

Report to Our Communities

Feb. 2018–Dec. 2023

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— Alan Levine



A Letter from Ballad Health Chairman and Chief Executive Officer Alan Levine:

Six years ago, against national trends of rural hospital closures and loss of access to healthcare in America’s rural regions, our journey to sustain access to high-quality healthcare, keep healthcare decisions

local and help improve our region’s overall health began. The State of Tennessee and Commonwealth of Virginia officially approved and finalized the merger to create Ballad Health on Feb. 1, 2018.

Since the merger commenced, the challenges grew even larger. The COVID-19 pandemic impacted our health system, costing the lives of more than 1 million Americans and throwing the entire American healthcare system into a financial crisis.

These continued challenges have been prodigious, but the resilience of our region’s doctors, nurses and allied health professionals has never been more on display.

Our mission of, “**honoring those we serve by delivering the best possible care,**” in everything we do could not be more important. We extend our sincere gratitude for those healthcare professionals who continued to show up every day, focused on caring for their neighbors, family and friends. While the damage to the healthcare labor force, and the resulting staffing shortages, has been historic, our team has worked hard to stay true to our mission.

Rural and community hospitals across the nation are closing, and more than 600 remain in immediate jeopardy of closure. Despite these trends, **Ballad Health has opened a previously closed rural hospital in Pennington Gap, Virginia, and many of our rural hospitals have now been ranked as among the best rural and community hospitals in the nation** by well-respected organizations. The Ballad Health Board of Directors, who all live in our region and whose families use Ballad Health facilities, have made prudent governing decisions focused on providing high-quality care and keeping access in our communities.

While some decisions have not been easy, the results have proven themselves. For example:

- A recent study published by The American Surgeon, a national publication, reported **hundreds of lives in our region have been saved due to the implementation of a regional trauma system**, anchored by our Level 1 trauma center.
- By working with physician partners to provide more care in the outpatient setting, which reduces healthcare costs and improves patient safety, **Ballad Health has successfully reduced the rate of preventable hospitalizations by 50%** — a rate below even the most advanced medical communities, like Nashville. This has resulted in **more than \$200 million annually in hospital-related savings for taxpayers, employers, insurers and our patients, and it has reduced the risk of harm to patients.**
- Many nationally respected organizations, such as U.S. News & World Report, Quantros, Inc.; Healthgrades; the American Heart Association; and the BlueCross BlueShield Association of America, have recognized Ballad Health hospitals as among the best in the nation in many of our services. Just a few of the many examples include:

- In Tennessee, only four hospitals are recognized by BlueCross BlueShield as Blue Centers of Distinction for quality and lower cost in cardiology care, and two of these four hospitals are Ballad Health facilities.

- **Holston Valley Medical Center is ranked by U.S. News as one of the top nine hospitals in Tennessee.**

- Johnson City Medical Center, Bristol Regional Medical Center and Holston Valley Medical Center are “**high performing**” for **heart attack and heart failure care and treatment**, according to U.S. News.

- For stroke care, U.S. News names Johnson City Medical Center, Bristol Regional Medical Center and Holston Valley Medical Center as “high performing.” **Johnson City Medical Center is among the top 10% of hospitals in the nation for patient safety in stroke care.**

- As America is experiencing the worst nursing shortage in history in the aftermath of the COVID-19 pandemic, **Ballad Health’s nursing turnover through 2023 is below the national median**, and well below the Southeastern United

States average. Ballad Health has **invested more than \$150 million in recurring annual cost for salary increases for nursing and support staff.**

- Ballad Health **launched two new pediatric emergency rooms in Bristol and Kingsport** to complement Niswonger Children’s Hospital in Johnson City and increase access in the region to emergency care designed specifically for children. We are now investing nearly \$60 million to build the newest and most state-of-the-art neonatal intensive care unit in Tennessee and Virginia.
- While health systems all over America are under strain, leading to downgrades in their **credit ratings and outlook**, **Ballad Health’s credit ratings were upgraded by all three national credit rating agencies to “A” rating with “stable” outlook.** This came with commentary by the rating agencies that Ballad Health’s “strong financial plan” is credited with keeping our financial stability, enabling investments in capital improvements, increased wages for nursing and recruitment of hundreds of new providers for our region.

I firmly believe **hospitals are merely bricks and mortar unless they are filled with caring, compassionate and empathetic people who have servant’s hearts.** The stories of our team members, and how far they go to help their patients, are numerous and compelling. I hear every day from patients who share their affection for the people who care for them. Nothing is more moving than seeing pride and joy on a team member’s face when they hear they made a difference for a patient. It is what motivates each of us.

The job of healthcare workers is difficult, even when things are going smoothly. But, during the past several years, as we have battled through COVID-19, the heroism of our staff is beyond anything I can describe. Yes, the shortages resulting from the pandemic have created challenges, including longer wait times and service issues. **We want to get it right every time, and our team members remain committed to doing so.** They never forget why they chose to be a healthcare professional, and they are reminded each day when they have the privilege to help others.

I hope this Report to Our Communities is informative. We encourage you to stay updated about what we are doing and how you can be involved.

Ballad Health: Re-imagining Rural Healthcare

Our region has a variety of health, economic and other issues that, when combined, present a unique and challenging environment for healthcare access and outcomes.

