance, in the past year, a total of 130 quality improvement projects across the system qualified at various levels of improvement for recognition, with 42 national judges evaluating the projects and awarding recognition for the results.

Examples of improvement projects include: A 91.6% reduction in restraint use and 18 months of zero restraints for adolescents at the Willow Unit at Woodridge Hospital; a 95% reduction in the amount of oral contrast used for outpatients and inpatients prior to receiving a CT scan at Indian Path Community Hospital, which produced \$139,000 in annual cost savings; and a 50% reduction in hospital-acquired Clostridium difficile (C.diff) across all 21 hospitals within three months, which represented \$2.3 million in cost savings.

4. Appointed nine physicians to leadership roles

Nine physicians with more than 100 years of combined experience caring for patients in the Appalachian Highlands region were appointed to key leadership roles within the organization. These appointments were made to ensure the system's continuing emphasis on excellence in clinical care through physician engagement and leadership.

5. Norton Community Hospital inpatient rehabilitation program ranked among nation's top 10%

For the 13th straight year, the Norton Community Hospital's inpatient rehabilitation program ranked among the top 10% in the nation for functional patient outcomes in 2018.

The ranking was among 868 inpatient rehabilitation facilities nationwide that qualified to be ranked in the IRF database of Uniform Data System for Medical Rehabilitation (UDSMR). For this ranking, the UDSMR creates a

report card that recognizes high-performing facilities for their delivery of quality patient care that is effective, efficient, timely and patient-centered. <https://www.balladhealth.org/news/norton-top-10-percent-inpatient-rehab>

6. Participation in the Medicaid Transformation Project

Ballad Health and a group of the nation's leading health systems joined forces to identify ways to better care for some of the nation's most vulnerable populations through the Medicaid Transformation Project. The project is a national effort to transform healthcare and address social determinants of health for the nearly 75 million Americans who rely on Medicaid.

The work focused on four keys areas of opportunity: Behavioral health, child and maternal health, substance use disorder and avoidable emergency department visits. <https://www.balladhealth.org/news/17-health-system-project-vulnerable-populations>

7. Participation in The High-Value Care Collaborative

Ballad Health was chosen for a national initiative called The High-Value Care Collaborative, a partnership of the American Hospital Association, the American Board of Internal Medicine Foundation's Choosing Wisely campaign, and the Costs of Care organization, that brings together participants to improve efficiency in healthcare, decrease cost and improve quality.

During the past year, Ballad Health and other participants in the program adopted strategies to reduce unnecessary cost and deliver evidence-based care that has been demonstrated to reduce the burden on patients.

Ballad Health was selected for the collaborative following successful implementation of several initiatives, including a successful effort to reduce certain hospital-acquired conditions by as much as 41 percent.

<https://www.balladhealth.org/news/ballad-health-national-initiative-enhance-care-value>

E. Financial investments/financial improvements

1. Major investment in nursing wages

According to the United States government, there is a projected national shortfall of 800,000 nurses by 2020. In Tennessee, the U.S. Health Resources and Services Administration projects the state will only be able to meet half of the demand for registered nurses by next year.

To help alleviate this issue, Ballad Health announced in May a more than \$100 million investment over 10 years to be used for enhancing wages for direct patient care nursing and supporting staff for the following positions: acute care RNs, LPNs and nursing assistants in select roles whose primary responsibility is providing direct inpatient care; scrub techs, long-term care LPNs and CNAs, clinical LPNs and certified medical assistants and behavioral health techs. <https://www.balladhealth.org/news/pay-increases-frontline-nursing-team>

2. Reinvestment of capital throughout the region

While Ballad Health has focused on improved financial performance, it has also continued to invest nearly \$200 million in capital for new equipment, diagnostic technology, building improvements, information technology infrastructure and a common electronic health record.

Just a few examples of capital spending in the year included: electrophysiology lab upgrades, echocardiography devices and cardiac ultrasound replacements; five new digital mammography systems; hospital beds, patient monitors, ventilators and IV pumps; hybrid cardiovascular surgical suite; internal facility renovations; neuro-spine imaging and navigational diagnostic systems; new equipment for the opening of a new hospital; new operating room tables and bariatric surgery equipment replacement MRI, CT and PET scanners; resealing and

external upgrades to physical plant; three-dimensional cardiac ultrasound; two new cardiac catheterization labs; and ultrasound and radiology upgrades. <https://www.balladhealth.org/news/reports-annual-results-high-ranking-hospitals-strong-financial>

3. Move to implement comprehensive regional trauma and emergency system

To reduce the number of duplicative services and better align the health system's resources, Ballad Health made progress towards implementing a comprehensive regional trauma and emergency system to better meet the needs of the Appalachian Highlands region.

As part of creating a fully integrated and highly coordinated trauma and emergency system, Ballad Health successfully moved to realign the status of Holston Valley Medical Center's trauma center from a Level I to a Level III and expects to realign Bristol Regional Medical Center's trauma center from a Level II to a Level III within the coming year.

This move closely follows evidence-based best practices, which indicate the highest-acuity services are best provided in a higher-volume setting where staff and physician coverage is consistent, and quality is improved. <https://www.balladhealth.org/news/create-regional-comprehensive-trauma-system>

4. Enhanced pediatric trauma and pediatric emergency rooms

Ballad Health is seeking to improve pediatric care by investing in additional pediatric specialties which will support the pediatric trauma program at Niswonger Children's Hospital, and plans have been announced to add new pediatric emergency rooms in Kingsport and Bristol. Already, the board has acted to fund both pediatric emergency departments. These plans have been so exciting that Ballad Health received a \$1.2 million pledge from a family which has long supported children's services in the region. The pediatric emergency room at Bristol Regional Medical Center will be named the J.D. Nicewonder Family Pediatric Emergency Department, which will be affiliated with the Niswonger Children's Hospital.

This comprehensive proposal involves realigning the Level III neonatal intensive care unit (NICU) at Holston Valley Medical Center and focusing those services at Niswonger Children's Hospital, the region's state-designated perinatal center. These pediatric enhancements also involve investing in new pediatric subspecialties and connecting all of Ballad Health's hospitals to Niswonger through telemedicine.

<https://www.balladhealth.org/news/create-regional-comprehensive-trauma-system>

5. Implement sustainability plans for Greeneville Community Hospital

To ensure Greeneville Community Hospital remains sustainable, hospital leaders announced their plan to serve the Greene County community through one hospital with two separate campuses, Greeneville Community Hospital East and Greeneville Community Hospital West.

After conferring with community boards at both hospitals, Ballad Health began focusing services at the West campus on advanced outpatient care, while the East campus focused on providing acute inpatient services. Hospital leaders also announced their plan to integrate all emergency services into the East campus, beginning Sept. 1, 2019.

This consolidation of acute care, surgical and other services from the West campus to the East campus made it possible for Ballad Health to pursue the addition of new services at the West campus for women who are pregnant and in need of certain mental health services, addiction treatment and other supports.

6. Supported community initiatives and organizations

During the year, Ballad Health supported more than 300 organizations in the Appalachian Highlands of Northeast Tennessee and Southwest Virginia. That support totaled more than \$5 million in the form of sponsorships, non-cash contributions, community education and direct community benefit.

7. Charity care contributions

For FY 2019, Ballad Health provided more than \$37 million in charity care and more than \$12 million in subsidized health services for patients. Following the merger, Ballad Health increased the threshold for patients to qualify for charity care from 200% of the federal poverty level to 225% of the federal poverty level and provides significant discounts for people up to 450% of the federal poverty level.