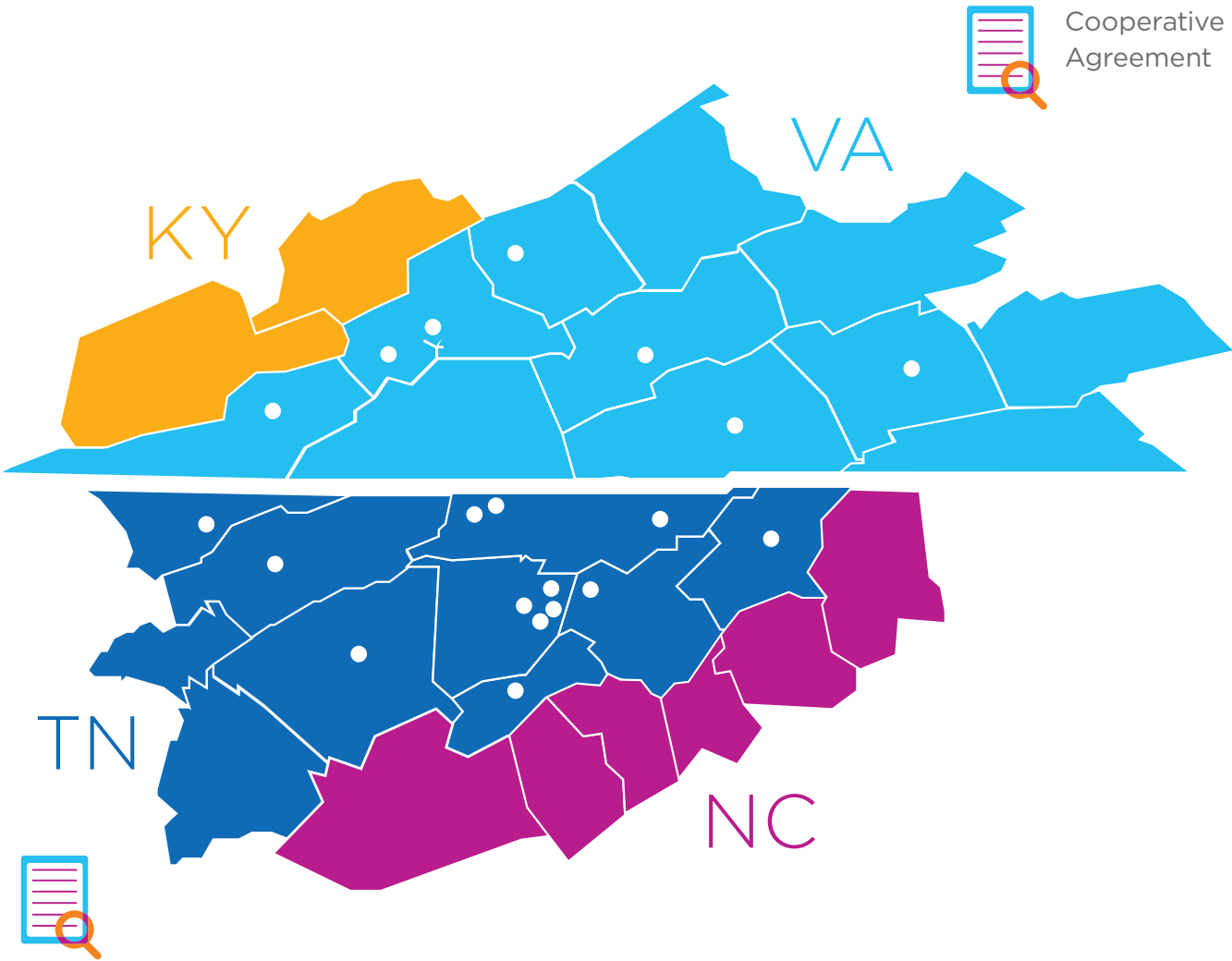
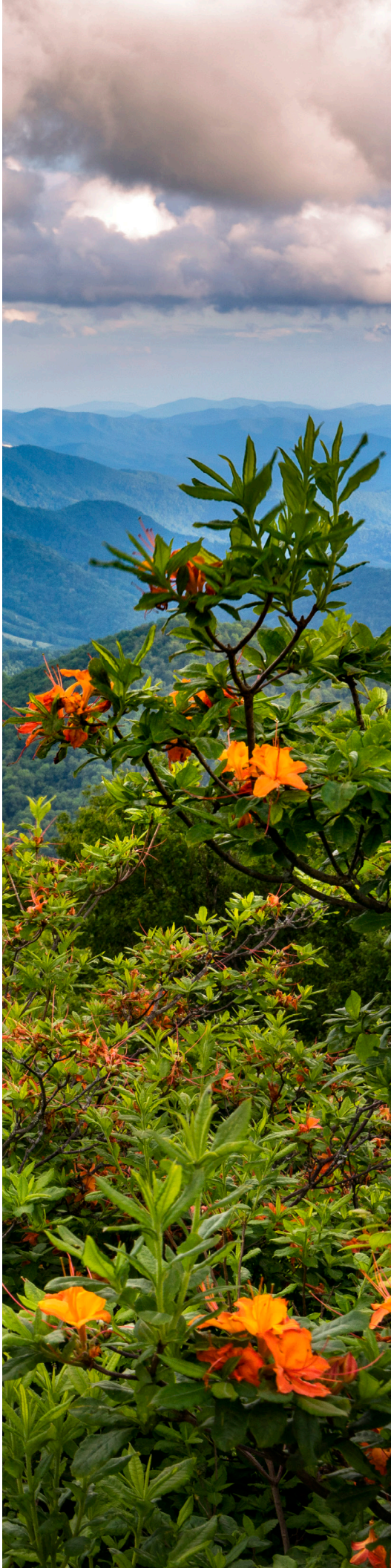
These unique challenges were reaffirmed in a 2017 report issued by the Appalachian Regional Commission, the Robert Wood Johnson Foundation and the Foundation for a Healthier Kentucky (Health Disparities in Appalachia), which found the health outcomes in the greater Appalachian region are worse than those experienced in the United States as a whole in seven of the 10 leading causes of death: heart disease, cancer, chronic obstructive pulmonary disease (COPD), injury, stroke, diabetes and suicide.

What sets our region apart is the fact that our state legislatures, business community, social services community and other leaders came together to create a local solution. Rather than let our hospitals face the same fate of closure as so many other regions, we came together to form a locally governed health improvement organization — Ballad Health. By repositioning resources, building collaboration and reducing unnecessary duplicative costs, we have been able to mitigate some of the national trends that have destroyed local health delivery systems.

We have reduced the overall cost of healthcare in the region, while at the same time investing in needed specialties, children’s services, behavioral health, rural health services, academics and research.

This report provides an important update and is the third Report to our Communities published since the 2018 creation of Ballad Health. It provides updates from the six years since our formation, from Feb. 1, 2018, through Dec. 31, 2023.

For reference, Ballad Health operates on a fiscal year that begins on July 1 and ends on June 30.





Certificate of Public Advantage

2018
merger

29
counties

20
hospitals

-  a dedicated children’s hospital
-  long-term care facilities
-  several community hospitals
-  home care and hospice services
-  four critical access hospitals
-  outpatient services
-  inpatient and outpatient behavioral health facilities
-  a comprehensive, fully integrated physician practice, with locations throughout the region
-  an addiction treatment facility


Our Ballard Health values, determined by our team members


Ballad Health continuously solicits input from our more than 12,000 team members, physicians and volunteers. Through daily safety huddles, pulse surveys of team members, a region-wide clinical council composed of dozens of physicians, community advisory boards and patient advisory councils, we strive to incorporate our communities’ values in all we do.



Upon its creation, Ballard Health engaged our team members to define our values. These values are core principles for how we engage with others in our daily work:

- **Creativity** – We seek to discover and promote innovative ideas and the unique talents of each team member to bring value to our community.
- **Caring** – We listen with empathy and appreciation and respond with kindness and compassion.
- **Honesty** – We own our actions and practice the highest ethical standards with transparency and fair behaviors.
- **Respect** – We appreciate the strengths of our community and practice true collaboration and skilled communication in everything we do.
- **Faith** – We nurture the mind, body and spirit of each individual to inspire hope and improve the health and well-being of our community.
- **Quality** – We work as a team to bring best practices, advanced technology and experiences to provide the highest-quality care. We devote ourselves to continuous improvement, service excellence and a zero-harm environment.