8. Accountable care organization generates savings for sixth year in a row

Ballad Health's accountable care organization, AnewCare Collaborative, is one of only 18 in the country to generate savings for federal taxpayers for the entire six years of the program.

As the region's first accountable care organization, it has generated more than \$54 million in total savings since its creation in 2012. For the 2018 performance year, AnewCare generated \$7.2 million in savings. The ACO's savings rate was 7.1% better than Medicare's benchmark. Since the merger, AnewCare has achieved a 94.4% quality score, a substantial increase from the previous year and among the highest in the history of the collaborative. <https://www.balladhealth.org/news/accountable-care-among-best>

9. Donation of cardiac monitors to Sullivan County EMS

Ballad Health donated 30 advanced cardiac monitors to Sullivan County Emergency Medical Services to enhance Ballad Health's regional trauma network by enabling EMS to transmit patients' vital signs to hospital emergency departments and cardiac catheterization labs while still en route. The new monitors also allow emergency providers to monitor oxygen and pulmonary issues in addition to the EKG, which can improve treatment for patients with emphysema, chronic obstructive pulmonary disease (COPD) and asthma. The donation saved Sullivan County approximately \$1.2 million, as the department's current 12-lead EKG monitors are 11 years.

10. Partnership with Premier Inc. on enterprise-wide performance improvement

With the goal of transforming health across the region, all Ballad Health facilities are leveraging Premier's group purchasing organization, as well as a variety of cost, quality, reporting and workforce analytics, solutions and services. Ballad Health also joined Premier's highly-committed purchasing program, called SURPASS, to drive compliance and scale for the purchasing of clinically efficacious products.

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In its second year of operation under active supervision by the State of Tennessee and Commonwealth of Virginia, Ballad Health has continued to make the gains envisioned by the legislatures of both states in terms of improving quality of care, improving access to care and maintaining rural health care facilities and lowering the cost of care for the citizens of the Appalachian Highlands. This report provides an overview of Ballad Health's performance and responds specifically to the annual reporting requirements required by the Terms and Conditions of the Tennessee Certificate of Public Advantage (COPA) and the Virginia Cooperative Agreement (CA).

Serving a largely rural region with low or no population growth, declining hospitalization rates and slow economic growth, Ballad Health has realigned its resources to enhance quality of care and better serve the needs of its community which suffers from high rates of diabetes, obesity, addiction and other preventable illnesses and disease. This realignment of resources has allowed Ballad Health to continue investing in necessary medical specialties, rural health services, academics and research, children's services and nursing wages.

Since the merger of Mountain States Health Alliance and Wellmont Health Systems to form Ballad Health, the total number of annual inpatient admissions to Ballad Health hospitals declined by 14,878 (14.2 percent), resulting in an estimated annual cost saving to patients, employers, government and the community as a whole totaling approximately \$149 million in fiscal year 2020. In addition, the total number of emergency room visits to Ballad Health hospitals declined by 103,237 (21.7 percent), resulting in an additional estimated annual reduction in the total cost of health care of approximately \$52 million. These total annual and recurring savings are a result of Ballad Health's and the physician community's highly collaborative working relationship to appropriately treat patients in lower cost settings, better manage transitions of care from the hospital to home to reduce hospital readmissions and increase preventive and primary care to avoid unnecessary ambulatory sensitive admissions in the first place. The reduction in total cost of care is a manifestation of population health measures which are demonstrably successful and a direct policy result of the legislation permitting the establishment of the COPA. Without the ability to reduce the cost of duplication, it is Ballad Health's position that these efforts, even if possible, would have rendered both legacy health systems financially insolvent. In order to achieve the population health goals which are clearly being achieved, it is necessary for the health system to reduce the fixed and variable cost of operating the assets.

Nowhere has Ballad Health's efforts to reduce the total cost of health care been more on display than with Ballad Health being recognized by the U.S. Centers for Medicare and Medicaid Services as one of only 18 Accountable Care Organizations in the nation to achieve savings for federal taxpayers in each of the years of the Medicare Shared Savings program. Ballad Health has delivered more than \$50 million in savings for taxpayers while achieving quality scores in excess of 90 percent. Similar to the overall improvement in quality exhibited within this report, combined with more than \$200 million in annual reduction in health care costs, Ballad is achieving better results at a lower cost for taxpayers, employers and the region's citizens.

In addition to savings generated by decreasing unnecessary or higher cost utilization of services, Ballad Health moved towards a standardized price structure across Ballad Health Medical Associates implementing a new, uniform pricing structure for all professional fees for Ballad Health physicians and



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providers. The new charge structure, effective September 1, 2019, resulted in a 17 percent average decrease in professional fees – as well as a new uniform 77 percent discount (previously 25 percent in patient clinics that had been part of Mountain States Health Alliance) on these fees for patients without insurance. This new professional fee structure has resulted in savings of approximately \$1 million to the community.

Ballad Health has contributed to the region's economy through leveraging of its acquisition of services to promote job growth in the region. For instance, while occurring after the reporting period in the current fiscal year, it is notable that Ballad Health partnered with a national revenue cycle firm to acquire services, while simultaneously recruiting the firm to locate a corporate service center in the Appalachian Highlands region. This partnership came with a commitment to add up to 500 new jobs in the region – one of the largest job announcements in the region in several years. Ballad Health also partnered with 16 other health systems nationally to “onshore” the manufacturing of personal protective equipment (PPE) – a major national objective tied to reducing reliance on China for the manufacturing of medical protective devices. Ballad Health has been pleased to be one of the few health systems committing its capital and spending to this important national goal.

Ballad Health's goal is to be a zero harm organization and during this reporting period, Ballad Health made substantial progress in achieving that goal. The results for thirteen of the seventeen harm measures monitored under the COPA and CA have improved over the 2017 baseline, with reductions in harm ranging from 10 percent to 60 percent per measure. The Ballad Health Clinical Council, along with clinical leadership throughout Ballad Health, were the driving force in accomplishing these results. During this reporting period Ballad Health also established tiered safety huddle process – where safety issues identified on each hospital unit are escalated to executive management each day at 9:45am – which will further strengthen Ballad Health's culture of safety and quality. Several of Ballad Health's hospitals have been recognized by independent organizations and insurers for outstanding quality in several service lines, and in other various measures (for instance, Blue Cross Centers of Distinction, five-star performance in patient satisfaction, etc.).

The State of Tennessee and the Commonwealth of Virginia identified the maintenance and improvement of access to care in Ballad Health's service area as a key benefit of the merger for the community. Ballad Health has achieved strong results during the reporting period by improving/maintaining on all of the seven health delivery system characteristics (such as percent of persons living within 10 miles of an emergency department), all of the appropriate use of care, screening, and infant and children metrics, and four of the seven behavioral health metrics. In addition, consumer satisfaction metrics were fully met.

During this period, Ballad Health opened an urgent care center, and began work on opening a critical access hospital in 2021, in Lee County, Virginia. Ballad Health also made significant investments in community health by investing in 10 promising community-based programs working with children and families in the region and continued funding the collaborative work on improving children's health and well-being through the STRONG Accountable Care Community which now numbers over 290 schools, businesses, health providers, government and faith based and other community organizations in the Appalachian Highlands.