 **Our mission**
Honor those we serve by delivering the best possible care

 **Our vision**
Build a legacy of superior health by listening to and caring for those we serve

Steps taken by Ballard Health and the results related to the benefits established in law by the State of Tennessee and Commonwealth of Virginia

Ballad Health was formed in 2018 through a merger of two legacy health systems. One system was actively in the process of joining a larger system — which would have led to closure of rural hospitals, the loss of hundreds of local jobs, loss of local governance of our hospitals and an increase in the price and cost of healthcare. This was happening because, due to factors outside their control, the financial stability of the system was in jeopardy. Experts determined that, if the two local systems could merge, duplicative and unnecessary costs could be eliminated from the system, the system could remain locally governed and decisions about healthcare, no matter how difficult, could be made by people who are directly impacted by those decisions. With overwhelming bipartisan support in the legislatures, governors’ offices and attorneys general in Tennessee and Virginia, Certificate of Public Advantage laws provided a pathway for saving our local hospitals.

Ballad Health has implemented many initiatives found by the states to have led to a public advantage for the people in our region. This public advantage is determined by law, based upon certain policies the legislatures wished to promote:

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

The law provides two additional benefits in Virginia, including “total cost of care” and “participation in the state’s Medicaid program.” In Tennessee, the law provides a unique benefit of “the extent to which medically underserved populations have access to and are projected to utilize the proposed services.” Regardless of whether the benefits were unique to a state, Ballard Health prioritizes them throughout the region. These priorities, as established in law by the General Assemblies, are essential to setting the policies of the state-action immunity doctrine.

“The need for Ballard Health is summed up perfectly by our experience in Greeneville, Tennessee. Both community hospitals, only miles apart, were less than a third full, losing money and nearing bankruptcy. Our local medical staff, management and community boards approved combining services in one hospital while converting the other into the Strong Futures outpatient and residential treatment program for mothers with substance use disorders — one of only a few in the nation where moms can live with their children during treatment. The hospital is now financially stable, hundreds of mothers have received addiction and support services, and 16 babies have been born drug free.”

Scott Niswonger
Philanthropist, Chief Benefactor of Niswonger Children’s Hospital
and Member of the Ballard Health Board of Directors

Mervin Pratt

Mervin Pratt of Johnson City is a century old. He's a caregiver for his wife. He's also a gardener, proud World War II veteran and survivor of the D-Day invasion. Three years ago, he started having heart problems, and testing showed his aortic valve wasn't functioning correctly.

Mervin soon met with his cardiac team at the Ballad Health CVA Heart Institute, who performed a transcatheter aortic valve replacement (TAVR) procedure.

"The doctors here at CVA Heart Institute know all about my heart and how it's working now. We have the best crop right here in Johnson City," Mervin said.

Mervin is pleased with the results of his most recent post-surgery check-up three years after his heart surgery.

"No. 1, I think the best advice is to live a godly life," Mervin said about his secret to great health after 100 years. "And don't be lazy. I recommend keeping going (and) staying busy."

Financial Stability

Ballad Health is also achieving its promise to bring financial stability to its two legacy health systems by reducing administrative and overhead costs, improving quality, eliminating unnecessary duplication of high-cost services, investing in new technology and working with physicians and insurers to provide care in a cost-effective manner.

These initiatives help reduce the overall cost of care for the Appalachian Highlands. According to data published by Becker's Hospital Review, **Ballad Health's hospitals are among the most efficient in Tennessee and Virginia, with these cost savings being passed on to consumers, employers and taxpayers.**

Reducing these costs, while keeping pricing to a level among the lowest among our peer hospital systems, has led to improved financial stability for the region's hospitals. The financial challenges from the COVID-19 pandemic, including the extraordinary inflation resulting from the labor and supply chain disruptions in the aftermath, have threatened the financial health of many hospitals and health systems. But, according to all three national credit rating agencies, Ballad Health has emerged as an example of resiliency.

Fitch Ratings maintains an 'A' credit rating on Ballad Health

Citing Ballad Health's strong financial planning and considerable credit resiliency, Fitch Ratings announced in May 2022, April 2023 and December 2023 that it had affirmed Ballad Health's "A" credit rating with a Stable outlook.

"Despite persistent pressure and disruption from the pandemic, **Ballad has maintained its operating and financial profile throughout, demonstrating considerable credit resiliency,**" the Fitch report said. "As with most in the sector, Ballad is experiencing escalating pressure on operating expenses related to staffing shortages, supply chain issues, and inflation. These pressures mounted in fiscal 2022 as Ballad faced simultaneous headwinds of added labor costs, general inflationary pressure, and the Omicron variant surge at the end of 2021."

Standard & Poor's maintains Ballad Health's credit rating

Shortly after Fitch Ratings issued its "A" rating on Ballad Health's credit, Standard & Poor's issued its report concluding it affirms Ballad Health's "A-" credit rating with a stable outlook.

S&P Global Ratings' report cites both the pre-pandemic performance of Ballad Health in its execution of the merger between Mountain States Health Alliance and Wellmont Health System, as well as its assessment of Ballad Health's performance during and emerging from the pandemic.

"In our opinion, **Ballad has an experienced management team that has responded well to the challenges of the pandemic and taken a proactive and purposeful approach to the merger** that includes developing a strong strategic vision, setting explicit financial and non-financial goals, aligning executive and functional leadership, integrating cultures, and leveraging integration best practices," stated the S&P Global Ratings report. "Furthermore, we believe management is making some difficult decisions around the need to consolidate services across the system and to improve quality and performance while maintaining access across the region."

According to the report, Ballad Health has reduced healthcare costs by \$194 million in the Appalachian Highlands.



To read more detailed accomplishments and achievements, please visit our [website](#).

Examples of our commitment to improving the overall health and well-being of our region

Ballad Health hospitals receive national recognition for high quality and patient safety

Multiple respected national organizations, including U.S. News, Quantros Inc.'s CareChex® Awards, the American College of Cardiology and the American Heart Association, agree Ballad Health hospitals are among the nation's best.

All three Ballad Health Every Step Joint Replacement Centers at Holston Valley Medical Center, Johnson City Medical and Bristol Regional Medical Center have now been recognized by The Joint Commission for achieving high clinical standards and serving patients with top-level quality care.

Examples of the multiple recognitions and rankings include:

- Quantros named **Johnson City Medical Center in the top 10% of hospitals in the nation for patient safety** in overall medical care in its 2023 CareChex® awards.
- Holston Valley Medical Center was named** by U.S. News' annual "Best Hospital" study as **one of the top nine hospitals in the state of Tennessee for 2023-2024.**
- Quantros named **Norton Community Hospital in the top 10% of hospitals in the nation for medical excellence in women's health in its 2023 CareChex® awards.**
- The cardiovascular program at **Holston Valley** has earned significant accolades during the past decade and **was recognized** in 2019 and 2020 as **one of the nation's 50 Top Cardiovascular Hospitals** by IBM Watson Health, the only hospital in Tennessee to achieve the honor. In 2021, despite facing a global pandemic, Holston Valley received several honors, which included earning the National Cardiovascular Data Registry's Platinum Performance Achievement award for the 10th consecutive year.



In June 2021, Ballad Health and the region's STRONG Accountable Care Community unveiled a new partnership and coordinated care network with Unite Us that enhances community members' health and well-being. Within Ballad Health, Unite Tennessee and Unite Virginia allows specially trained staff to conduct health-related social needs screenings for gaps in care, such as food and housing insecurity. Participating organizations are also able to refer clients to each other — even if the people they're referring aren't Ballad Health patients.

In the Ballad Health footprint, there are 348 organizations, 731 program partners and 1,929 users in the Unite Us network. The number of clients served by Unite Us network since the beginning (December 2020) is 7,700.



In November 2021, Ballad Health announced an agreement with the Wellspring Foundation and the Smyth County Community Foundation, paving the way for new population health initiatives throughout Southwest Virginia. Through the new agreement, Ballad Health is the sole owner of Johnston Memorial Hospital and Smyth County Community Hospital. This agreement opened more than \$310 million for investment into the local foundations, which supports other charitable organizations, community health initiatives, educational activities, workforce development and education for the healthcare workforce in Southwest Virginia.

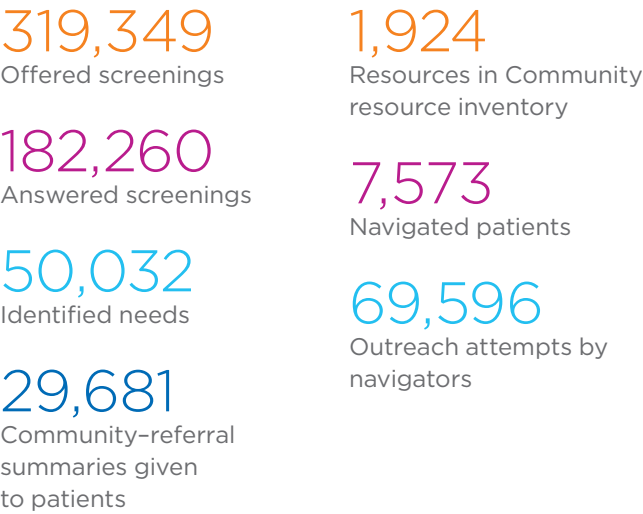
Ballad Health announced in October 2021 that it was committing \$10 million to create the Appalachian Highlands Center for Nursing Advancement at East Tennessee State University. The Center will bring

nursing, business, liberal arts, education and other academic and support programs to increase the pipeline of opportunity and augment the supply of nurses and nursing support in the Appalachian Highlands. The Center will develop partnerships with other colleges and universities to advance the clinical practice of nursing, enhance interprofessional collaboration, contribute to knowledge about nursing workflow and generate nursing scholarship and innovation.



It is an honor to work at a facility that works so well together and always strives to provide excellent care to our community.
– Monica, emergency room

Health-related social risk navigation: Accountable health communities overview Nov. 17, 2018 through Dec. 31, 2022



In August 2022, Ballad Health launched a new Community Mobile Health Clinic to expand access to primary and preventive healthcare services for rural communities in the Appalachian Highlands. It provides general medical care and women's health services, and patients can be seen regardless of insurance status. **The mobile clinic travels throughout the region and offers health services, including vision and hearing, cancer and biometric screenings, acute and chronic disease management and primary and specialty care referrals.**

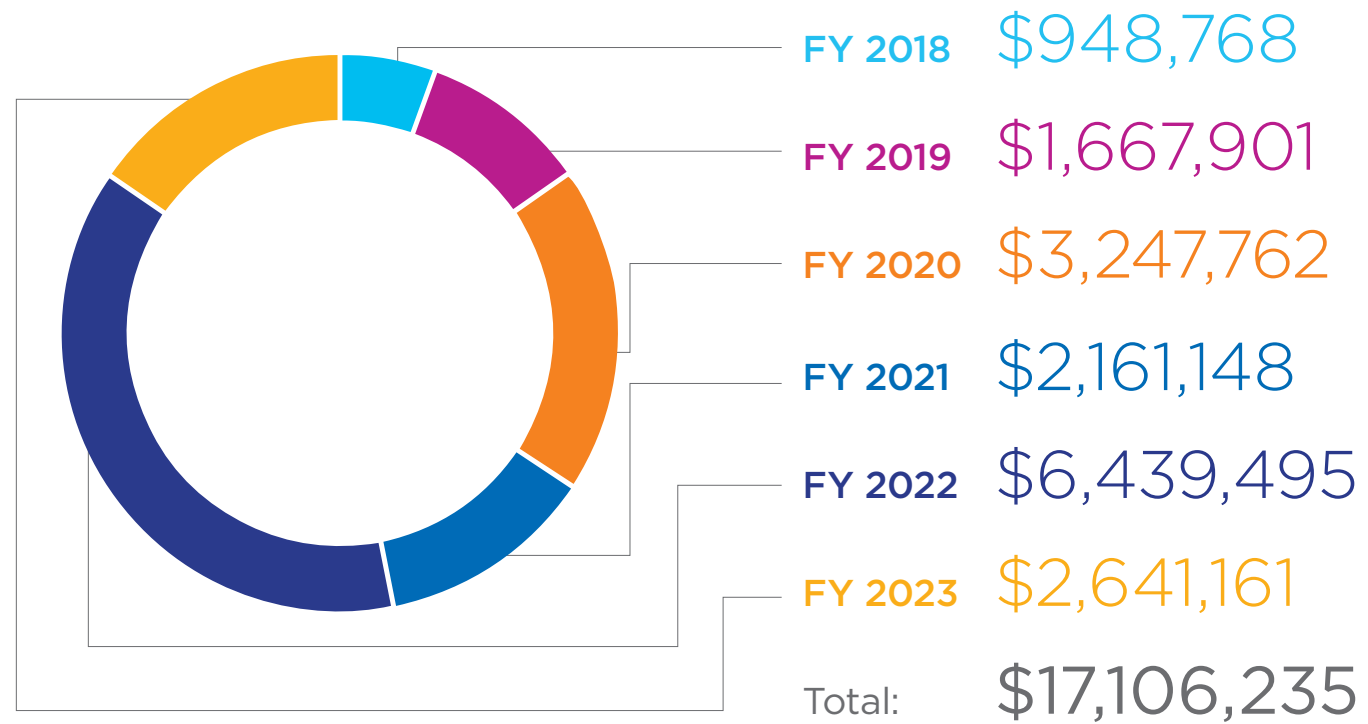
Primary Care
Mobile health units



Charitable Contributions

From its inception in February 2018, Ballad Health has made significant contributions to the community it serves, totaling more than \$17 million to date in direct contributions and other community health improvement initiatives.

A few examples from fiscal year 2021 include contribution towards the ETSU Center for Rural Health and Research Fund, contribution towards the ESTU Strong BRAIN Institute, support for Milligan University’s Addiction Counseling Program and support towards a Medical / Legal Partnership at Appalachian School of Law to improve access to healthcare and patient health.