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Ballad Health was named by Forbes Magazine as being the 29th “Best Employer In America for Diversity” – with Ballad Health being the only company in either Tennessee or Virginia to be recognized in the top 30. Ballad Health’s ranking puts it at par with such national brands as Disney and Johnson and Johnson.

Regulations

The laws governing the Tennessee COPA and the Virginia CA, passed by the assemblies of each state and affirmed by their respective governors, define the policy permitting active supervision of the Ballad Health merger and identify the key measures of public benefit which any supervised merger should achieve. These policy priorities are embedded in Ballad Health’s strategic and management action plans which are approved and monitored by the Board of Directors and leadership of Ballad Health. These policy priorities, as outlined in Tennessee and Virginia law, include:

- Enhancement of quality of hospital and hospital-related care;
- Preservation of hospital facilities in geographic proximity to the communities traditionally served by those facilities to ensure access to care;
- Demonstration of population health improvement in the region;
- Gains in the cost-efficiency and cost containment of services provided by the hospitals;
- Improvements in the utilization of hospital resources and equipment; and
- Avoidance of duplication of hospital resources.

Section 6.04 and Exhibit G of the Tennessee TOC and Virginia Code 15.2-5384.1 and 12 Virginia Administrative Code 5-221-110 requires the annual submission of certain items for use in determining continued benefit of the merger to the public. In early March of 2020, the governors of Tennessee and Virginia both declared a “State of Emergency” due to the COVID-19 pandemic. Subsequently, each Commissioner of Health notified Ballad Health of temporary suspension of select provisions of the Tennessee TOC and the Virginia CA, including the quarterly and annual reporting requirements during the State of Emergency. While the State of Emergency persists and the reporting requirements are still temporarily suspended in both Tennessee and Virginia, Ballad Health agreed to provide an Annual Report for Fiscal Year 2020 (FY20) with amended reporting requirements and covering the time period of 07/01/2019 – 02/29/2020 (the Reporting Period), except where noted. Ballad Health agreed to submit deliverables per the Annual Report Outline under an adjusted schedule to facilitate Tennessee and Virginia’s ongoing requisite for active supervision.

The Process

In compiling the information and materials for this Annual Report, the Ballad Health COPA Compliance Office (CCO) identified the departments responsible for gathering and preparing the materials necessary to satisfy Section 6.04 and Exhibit G of the Tennessee TOC and Virginia Code 15.2-5384.1 and 12 Virginia Administrative Code 5-221-110. Leaders of the departments were given responsibility to submit the required materials and information (Responsible Parties). The CCO requested each of the Responsible Parties to certify, to their knowledge and belief after due inquiry, that Ballad Health is in compliance with the TOC and the CA and to the accuracy and completeness of the materials submitted per the Annual Report Outline. In instances where Responsible Parties had questions about the interpretation of the

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requirements or whether there might be concerns regarding compliance, they could make notes or provide qualifications.

Reporting Requirements

The reporting requirements included in the FY20 Annual Report are from the Annual Report Outline agreed to with Tennessee and Virginia. These requirements cover topics such as capital spending, career development plans, the Clinical Council and quality measures, the patient satisfaction survey, cost efficiency steps taken, Ballad Health-sponsored residency programs, academic and non-academic partnerships, comparison of financial ratios, charity care information, and plan updates. Ballad Health fulfilled all of its reporting requirements of the TOC and CA, and a detailed summary of each requirement is provided in Section C Deliverables of the FY20 Annual Report.

Notable items are listed below which contribute to the policy priorities established in law:

- The Board of Directors of Ballad Health approved a major investment of \$12 million to reopen Lee County Hospital as a critical access hospital, a move that was not required in the COPA or CA.
- Ballad Health has invested heavily in its relationship with academic institutions – East Tennessee State University (ETSU) in particular - in the furtherance of training, research and health care workforce. Examples include, but are not limited to:
 - Ballad Health announced in July of 2019 a \$15 million investment, over the next ten years, in the East Tennessee State University (ETSU) Center for Rural Health Research (the Center) within the School of Public Health – the largest contribution to ETSU in the history of the institution. The Governor and Legislature of Tennessee saw the promise in the creation of the Center, investing an additional \$1.5 million in FY20 and \$750,000 annually thereafter. In just one year, success is already being achieved, with ETSU now having been recognized by the United States Government as one of only seven rural health research centers in the nation, joining institutions such as University of North Carolina, University of Kentucky and others. ETSU is the only non-incumbent institution recognized, and the only non-land grant institution to be named. This designation came with several million dollars in additional outside grants. The Center has begun attracting notable faculty. With nearly \$25 million now available to the Center over the 10 year period, the opportunity exists for ETSU to become a major national contributor to health care research. The Center’s creation was the direct result of Ballad Health’s vision and direct funding.
 - While occurring after the abbreviated reporting period, but during the fiscal year, Ballad Health collaborated with ETSU in the recruitment of two additional pediatric surgeons, marking for the first time three pediatric surgeons available to the region to support the needs of children, and ongoing trauma support. This investment of several million dollars over the life of the COPA and CA is a direct benefit to the children of the region.
 - In addition to keeping all residency positions in place, Ballad Health maintains 41 resident slots above the federal caps in reimbursement, and 25 residents above the adjusted caps – meaning Ballad has continued funding the cost of sustainability of residencies for which it is not directly reimbursed – a direct benefit to ETSU. Prior to the merger creating Ballad

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Health, the predecessor organization to Ballad Health was in the process of eliminating these unfunded residency positions, and some had already been eliminated as part of a five-year plan to do so. In fact, from 2014 through 2017, nine slots had been eliminated that were above the cap, with six slots being eliminated from above the adjusted cap. This process was halted in anticipation of the merger. That these residencies continue to provide training opportunities at a cost to Ballad Health is a direct benefit of the merger.

- While occurring after the abbreviated reporting period, but during the fiscal year, Ballad Health funded the Ballad Health Strong Brain Institute/Center for Trauma Informed Care at ETSU. This Center will lead national efforts in conducting research and programming in the emerging science of childhood trauma. ETSU is already emerging as a leader in this space.
 - Ballad Health continues to provide more than \$24 million in ongoing annual contractual compensation to ETSU for services provided by various programs at ETSU, including the Quillen College of Medicine, College of Pharmacy and College of Public Health. These investments help provide certain services and programs at Ballad Health, such as Neonatology, Trauma, Oncology and various Pediatric programs, while also assisting ETSU in funding the cost of academic training programs. While the services made available through these arrangements are commercially available, Ballad Health places a premium on its partnership with ETSU, and both organizations continue benefitting from the partnership.
 - Ballad Health continues to fund the operation of the Physician Assistant training program at Milligan University, as well as the Master's program in Addiction Counseling.
 - The first residents of a new Ballad Health sponsored dental residency program operating out of Johnston Memorial Hospital in Southwest Virginia began practicing in August of 2019. These residents have begun contributing to the provision of care for low income adults in Southwest Virginia.
- Ballad Health invested \$141.6 million in capital improvements in FY19 and \$121.1 million in FY20, a direct result of financial stewardship – ongoing capitalization while at the same time reducing the cost of health care, reducing inpatient admissions and reducing costly duplication of services while concurrently measurably improving the quality of care.
 - Ballad Health's Aspiring Leaders Program had 75 future leaders participate, nearly doubling our participation rate from the prior year.
 - The Ballad Health Clinical Council and its sub-committees continued its journey towards becoming a zero harm organization. As a result of the efforts of this committee in partnership with other stakeholders, hospital acquired C diff. declined by 51 percent, CAUTI by 46 percent and MRSA by 44 percent.
 - Patient Satisfaction Survey Results:
 - 89.8% of patients were satisfied with access to care in owned medical practices.
 - 79.2% of patients were satisfied with access to care in emergency services.
 - 89.2% of patients were satisfied with access to care in outpatient services.
 - Ballad Health achieved cost savings of \$8.2 million in supplies (which were directly used to support

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care for uninsured and charity patients) and \$5.7 million in cost savings through insourcing laboratory services.