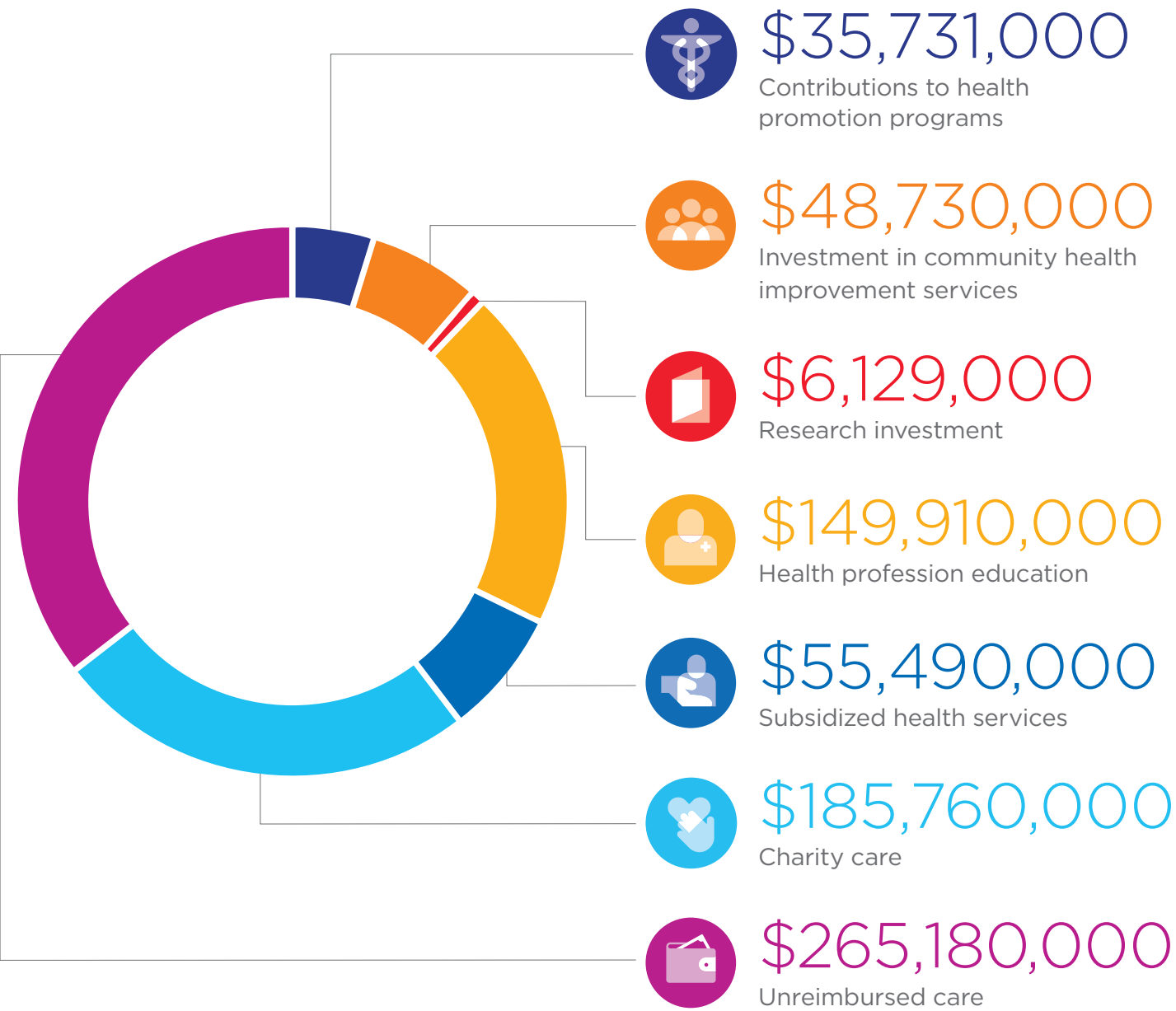
From its inception, **Ballad Health made significant contributions, totaling more than \$17 million**, through its community responsibility program and other philanthropic initiatives **that benefit the communities we serve.**

A few examples of contributions include:

- **Support for the local chapter of Speedway Children’s Charities**, a nonprofit organization that helps children in the region by providing funding to meet their direct needs and stays local to the region
- **Aid to Feeding Southwest Virginia**, a local food bank that supplies food and meals to those in need

- **Provision of new EKG equipment to regional emergency medical services** to facilitate the quick diagnosis and management of cardiac events, ensuring prompt medical care
- **Investment in regional programs for schoolchildren**, such as an international robotics competition, high school band programs, summer backpack programs to ensure proper nourishment, literacy programs, programs to help children impacted by trauma and support for children with cancer and other serious illnesses

Community Benefit: February 2018–December 2023



Total Community Benefit for February 2018–December 2023

\$746,930,000

Our Team Members

It takes more than 12,000 team members — physicians, lab technicians, nurses and everything in between — working together every hour, every day of the year to provide exceptional healthcare to the patients and families we serve.

The COVID-19 pandemic put tremendous strain on our team members, especially those working on the front line. Ballard Health responded aggressively to support them through increased support staffing, bonuses and permanent pay adjustments. We also invested in additional team member counseling through our Employee Assistance Program.

In the past five years, **Ballad Health invested \$92,546,900 in pay adjustments for team members and more than \$136,266,119 in contributions to retirement plans.**

Wage increases

Ballad Health has committed **more than \$150 million in recurring annual investment into higher wages and benefits** for nursing and support staff on the front lines. This investment was one of many steps taken to address the national nursing shortage, with projections suggesting more than 900,000 nurses will leave the profession by 2027.

Investment in childcare for team members

Childcare options are important for team members as they build and sustain their families in the Appalachian Highlands. Ballard Health traditionally operated two childcare centers, one in Johnson City and one in Elizabethton. Tennessee rates Hospitots in Johnson City and the Childcare Center in Elizabethton with three stars, the highest rating available.



In February 2022, Ballard Health made a commitment to expand dependable access to high-quality childcare, and the system opened a new childcare center in Greeneville, located on Tusculum University’s campus in 2023. The center offers much-needed childcare capacity for team members and community members. More sites in Northeast Tennessee and Southwest Virginia are in the process of opening. **Ballad Health is adding up to 1,800 more childcare slots across the region.**

Team member app

In 2021, **Ballad Health launched a mobile app specifically for team members** called Ballad Teams, which gives easy access to PTO balances, paycheck totals and other employee-related information. Ballad Teams has also been designated as the system’s main mechanism for communicating information to team members, due to team members’ requests for better communication channels.

Team member emergency fund

Ballad Health Foundation contributed nearly \$80,000 to team members in need, thanks to our generous donors who give to our Ballad Health Team Member Emergency Fund.

The Ballad Health Team Member Emergency Fund assists our colleagues and their families with emergency health and welfare needs. Some examples of how the funds can be used: assistance with expenses related to the damage of homes after disasters, housing bills due to illness or unforeseen circumstances, car payments and insurance and more.



Scholarship and tuition reimbursement opportunities for team members

Ballad Health will provide full scholarships for any eligible team member who pursues higher education in specific clinical disciplines. Based on the education program, **Ballad Health will cover 100% of tuition, fees and books for team members who pursue higher education** for an initial degree in nursing (RN and LPN), imaging, medical technology, surgical technology and catheterization lab technology.



These scholarships cover tuition, fees and books:

- Up to \$1,500 a term for LPN
- \$2,500 a semester for team members pursuing an associate degree (RN, surgical technology, catheterization lab technology and medical technology)
- \$4,500 a semester for team members pursuing a bachelor’s degree in medical technology

Balladeers

In February 2022, **Ballad Health launched Balladeers for team member families.** This free benefit has been added in the form of **a club for families and children of team members, intended to strengthen bonds and relationships among our Ballad Health family.** Activities include visits to area attractions, picnics in local parks, holiday celebrations, sports activities, discount tickets for attractions or events and much more.



- So far, the program has enrolled 1,679 families with 2,936 children. Featured events include:
- Balladeers partnered with East Tennessee State University’s Reece Museum, and participating children had their artwork displayed in the accredited museum and featured on the local news.
 - In December 2023, the Balladeers hosted four holiday events and had almost 1,000 team members and their children in attendance.

B-Well

Ballad Health introduced the B-Well feature to its team members through the Ballad Teams app in 2021. **B-Well offers personalized health profiles, providing access to information, programs and professionals for each team member** to live their healthiest and happiest life.



Appalachian Highlands Center for Nursing Advancement

In October 2021, Ballard Health and East Tennessee State University announced the creation of the Appalachian Highlands Center for Nursing Advancement at East Tennessee State University, a \$10 million investment. The Center aims to advance the clinical practice of nursing, enhance interprofessional collaboration, contribute to knowledge about nursing workflow and generate nursing scholarships and innovation.

To help address the current nursing shortage, **the Center will also seek to attract more students to the nursing profession, especially those living in rural communities.** Even before the novel coronavirus (COVID-19) pandemic, the nation faced a shortage of nurses, with more than 1 million nurses expected to retire before 2030, according to a study published in Medical Care.

The Center will collaborate with other institutions to create a standard pipeline for high school students with scientific aptitudes, providing them with employment and pathways to certification as a nursing support professional or for a nursing degree. These programs could enable students to work at Ballad Health during high school and achieve certification by graduation, linking them with the possibility of scholarships for nursing degrees and employment opportunities within Ballad Health.

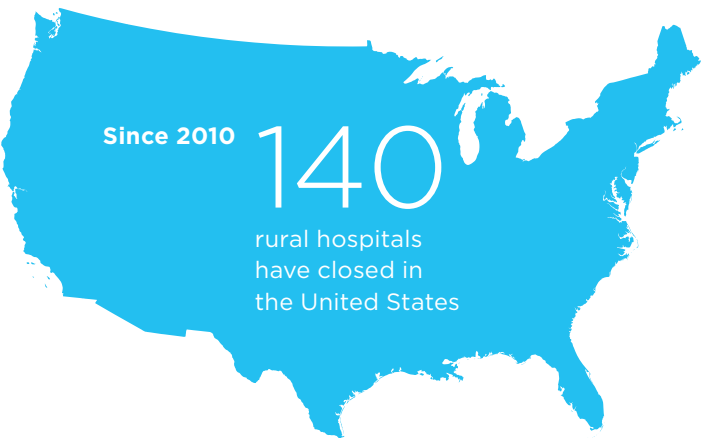
Recognitions

In 2020, **Forbes Magazine ranked Ballad Health as the highest-ranked employer in Tennessee and Virginia for diversity.** In 2019, Forbes named Johnson City Medical Center among the top 10 “Best Places to Work” in Tennessee.

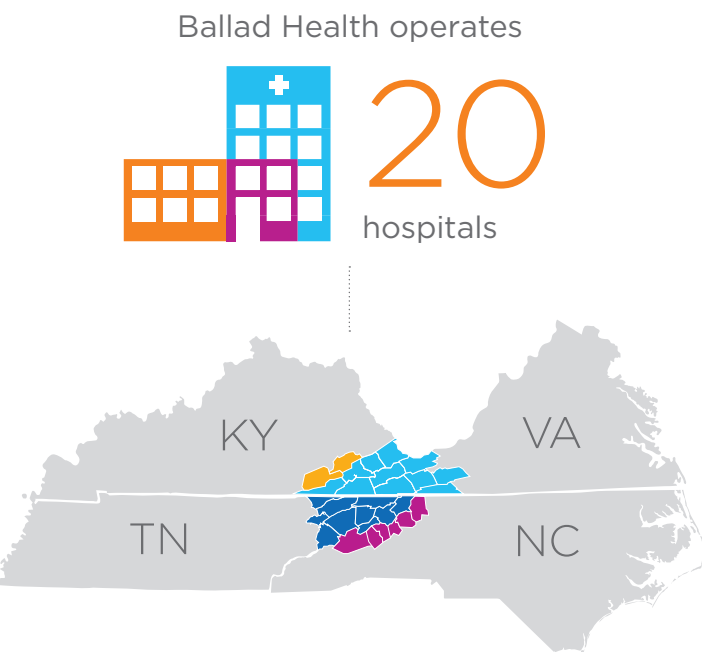


Re-imagining Rural Healthcare

Before the COVID-19 pandemic, rural hospitals across the country struggled to remain open and viable.



Nationwide, more than 140 rural hospitals have closed in the United States since 2010, according to the Cecil G. Sheps Center for Health Services Research, and 185 rural hospitals have closed since January 2005.



Tennessee is also the worst in the country regarding rural hospital closures per capita, with 15 rural hospitals closed since 2005. Studies have shown rural communities that lose their hospitals struggle with reductions in access to physicians and healthcare services and experience overall decreased health status.

Rural hospitals continue fighting to remain open while also dealing with significant revenue losses caused by the pandemic. According to the Center for Healthcare Quality and Payment Reform, rural hospitals experienced the most severe financial impacts due to higher costs, lower service volumes and inadequate payments from private payers. The center estimates more than 600 rural hospitals are at risk of closing in the future because the payments they receive are less than the cost of delivering services.

Through resource management and commitment to healthcare access, every community in the region with a hospital before the merger creating Ballad Health continues to be served by a hospital.

The merger has not only allowed Ballad Health to retain its rural hospitals, but it has also given the health system the ability to do what few if any, health systems in America have done: Open a rural hospital. We've done it twice, with the opening of Unicoi County Hospital in October 2018 and Lee County Community Hospital in July 2021.

We've taken significant steps to ensure rural communities receive the services they need through capital investments, realigning services, recruiting physicians and prioritizing high-quality care. Our system is committed to continue working to boost access to essential services for rural communities and improve the financial sustainability of its rural services.

Examples of how we are re-imagining access to rural healthcare include:



Lee County Community Hospital Opening
On July 1, 2021, Ballad Health reopened Lee County Community Hospital in Pennington Gap, Virginia. Lee County Community Hospital, a 10-bed modern medical facility serving rural Pennington Gap and its surrounding communities in Southwest Virginia and Southeast Kentucky was designed to meet the needs of its community, with acute and emergency services available 24/7, diagnostic radiology, lab services, outpatient cardiology and rotating clinics for specialty care and telehealth access.