- Ballad Health realigned duplicative services in Wise County which improved the sustainability of health care services in the county while maintaining patients' access to care. All medical/surgical and intensive care unit services at Mountain View Hospital were consolidated with Lonesome Pine Hospital. Emergency department services at Mountain View Hospital were redirected to either Norton Community Hospital (2.4 miles away) or to Lonesome Pine Hospital. Two cancer centers, located less than two miles apart, were combined in one location. In addition, the linear accelerator at the Cancer Center was upgraded to the latest technology.
- A net 137 physicians have been added to the medical staff, thereby maintaining or enhancing access to various specialties and services.
- 99.7 percent of the Ballad Health's patient population is within 10 miles of an urgent care facility or emergency department (increased by nearly 1 percent).
- There were no changes to the Ballad Health Board of Directors during the reporting period.
- Achieved 41 of the 44 process measures identified in the FY20 Population Health Plan Implementation Roadmap.

COPA Reporting Requirements

The final reporting requirements are part of the COPA Annual Report and were certified by Ballad Health's CCO. This report covers topics such as the COPA Compliance Complaints Report, a forecast of expenses and a work plan. Ballad Health fulfilled all of the reporting requirements of the COPA Annual Report.

Notable compliance related items from this year's COPA Annual Report include:

- Ballad Health maintains a systemwide code of ethics, which requires mandatory compliance by all team members, including compliance with the section referencing the TOC and the CA. All team members are provided annual training and are required to report any non-compliance and are provided the means and mechanism by which to do so, including anonymously.
 - During the Reporting Period covered by this report, there were three COPA complaints filed with the CCO. All three of the complaints were found to be unsubstantiated, with one of the three simply being a request to add an ancillary provider to the post-acute ancillary provider list.
- During the Reporting Period, five waiver requests were submitted, four were approved and one was pending.
- Issues related to plan spend have been identified and Ballad Health is working with Tennessee and Virginia, even during the suspension, to address any potential gaps in the expected spending versus actual.
- Ballad Health spent just more than \$60 million in FY20 for Charity and Unreimbursed TennCare & Medicaid. While below the projected baseline from FY17, this spending was impacted by the material decline in volumes, an increase in Medicaid reimbursement from TennCare and Virginia Medicaid, and

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the ongoing expansion of Medicaid in Virginia. The volume declines have been further accelerated by the global pandemic, which as with all payor categories, resulted in fewer charity patients in FY20. There have been no assertions or complaints that Ballad Health is not in compliance with its charity policy.

- Tennessee and Virginia were notified of a Force Majeure event resulting in a Material Adverse Event in March relating to the COVID-19 pandemic. Subsequently, select sections of the TOC and CA were temporarily suspended by both Departments of Health.

COVID-19 Pandemic Considerations

After 25 months of operation, Ballad Health had developed and integrated to the point that the organization was prepared to provide strong leadership to deal with the effects of the COVID-19 pandemic in our community that emerged after February 29, 2020. On March 10, 2020, Ballad Health executed its disaster plan in response to the COVID-19 pandemic. This included the activation of its Corporate Emergency Operations Center (CEOC) to coordinate efforts across the system and around the region to rapidly plan for, and execute, ongoing response to the issues resulting from the COVID-19 pandemic.

Ballad Health asserts that its agility and preparedness to respond to the extraordinary events is a direct benefit of the merger creating one regional health system. Due to the structure of Ballad Health, a command and control was established in partnership with medical staff leaders and outside experts and multiple health departments, and Ballad Health was able to act with speed and decisiveness in planning and responding to the changing events. It is unfathomable that, given the culture between the two legacy organizations, the response would not have been as decisive or agile but for the creation of a single system with the capabilities and resources Ballad Health has assembled. This assertion is made based upon feedback from area political, education and business leaders.

Beginning on or about March 17, 2020, Ballad Health began experiencing an organic and material slowing of elective procedures and diagnostic services. Effective March 23, Ballad Health complied with the federal and state guidance to cease all non-emergent, elective procedures. Beyond the deferral of these procedures and diagnostic testing, Ballad Health experienced a decline in other types of medical treatment similar in effect to that experienced by most health systems and physician organizations – physician practice, urgent care and other routine medical service visits declined precipitously. The financial impacts from the pandemic are significant and still uncertain in the long-term.

Due to these unique circumstances and the material adverse effect the COVID-19 pandemic imposed on the health system, the Tennessee Department of Health and the Virginia Department of Health temporarily suspended certain provisions of the COPA and CA, respectively, providing flexibility for Ballad Health to plan for, and respond to, the various issues related to the pandemic. As a result, this annual report is for the eight months of fiscal year 2020 (July 1, 2019 through February 29, 2020).

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In its third year of operation under active supervision by the State of Tennessee and the Commonwealth of Virginia, Ballad Health has continued to make the gains envisioned by the legislatures of both states in terms of improving quality of care, improving access to care, maintaining rural healthcare facilities and lowering the cost of care for the citizens of the Appalachian Highlands. This report provides an overview of Ballad Health's performance and responds specifically to the annual reporting requirements required by the Terms and Conditions (TOC) of the Tennessee Certificate of Public Advantage (COPA) and the Virginia Cooperative Agreement (CA).

The full effect of the COVID-19 pandemic was felt in the Appalachian Highlands during the fiscal year 2021 (FY21) reporting period of July 1, 2020, to June 30, 2021 (the Reporting Period). During this time, 100,869 cases of COVID-19 were reported in Ballad Health's service area, with 6,880 patients hospitalized and discharged from Ballad Health hospitals and 2,108 patients in the region who died as a result of the pandemic. Working closely with state and local elected officials, community physicians, public health professionals and first responders, Ballad Health played an important role in COVID-19 prevention by providing 44,296 first doses and 43,109 second doses of the COVID-19 vaccine and committed significant resources to help educate the public on COVID-19 during news conferences led by Ballad Health's Chief Physician Executive, Chief Infection Prevention Officer and Chief Operating Officer. These weekly, and sometimes daily, events were covered widely by print, radio, television and online news sources throughout Ballad Health's service area and beyond.

During this period, inpatient discharges increased by 0.4 percent over prior year, largely due to an increase of COVID-19 discharges estimated at 6,880 in FY21 (compared to 86 in fiscal year 2020 (FY20)). Deferral of elective surgical procedures to focus on the pandemic resulted in an 8.4 percent decline in inpatient surgical cases over prior year. Surgeries continued to shift overall towards an outpatient setting. There was a significant amount of volatility in volumes related to the public health emergency and responses to the COVID-19 pandemic. In addition to limited growth in population, Ballad Health continued to experience a shift from traditional to managed Medicare, which typically has lower utilization in the inpatient setting.