Since its ribbon-cutting, **Lee County Community Hospital has maintained a robust patient roster, averaging the second highest census of all four Ballad Health Critical Access Hospitals.** More than 10,000 patients have been served in the hospital's emergency rooms, while the outpatient departments have served more than 13,000 patients to date.

Reduced physician fee prices
Ballad Health reduced physician fees and urgent care prices for all patients by an average of 17% after the merger. We increased the overall discount for patients without insurance from 77% to 85% at all Ballad Health physician practices, urgent cares, diagnostics and hospitals.



Increased threshold on charity care
Ballad Health provides free and reduced prices to low-income patients. When Ballad Health was formed, we increased the income threshold for charity care. Based on the 2020 poverty guidelines, the threshold for qualifying for complete charity care at Ballad Health was increased from 200% of the Federal Poverty Level to 225% (\$52,500 for a family of four to \$58,950) on a sliding scale. **In the last full fiscal year, Ballad Health provided free care worth more than \$60 million** — a cost that is not reimbursed by any payer nor recovered from the patient who qualifies for charity assistance.

Creation of a single, coordinated regional trauma system
One of the most significant ways Ballad Health has been able to improve care in our rural communities was the consolidation of the two Level I trauma centers operating in the region and creation of a coordinated regional trauma system.

Ballad Health is seeking this verification of the American College of Surgeons (ACS) now, and when confirmed, it will be the first time the Appalachian Highlands has a fully verified Level I trauma center.

Telehealth growth
Ballad Health continues to grow its comprehensive telehealth program, which uses various technologies to connect patients to their primary care, behavioral health, specialty care and urgent care providers in real time, regardless of location. This program has expanded access to medical care for thousands of existing and new patients, particularly those living in rural areas, and it now operates in more than 100 schools region wide.





Mitch Osborne

While working in construction, Mitch Osborne of Jonesville, Virginia, experienced plenty of sore, strained muscles. One day, though, he felt like someone was sitting on his chest. Mitch was having a heart attack — the deadliest type, called an ST-elevation myocardial infarction (STEMI).

With a STEMI, minutes count. The ER doctor consulted with the Ballard Health CVA Heart Institute physicians by phone and told Mitch he had a window of 60 minutes to get advanced cardiac care.

Mitch was life-flighted from Lee County Community Hospital to Holston Valley Medical Center in 21 minutes. The entire process from being transported

to having a cleared artery only took 100 minutes (about 1 and a half hours), thanks to the teamwork and availability of critical cardiac care.

“That was God’s planning,” Mitch said. “I’m here because of all the awesome people from the ER desk to the Ballard Health CVA Heart Institute doctors who helped save my life.”

Today, Mitch works at his construction business, operating large machinery and supervising his crew. He has regular check-ups with his Ballard Health CVA Heart Institute doctor at Lee County Community Hospital, a convenient 10-minute drive from his home in Jonesville.



Measuring our impact through research

Ballad Health Foundation start the establishment of a new Center for Rural Health Research at ETSU

In July 2019, Tennessee Gov. Bill Lee announced the creation of the new Center for Rural Health Research at the College of Public Health at East Tennessee State University (ETSU).

Ballad Health committed more than \$15 million to support the center during the next 10 years following ETSU’s \$1.5 million first-year grant from the state.

The goal of the Center is to work with Ballard Health, local healthcare delivery partners, national experts and ETSU Health leadership to identify new mechanisms to improve health in rural and nonurban communities.



No. 1 or No. 2 enroller in U.S. in at least 29 top research trials

Ballad Health, ETSU Research Corporation partner to create Appalachian Highlands Rural Innovation and Entrepreneurship Alliance

In April 2022, Ballad Health and the ETSU Research Corporation launched another research venture expected to bolster regional efforts to enhance economic growth in the Appalachian Highlands, while creating a national portal for rural health innovation.

The new **Appalachian Highlands Rural Innovation and Entrepreneurship Alliance will coordinate multiple local and national areas of research and idea development**, particularly impacting the delivery of healthcare through surveilling efforts, accelerating early-stage development, translating research into business opportunities and identifying scalable investment opportunities, reshaping the overall economy, health and well-being of the region.

Other research achievements

Ballad Health also partnered with ETSU by funding the creation of the Ballard Health Strong BRAIN Institute and Center for Trauma Informed Care at ETSU. This center studies the impact of childhood trauma and effective prevention and treatment for children and their families.



Less than one year after the opening of the Center for Rural Health, Ballad Health partnered with Harvard University Medical School and ETSU to engage in a rural health economics study analyzing the plight of rural hospitals and the economic forces affecting these critical assets.

“The future of healthcare, and the vitality of our region, are inextricably linked to education and the opportunities it provides. Our relationships with schools, from K-12 to colleges and universities, are brightening the trajectories not only for students, but for the eventual benefit of our patients and entire communities. The fact that innovation in academics and research is taking place in a rural region like ours is a testament to the vision of Ballard Health and the enthusiasm of our partners in this work.”

Dr. Matthew Loos
Chief Academic Officer

Focusing on Quality



Based on data tracked through the Premier Healthcare Alliance, **Ballad Health is now performing in the top decile of the United States in nine quality measures** and has seen a significant decline in two of the most widely known, and harmful hospital-acquired infections. In 2023, compared to the previous fiscal year, central line-associated bloodstream infections (CLABSI) were down by more than 47%, and catheter-associated urinary tract infections (CAUTI) decreased by more than 38%. MRSA also showed a decrease of 65%, while *Clostridioides difficile* (C. Diff) decreased by 32%. Sepsis bundle compliance, an evidence-based best practice instrumental in saving patient lives, improved by 17%.

This has happened at a time when the New England Journal of Medicine is reporting a significant increase nationally in healthcare-associated infections and complications. The studies highlight that COVID-19 surges, staff burnout, and repurposing of quality and infection prevention staff have contributed to this decline. In light of these challenges, Ballad Health is establishing the Center for Clinical Transformation to engage clinical teams across the system to sustain top-decile performance and institutionalize patient outcome improvements.

Ballad Health has also engaged with surgeons to implement the ERAS (Enhanced Recovery After Surgery) initiative, which, combined with other efforts, has resulted in the lowest surgical site infection rate for colon surgery in the health system's history.

The latest annual report from the State of Tennessee showed **Ballad Health improved over the baseline on several patient safety indicators, such as pressure ulcer rate, postoperative respiratory failure rate and unrecognized abdominopelvic accidental puncture/laceration rate.**

Emphasizing zero-harm through tiered safety huddles

As part of Ballad Health's systemwide initiative to improve safety and reduce harm, Ballad Health continued its tiered safety huddle program throughout the pandemic.