Despite this strain on hospital and physician clinic resources, and although temporarily relieved by the states' departments of health of its incremental spending commitments under the COPA and Cooperative Agreement during the public health emergency, Ballad Health continued to make new investments, largely as planned, in rural health access, behavioral health, children's health, population health and clinical training, while also investing \$45 million into increasing direct patient care and support staff wages and market adjustments, to remain competitive with other local, regional and national employers.

Ballad Health improved over baseline or met target on 20 of 25 Access to Care metrics and maintained baseline performance on two others during the Reporting Period. Ballad Health continues to invest in access points throughout the Appalachian Highlands. One month after the Reporting Period ended, Ballad Health opened a new \$17 million Critical Access Hospital in Lee County, Virginia, in July 2021, which had been without hospital services for nearly eight years. The hospital provides



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acute and emergency services, diagnostic radiology and lab services, outpatient cardiology and rotating specialty care clinics, and it served residents of Lee County, far Southwest Virginia and Southeastern Kentucky in FY21.

In September 2020, the health system opened a new pediatric emergency department at Bristol Regional Medical Center on the Tennessee/Virginia border. The pediatric emergency department, part of the Ballad Health Niswonger Children's Health Network, brings dedicated pediatric-trained staff to the patients living on both sides of the state line and reduces the need for families in the surrounding area to travel to Niswonger Children's Hospital in Johnson City for most pediatric emergency care.

At the end of the Reporting Period, in May and June 2021, Ballad Health opened Ballad Health Niswonger Children's Network Strong Futures outpatient and living centers in Greeneville, Tennessee. These programs provide comprehensive counseling, support services and a safe living environment for pregnant woman and mothers suffering from substance use disorder. The living center is designed to allow these mothers to live with their children while they work to improve their chance of recovery. This approach can prevent children from being sent to alternative placements, such as foster care or group homes.

Ballad Health's goal is to be a zero-harm health improvement organization. While scoring on quality measures was suspended under the COPA and CA by both state health departments, the health system continued to track and post facility-specific quality target and priority measures to its website on a quarterly basis to allow public access to the health system's quality data. During this Reporting Period, as a result of an exceedingly high number of COVID-19 admissions, the health system struggled with diminished supplies and staffing, which ultimately impacted quality outcomes. In the previous FY20 reporting period, Ballad Health had improved on the 2017 baseline on 13 of the 17 harm measures; during this current Reporting Period of FY21, this slipped to improvement on 10 of 17 measures.

The health system continued to address the cost of care in the region. In September 2020, Ballad Health launched the Appalachian Highlands Care Network to better manage the care of uninsured individuals in the community who are high utilizers of emergency and inpatient care. The program provides free ongoing prevention, primary care, diagnostics, emergency and inpatient services to enrolled members identified by care navigators embedded in community clinics, emergency departments and other care sites throughout the region. More than 1,700 members were enrolled by the end of the Reporting Period, with new members being added each month. Later, in June 2021, in partnership with RIP Medical Debt and local donors, Ballad Health agreed to eliminate \$277,971,455 of non-governmental payor medical debt on more than 82,000 low-income patient accounts in Southwest Virginia and Northeast Tennessee – the first time in the nation a health system was able to complete such debt forgiveness, under a July 2020 DHHS Office of the Inspector General opinion. Ballad Health also launched a medical-legal partnership with the Appalachian School of Law and Virginia Tech that pairs law students with patients at Ballad Health facilities to help address legal issues that drive poor health and contribute to population health inequities such



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as insurance and other benefit denials, guardianship disputes, housing instability and so on.

Ballad Health also continued to launch new programs to improve population health. In May 2021, the first pregnant women were screened and enrolled in the Strong Pregnancies program pilot sites (Ballad Health Medical Associate Obstetrics and Gynecology in Kingsport and Greeneville, Tennessee, and ETSU Obstetrics and Gynecology in Johnson City). This program is designed to screen mothers as early as possible in their pregnancy for social risks such as housing and food insecurity, violence in the home, depression, anxiety and substance use (including tobacco). Once screened, these mothers are connected to a community health worker assigned to help resolve any identified needs by connecting enrollees to a variety of Ballad Health and community services. Post-partum, mothers and their children are enrolled in Strong Starts, which continues to navigate the family for up to five years with the goal of ensuring that mother and baby stay healthy and the child is prepared to successfully enter kindergarten. This effort is enabled by the health system's launch of the UniteVA and UniteTN community partner referral network, supported by the UniteUS technology platform (with funding support from the Virginia legislature). At the end of the Reporting Period, 43 network partners were enrolled in the network, with new members joining each month.

Regulations

The laws governing the Tennessee COPA and the Virginia CA, passed by the assemblies of each state and affirmed by their respective governors, define the policy permitting active supervision of the Ballad Health merger and identify the key measures of public benefit which any supervised merger should achieve. These policy priorities are embedded in Ballad Health's strategic and management action plans which are approved and monitored by the Board of Directors and leadership of Ballad Health. These policy priorities, as outlined in Tennessee and Virginia law, include:

- Enhancement of quality of hospital and hospital-related care;
- Preservation of hospital facilities in geographic proximity to the communities traditionally served by those facilities to ensure access to care;
- Demonstration of population health improvement in the region;
- Gains in the cost-efficiency and cost containment of services provided by the hospitals;
- Improvements in the utilization of hospital resources and equipment; and
- Avoidance of duplication of hospital resources.

Section 6.04 and Exhibit G of the Tennessee TOC and Virginia Code 15.2-5384.1 and Title 12 Virginia Administrative Code 5-221-110 require submission of an annual report determining continued benefit of the merger to the public. In early March of 2020, the governors of Tennessee and Virginia both declared a "State of Emergency" due to the COVID-19 pandemic. Subsequently, each Commissioner of Health notified Ballad Health of temporary suspension of select provisions of the Tennessee TOC and the Virginia CA, including certain reporting requirements during the State of Emergency, allowing Ballad Health leadership and team members to focus on the pandemic response. Therefore, this FY21 annual report covering the period from July 1, 2020, through June 30, 2021, the Reporting Period, is being submitted.



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The Process

In compiling the information and materials for this Annual Report, the Ballad Health COPA Compliance Office identified the departments responsible for gathering and preparing these materials. Leaders of the departments (Responsible Parties) were identified and given responsibility to submit the required materials and information. The COPA Compliance Office requested each of the Responsible Parties to certify, to their knowledge and belief after due inquiry, that Ballad was in compliance with the TOC and CA for their areas of responsibility for the Reporting Period and that any materials they provided for inclusion in this report were complete.

Reporting Requirements

The annual reporting requirements in this report cover topics such as Clinical Council and quality measures, the patient satisfaction survey, cost efficiency steps taken, Ballad Health-sponsored residency programs, academic and non-academic partnerships, comparison of financial ratios, charity care information and plan updates. Ballad Health fulfilled all of its other reporting requirements of the TOC and CA, and a summary of those submissions is provided in the COPA Compliance Office FY21 Annual Report.

Notable items are listed below which contribute to the policy priorities established in law:

- Ballad Health reopened Lee County Hospital on July 1, 2021, and it was designed a critical access hospital shortly thereafter.
- Ballad Health has invested heavily in its relationship with academic institutions – East Tennessee State University (ETSU) in particular - in the furtherance of training, research and healthcare workforce. Examples include, but are not limited to:
 - **ETSU Center for Rural Health Research** – \$1.5 million. The second year of this Center saw significant growth in the faculty and mission. Dr. Michael Meit was hired as director, and with him came a wealth of knowledge in rural health disparity and needs assessment. This hire and others positioned the Center for future growth and emergence on the national stage.
 - **Ballad Health Strong Brain Institute**– \$250,000. Many of the goals of this Center were hampered by the inability to provide training and support for trauma-informed care and Adverse Childhood Experience (ACEs) programs. This Center provided many online resources and virtual educational classes and worked to develop certificate programs in ACEs and trauma-informed leadership.
 - **Medical Legal Partnership**- \$500,000. In the less than one year that this program has been in existence, we have seen its impact already. Focusing on addressing many of the social determinants of health, such as housing and food insecurity, domestic violence support and assistance in gaining government assistance, the program was rolled out in all of the Virginia-based Ballad Health hospitals by the end of the fiscal year and the majority of the Tennessee facilities. The MLP even hired a lawyer to staff in-person

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consultations at Ballad Health hospitals. Appalachian School of Law developed a new class titled “Poverty in Health and Law” and offered it to their own students, Ballad Health residents and students and students at the Pamplin School of Business at Virginia Tech University.

- Finally, even with the pandemic, Ballad Health, through the **Appalachian Highlands Dental Clinic**, still managed to care more than 1,000 people in need across Southwest Virginia and some in Northeast Tennessee.
- The Ballad Health Clinical Council and its sub-committees continued its journey towards becoming a zero harm organization.
- The Ballad Health Safe at Home program was developed to assist COVID-19 patients who may not need in-patient care at a Ballad Health facility but would benefit from at-home monitoring. This program was created so that all patients can get the care they need, while also conserving hospital beds for those who need them.
- 99.7 percent of the Ballad Health’s patient population is within 10 miles of an urgent care facility or emergency department (increased by nearly 1 percent over baseline).
- Quality Target Measures were met with significant challenges due to the onset of COVID-19. In addition to exceedingly high numbers of COVID admissions, the system struggled with diminished supplies and staffing, which impacted our quality outcomes. Even with those challenges, Ballad Health met nearly 60 percent of the target measures.
- Ballad Health is meeting the Centers for Medicare & Medicaid Services (CMS) hospital price transparency requirements under section 2718(e) of the Public Health Service Act. As such, Ballad gross charges are publicly available on its website.
<https://www.balladhealth.org/patients-visitors/price-estimator-standard-charges>
- Ballad Health achieved cost savings of \$8.2 million in supplies (which were directly used to support care for uninsured and charity patients) and \$6.2 million in cost savings through standardization of purchased services contracts.
- There was a significant amount of volatility in volumes related to the public health emergency and responses to the COVID-19 pandemic. COVID-19 discharges increased to an estimated 6,880 in FY21 from 86 in FY20, while deferral of elective surgical procedures to focus on the pandemic resulted in an 8.4 percent decline in inpatient surgical cases over prior year.
- Aldo Nosedá, Vice President and Chief Information Officer for Eastman Chemical Company, joined the Ballad Health Board of Directors in October 2020. He replaced longtime board member Barbara Allen whose term had concluded. Aldo serves as the chair of the Information Technology Strategy Committee.
- Ballad Health spent over \$22 million on investment in Population Health, Children’s Health, Behavioral Health Rural Health and Health Research Graduate Medical Education even though the spending commitments were suspended for the Reporting Period.



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COPA Compliance Reporting Requirements

The COPA Compliance Office reporting requirements are part of the COPA Compliance Office Annual Report and were certified by Ballad Health's COPA Compliance Officer. This report covers topics such as the COPA Compliance Complaints Report, a forecast of expenses and a work plan. Ballad Health fulfilled all of the reporting requirements of the COPA Annual Report.

Notable compliance related items from this year's COPA Annual Report include:

- Tennessee and Virginia were notified of a Force Majeure event resulting in a Material Adverse Event in March 2020 relating to the COVID-19 pandemic. Subsequently, select sections of the TOC and CA were temporarily suspended by both Departments of Health. That temporary suspension remained in effect for all of FY21.
- Ballad Health maintains a systemwide code of ethics, which requires mandatory compliance by all team members, including compliance with the section referencing the TOC and the CA. All team members are provided annual training and are required to report any non-compliance and are provided the means and mechanism by which to do so, including anonymously.
 - During the Reporting Period covered by this report, there were no COPA complaints filed with the COPA Compliance Office.
- During the Reporting Period, one waiver request that was pending at the end of FY20 was approved and four waiver requests were submitted, with three approved and one pending as of the end of FY21.
- There were communications to the state and the commonwealth for notification of spending shortfalls around FY19 and FY20 plan spend during the Reporting Period.
- Ballad Health spent just more than \$80 million in FY21 for Charity and Unreimbursed TennCare and Medicaid. While below the projected baseline from fiscal year 2017, this significant spending was impacted by the material decline in volumes tied to efforts by Ballad Health and area physicians to improve value, an increase in Medicaid reimbursement from TennCare and Virginia Medicaid, and the ongoing expansion of Medicaid in Virginia. The volume declines have been further accelerated by the COVID-19 pandemic. There have been no assertions or complaints that Ballad Health is not in compliance with its charity policy. The TN COPA Monitor issued a waiver letter for FY21 Charity Care.
- Tennessee and Virginia were notified of a Material Adverse Event on March 19, 2021 of the Tennessee Supreme Court's ruling declining to review the appellate court's decision *Highlands Physicians, Inc., v. Wellmont Health System*, No. E2019-00554-COA-R3-CV.

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In its fourth year of operation under active supervision by the State of Tennessee and the Commonwealth of Virginia, Ballad Health has continued to make the gains envisioned by the legislatures of both states by improving quality of care, improving access to care, maintaining rural healthcare facilities and lowering the cost of care for the citizens of the Appalachian Highlands. These gains have occurred despite the burden of COVID-19 in the community during fiscal year 2022 being even greater than the previous year. This report provides an overview of Ballad Health's performance and responds specifically to the annual reporting requirements required by the Terms and Conditions (TOC) of the Tennessee Certificate of Public Advantage (COPA) and the Virginia Cooperative Agreement (CA).

The effect of the COVID-19 pandemic intensified in the Appalachian Highlands during the fiscal year 2022 (FY22) reporting period from July 1, 2021, through June 30, 2022 (the Reporting Period). During this time, 180,088 cases of COVID-19 were reported in Ballad Health's service area. 8,433 patients were hospitalized and discharged from Ballad Health hospitals and 2,576 patients in the region died because of the coronavirus.

Ballad Health and community physicians continue to aggressively reduce the cost of care to patients, employers and government payors through value-based care. Even with the excess hospitalizations related to COVID-19, inpatient discharges decreased by 0.8 percent over the prior year and resumed a steady decline that was interrupted last fiscal year by a slight increase in inpatient volumes.

Inpatient surgeries also declined (3.3 percent) as cases migrated to less costly ambulatory settings. In addition to limited growth in population, Ballad Health recorded an ongoing payor mix shift from traditional Medicare to managed Medicare (32.0 percent in FY21 vs. 33.5 percent in FY22) which typically drives lower inpatient utilization. Additionally, salary costs per full-time equivalent team member increased by 9.9 percent between FY21 and FY22. These shifts contributed to an overall decline in the health system's operating margin from 1.3 percent in FY21 to 1.1 percent in FY22.

Despite this strain on hospital and physician clinic resources, Ballad Health continued to make new investments of approximately \$30 million in rural health access, behavioral health, children's health, population health, clinical training and research. The system also continued investing in annual team member salary and wages (\$125 million over and above increases reported last year) and in organizational development and clinical education (a 20 percent increase over FY21 to \$4.9 million annually) necessary to remain competitive with other local, regional and national employers.

Ballad Health improved over baseline or met target on 20 of 25 Access to Care metrics tracked during the Reporting Period and continued to add new access points and expand on those launched in the previous year. For example, Lee County Community Hospital and Bristol Regional Medical Center Pediatric Emergency Department – both launched in FY21 – saw 11,812 and 3,584 emergency department visits, respectively, in FY22. Construction on a third pediatric emergency department, located in Kingsport, began in FY22 with an expected launch of services in early fall 2022.

The Strong Futures program, which opened at the end of FY21, served 239 unduplicated families



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during FY22 and the living center was fully occupied at the close of the Reporting Period. In FY22, the

health system also continued to expand other behavioral health offerings by adding three new outpatient behavioral health clinics in Greeneville and Rogersville, Tennessee, and Big Stone Gap, Virginia, to serve both the community and Ballad Health team members (under the Employee Assistance Program). Construction also began on a new 24-hour behavioral health crisis walk-in center on the campus of Woodridge Hospital with an expected launch date of November 2022.

Since the time that the Ballad Health board of directors committed the health system to a culture of zero harm and top decile clinical quality, several relevant quality measures have improved to place the system in the top decile of the nation. In FY22, the work of the Clinical Council, implementation of systemwide tiered safety huddles and bold, ambitious initiatives like “30 in 90” – reducing infections by 30 percent over 90 days – that target hospital-acquired infections like *Clostridioides difficile* (C. diff), Catheter-Associated Urinary Tract Infections (CAUTI), surgical site infections and others. For example, not only did Ballad Health achieve its goal of reducing the number of C. diff cases by 30 percent within 90 days, but the reduction in C. diff cases has also continued as Ballad Health has now reduced C. diff cases by 70 percent since the program’s inception. To further institutionalize these and future improvements, in FY22 the Ballad Health board of directors approved the creation of the Center for Clinical Transformation and Outcomes Optimization. The Center is led by a System Medical Director for Clinical Transformation who reports directly to Ballad Health’s Chief Clinical Officer, is supported by the Quality and Safety department, and works closely with departments of Data and Analytics, Operational Excellence and Enterprise Project Management.

Coordinating with the Ballad Health Clinical Council, the Center’s roles and responsibilities are to: 1. identify and select best clinical practices for standardization and disseminate these practices system-wide; 2. remove unwarranted clinical variation across different geographical areas/service lines of Ballad Health by optimizing care pathways, clinical protocols and order sets; 3. collaborate with the Chief Experience Officer to improve caregiver communication, improve patient experience and address clinician burnout; 4. work with pertinent stakeholders to help execute and improve on COPA Quality metrics; and 5. further Ballad Health’s work in sustaining a high reliability, zero harm and just culture.

While scoring, including on quality measures, was suspended under the COPA for the Reporting Period, the health system continued to track and post Ballad Health facility-specific Quality Target and Priority measures to the Ballad Health internet site on a quarterly basis to allow public access to the health system’s quality data. Ballad Health worked with both state departments of health to reset all 2017 quality baselines in FY22 to allow for a direct comparison with over 4,000 hospitals in the Premier database. Against these new baselines during the Reporting Period, Ballad Health remained at the same level of performance from the prior year and met targets for 10 of 17 measures.

Notably, several Ballad Health hospitals appear on U.S. News & World Report’s Best Hospitals list. Holston Valley Medical Center received a Best Regional Hospitals Award (#9 in Tennessee). Bristol Regional Medical Center, Holston Valley Medical Center, Johnson City Medical Center and Johnston



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Memorial Hospital were recognized with High Performing Hospital Awards, including in various aspects of cardiac and pulmonary care.

The health system continued to address the cost of care in the region. For example, Ballad Health successfully managed the care of thousands of COVID-19 patients in their homes through the “Safe at Home” program. The program served 5,654 patients and saved millions of dollars in potential hospitalization costs and freed up hospital capacity for the most seriously ill patients. Based on the strength of this program, Ballad Health’s Hospital at Home waiver was approved by the Centers for Medicare and Medicaid Services (CMS) for Ballad Health’s Bristol Regional Medical Center, Holston Valley Medical Center and Johnson City Medical Center. This waiver will allow Ballad Health to provide hospital-level care at home for Medicare patients who traditionally qualify for hospital admission. Early results from similar programs around the country indicate high patient satisfaction and quality outcomes at a lower cost than traditional inpatient hospitalization.

The Appalachian Highlands Care Network doubled the number of uninsured individuals with high medical need enrolled in the program from approximately 1,700 in FY21 to more than 3,400 in FY22. Over 2,000 of those patients receive complex care support. The program provides free ongoing prevention, primary care, diagnostics, emergency and inpatient services to enrolled members who are identified by care navigators embedded in community clinics, emergency departments and other care sites throughout the region.

Ballad Health also expanded its medical-legal partnership with the Appalachian School of Law and Virginia Tech to all hospitals within the health system. The partnership pairs law students with patients to help address legal issues such as insurance, benefit denials, guardianship disputes, housing instability and other social needs that drive poor health and contribute to population health inequities.

The dental residency program sponsored by Ballad Health at the Appalachian Highlands Community Dental Clinic also continued to expand. In calendar year 2021, this clinic for low-income and uninsured individuals saw 3,348 patients. In the nine months to date in calendar year 2022, the clinic has served 3,468 patients, exceeding the number of patients seen the entire previous year.

Ballad Health expanded current programs and funded new programs to improve population health, meeting 35 of 35 agreed-upon process measures and exceeding its FY22 spending commitment of \$6,667,000 by \$234,000. The Ballad Health Niswonger Children’s Network Strong Pregnancies program, providing pre-natal community navigation by community health workers, screened 3,400 pregnant women for social and behavioral risk factors and enrolled nearly 1,500 women in care navigation in FY22. 380 “graduates” from Strong Pregnancies were enrolled in Strong Starts, a program that includes navigation for up to five years post-partum by community health workers using a whole-family approach, during the same year. By the end of FY22 all seven labor and delivery units in the Ballad Health system were providing screenings, and three new OB/GYN practices were added as screening sites for a total of six practices.



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A smoking cessation counselor was hired and over 100 participants were provided cessation services. The health system continued to expand the reach of the UniteUS social needs referral platform by increasing the number of networked community partner organizations from 43 at the end of FY21 to 125 at the end of FY22. Ballad Health also increased its financial support to \$2.8

million for 28 of these community partner organizations to expand their best practice services for issues such as neonatal abstinence syndrome, access to early prenatal care, smoking cessation in mothers, drug deaths, teen births, kindergarten readiness and third grade reading.

Regulations

The laws governing the Tennessee COPA and the Virginia CA, passed by the assemblies of each state and affirmed by their respective governors, define the policy permitting active supervision of the Ballad Health merger and identify the key measures of public benefit which any supervised merger should achieve. These policy priorities are embedded in Ballad Health's strategic and management action plans which are approved and monitored by the Board of Directors and leadership of Ballad Health. These policy priorities, as outlined in Tennessee and Virginia law, include:

- Enhancement of quality of hospital and hospital-related care;
- Preservation of hospital facilities in geographic proximity to the communities traditionally served by those facilities to ensure access to care;
- Demonstration of population health improvement in the region;
- Gains in the cost-efficiency and cost containment of services provided by the hospitals;
- Improvements in the utilization of hospital resources and equipment; and
- Avoidance of duplication of hospital resources.

Section 6.04 and Exhibit G of the Tennessee TOC, Virginia Code 15.2-5384.1 and Title 12 Virginia Administrative Code 5-221-110 require submission of an annual report determining continued benefit of the merger to the public. In early March of 2020, the governors of Tennessee and Virginia both declared a "State of Emergency" due to the COVID-19 pandemic. Subsequently, each Commissioner of Health notified Ballad Health of temporary suspension of select provisions of the Tennessee TOC and the Virginia CA, including certain reporting requirements during the State of Emergency, allowing Ballad Health leadership and team members to focus on the pandemic response. Temporary suspension of several items continued into FY22.

The Process

In compiling the information and materials for this Annual Report, the Ballad Health COPA Compliance Office identified the departments responsible for gathering and preparing these materials. Leaders of the departments (Responsible Parties) were identified and given responsibility to submit the required materials and information. The COPA Compliance Office requested each of the Responsible Parties to certify, to their knowledge and belief after due inquiry, that Ballad Health was in compliance with the TOC and CA for their areas of responsibility



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for the Reporting Period and that any materials they provided for inclusion in this report were complete.

Reporting Requirements

The annual reporting requirements in this report cover topics such as Clinical Council and quality measures, the patient satisfaction survey, cost efficiency steps taken, Ballad Health-sponsored residency programs, academic and non-academic partnerships, comparison of financial ratios, charity care information and plan updates. Ballad Health fulfilled all of its other reporting requirements of the TOC and CA, and a summary of those submissions is provided in the COPA Compliance Office FY22 Annual Report.

Notable items are listed below which contribute to the policy priorities established in law:

- Ballad Health reopened Lee County Hospital on July 1, 2021; it was designed a Critical Access Hospital shortly thereafter.
- Ballad Health has invested heavily in its relationship with academic institutions – East Tennessee State University (ETSU) in particular - in the furtherance of training, research and healthcare workforce. Examples include, but are not limited to:
 - **ETSU Center for Rural Health Research** – \$1.5 million. Part of a 10-year commitment by Ballad Health and supported in part with an additional recurring grant from the State of Tennessee. The Center has come to be a nationally known resource in rural public health, including the designation as a Rural Health Equity Research Center by the Health Resources and Services Administration (HRSA) and securing over \$8 million in additional grants.
 - **Ballad Health Strong Brain Institute** – \$250,000. This Center has initiated two certificate programs in Trauma-Informed awareness and Adverse Childhood Experiences (ACE). The work of this Center in its advocacy and research is gaining momentum addressing the endemic problem of ACEs in the Appalachian Highlands.
 - **Medical Legal Partnership (MLP)** – \$500,000. In its first full year of existence, this program has handled over 1,500 client referrals and has been instrumental in addressing needs in many aspects of the social determinants of health the pervade our region. MLP representatives now work across the entire Ballad Health system and partner with the social workers and case managers to provide the free service to those in need. In addition, the Poverty in Health and Law class at Appalachian School of Law continues to be very popular. It is offered to medical residents across our system and to Pamplin School of Business students at Virginia Tech University.
 - **Appalachian Highlands Center for Nursing Advancement** – \$ 1,667,000. This is a new project, funded by Ballad Health, seeking to address the region’s nursing crisis.

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Housed at ETSU, the Center is charged with studying and proposing plans to address all aspects of nursing today including pipeline development, scopes of nursing duty and advocacy in key aspects affecting the nursing profession. Less than a year old, this Center has already gained the attention of the State of Tennessee which has invested millions in co-locating the Tennessee Center for Nursing advancement at ETSU.

- The annual budget for organizational development and clinical education increased nearly 20 percent to almost \$5 million annually since our last report, reflecting an even greater investment in resources related to developing our workforce.
- The Ballad Health Clinical Council and its nine sub-committees were active in prioritizing quality; service and safety improvement activities; establishing clear expectations to promote and improve health outcomes and patient safety; promoting high-value care supported by evidence; and promoting a transparent and non-punitive environment for reporting and evaluating patient safety and harm incidents.
- 81.1 percent of Ballad Health's patient population (percentage of women Ballad Health Medical Associates patients aged 50-74 who had a mammogram at a Ballad Health facility, or reported having a mammogram, within the past two years) increased by 7 percent over baseline and nearly 2 percent over prior year.
- Quality Target Measures were again met with significant challenges due to the continuation of COVID-19. In addition to exceedingly high numbers of COVID-19 admissions, the system struggled with diminished supplies and staffing which impacted our quality outcomes. Even with those challenges, Ballad Health met nearly 60 percent of the target measures.
- Ballad Health is meeting the CMS hospital price transparency requirements under section 2718(e) of the Public Health Service Act. As such, Ballad gross charges are publicly available on our website. <https://www.balladhealth.org/patients-visitors/price-estimator-standard-charges>
- Ballad Health achieved a cost savings of \$10 million in supplies (which were directly used to support care for uninsured and charity patients) and over \$10 million through consolidation of provider contracts.
- There were no changes to the Ballad Health Board of Directors during the Reporting Period.
- Ballad Health spent nearly \$7 million on investment in Population Health and achieved 35 of 35 process measures identified in the FY22 Population Health Plan Implementation Roadmap.



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COPA Reporting Requirements

The COPA Compliance Office reporting requirements are part of the COPA Annual Report and were certified by Ballad Health's COPA Compliance Officer. This report covers topics such as the COPA Compliance Complaints Report, activities of the COPA Compliance Office, a forecast of expenses and a work plan.

Notable compliance related items from this year's COPA Compliance Office Annual Report include:

- Tennessee and Virginia were notified of a Force Majeure event resulting in a Material
- Adverse Event in March 2020 relating to the COVID-19 pandemic. Subsequently, select sections of the TOC and CA were temporarily suspended by both Departments of Health. Several of those temporary suspensions remained in effect for at least a portion of the Reporting Period.
- Ballad Health maintains a systemwide code of ethics, which requires mandatory compliance by all team members, including compliance with the section referencing the TOC and the CA. All team members are provided annual training, are required to report any non-compliance and are provided the means and mechanism by which to do so, including anonymously.
 - During the Reporting Period there was one COPA complaint filed with the COPA Compliance Office. That complaint was found to be unsubstantiated.
- Ballad notified the Departments that the plan spend in FY22 is forecast to be below commitment in two of the six plans (Behavioral Health and HIE). Ballad will provide TDH and VDH staff with final numbers as soon as they are available.
- Ballad Health spent nearly \$73 million in FY22 for Charity and Unreimbursed TennCare and Medicaid. While below the projected baseline from fiscal year 2017, this significant spending was impacted by the material decline in volumes tied to efforts by Ballad Health and area physicians to improve value, an increase in Medicaid reimbursement from TennCare and Virginia Medicaid, and the ongoing expansion of Medicaid in Virginia. The volume declines have been further accelerated by the COVID-19 pandemic. Ballad Health will review the detailed information with the COPA monitor and request a formal waiver of noncompliance per Section 4.03(f)(vi). There have been no assertions or complaints that Ballad Health is not in compliance with its charity policy.