Each day, frontline team members across the organization begin their morning with huddles focused on clinical quality and safety. Any issues identified during those huddles are elevated to hospital leadership. If hospital leadership needs help to resolve the problem, the issue is further elevated. Using this approach, Ballad Health can improve outcomes and enhance safety by rapidly deploying resources to support and solve safety issues as they arise.

Creating a High Reliability Healthcare Organization

Since the merger in 2018, **one of Ballad Health's priorities has been to instill a zero-harm culture and become one of the highest-performing health systems in America for the quality of care it delivers to patients.**

Ballad Health has developed a multi-year roadmap for various High Reliability Organization initiatives, including education campaigns, communication and reporting enhancements, patient experience training and facility/clinical processes.

Creating a culture that prioritizes high reliability involves:

- Consistency and trust: High Reliability Organizations in healthcare foster consistent, error-free operations, enhancing patient trust.
- Reduced incidents: Fewer errors due to High Reliability Organization principles result in fewer negative experiences for patients.
- Responsiveness: Quick responses to issues under High Reliability Organization guidance boost patient satisfaction.
- Transparency: High Reliability Organization principles promote transparency, reinforcing patient confidence.
- Positive word-of-mouth: Satisfied patients share positive experiences.



Ronnie Alley

Ronnie Alley splits his time volunteering at Holston Valley Medical Center and Indian Path Community Hospital five days a week, seven hours a day, and he has done so for the past 20 years.

He gets up each morning to ride the bus from Gate City, Virginia, to each facility and has accumulated more than 24,000 volunteer hours since 2002.

Ronnie has a physical disability that necessitates a walker, but he has not once let this deter him from volunteering. The team members Ronnie works with say it is a joy and an inspiration working with him. Ronnie gladly works in any department where he is requested, from pre-admissions and human resources to clinical engineering, surgery waiting and endoscopy.

"I do what I do to give back to the community because I feel like someone has taken care of me my whole life, and now, it's my time to take care of them," Ronnie said. "I work every day because that day might be my last one. Nobody knows. We are not promised tomorrow."

Ronnie has a joyous determination to help people. He was among the first to show up when volunteers were allowed back after the COVID-19 surges. He will even call another department if it's a slow day where he's assigned. He brings a spirit of joy and compassion wherever he serves, and he is a friend and an inspiration to countless people at both hospitals. Ronnie is also a huge NASCAR fan. Everyone enjoys talking with him and hearing his stories of racing drivers, both past and present.

Improving Population Health

Community has always been the backbone of Appalachia.

The Appalachian Highlands are as diverse as its mountains, and the stories of our region are often about our strong values, work ethic and perseverance. Historically, we’ve overcome remarkable odds in the face of deep challenges. That’s why **we believe all of us, working together, can build a culture of health.**

While Ballard Health is dedicated to delivering top-quality care in life’s most critical moments, we also want to work alongside our schools, community organizations, churches and businesses to address health and social conditions to improve health at all stages of life.

Since our founding, we have spearheaded and invested in numerous programs that partner with our communities to improve the health of our region.

Faith Community Nursing Program

The Ballard Health Faith Community Nurse Program works with more than 30 individual congregations to help religious communities improve their health, prevent illness and injury and ease suffering associated with any health crisis. The faith community nurse acts as counselor, educator and healthcare provider by identifying needs of the congregation, coordinating health screenings, providing educational programs, referring congregants to supportive health services and following up with members of the congregation.



Strong ACC

The STRONG Accountable Care Community (STRONG ACC) is a multi-sector coalition spanning two states with more than 300 participating organizations in 21 counties throughout Northeast Tennessee and Southwest Virginia. Ballard Health provides funding for the coalition, which focuses on:

- Adverse childhood experiences (ACEs), trauma and resilience training
- Workforce training
- Creating and maintaining a community health data dashboard
- No Wrong Door initiative, which aims to break down barriers to services and improve inter-agency coordination



Key Results:

- **Securing a \$25 million grant to commence a new, community-focused program to help 1,000 low-income Northeast Tennessee families** increase economic mobility, self-sufficiency and well-being.
- Creation of **the first-ever regional data dashboard**, enabling community organizations to refer individuals to appropriate services provided by other not-for-profit organizations, such as food banks, utility support and housing assistance.
- **Launch of the Bright Start TN initiative**, one of six inaugural communities to receive \$300,000 to develop and launch a plan to accelerate learning outcomes and reduce opportunity and achievement gaps for children from birth through third grade.

Community Health Improvement Sites

Ballad Health is working alongside 33 regional, community-based organizations across Northeast Tennessee and Southwest Virginia to support social support services and navigation for a range of needs, from women suffering from addiction to youth who are at risk of dropping out of school. These investments recognize the important correlation between early childhood experiences, educational achievement and health outcomes.



\$9.4 million

invested to-date

Strong Cessation

Ballad Health’s free telephonic tobacco cessation program, Strong Cessation, offers a non-judgmental and motivational approach to cessation. **Skilled professionals develop individualized quit plans for each client**, based on their unique needs.



1,552

Total enrollment

353

individuals ceased smoking

Strong Starts

Every child deserves a strong start in life, and the early years of a child’s life are a critical foundation for their future success. **Strong Starts supports parents and caregivers from pregnancy through kindergarten by linking them essential resources and services, from prenatal needs and breastfeeding support to navigation through programs that help with childcare, child development, housing and food assistance.** Enrolled families are paired with a community health navigator who can connect them with resources, provide social support and work with them to create goals for themselves and their families.



Strong Futures

Strong Futures takes a 360-degree approach to care and treatment for women and their families by offering child counseling, collaborative provider partnerships, community engagement and enrichment activities, daycare services, educational opportunities, financial and mental health counseling and more.

11,696

Total enrollment since inception

19,881

Health-related social risk screening

93.6%

Engagement for currently enrolled

PEERhelp

PEERhelp (short for Programming-Education-Employment-Recovery) is a support helpline for people living with substance abuse issues. Calls are answered by certified peer recovery specialists who have experienced substance use issues and mental health challenges in their lives. Callers are connected with support groups to help with recovery and job training.



5,435

support group attendees

220

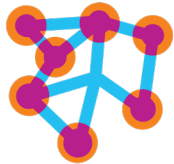
individuals connected to second chance employment

150+

individuals trained and equipped with Narcan

Appalachian Highlands Care Network

Launched in 2020, **the Appalachian Highlands Care Network bridges care gaps, improves health and reduces avoidable healthcare costs and utilization for low-income or uninsured people.** Through the program, uninsured patients who need specialty or diagnostic care receive a social needs assessment and help scheduling necessary medical appointments, procedures and testing.



This program includes all Ballard Health hospitals, outpatient services, physician practices, a regional network of non-Ballad Health providers and primary care services offered through safety-net clinics and health departments.

8,429

Total enrollment since inception

Ballad Health Launches Niswonger Children’s Network

In March 2021, **Ballad Health announced the launch of the Ballad Health Niswonger Children’s Network, a regional system of healthcare and community services for children**, regardless of where they live, across Northeast Tennessee and Southwest Virginia.

It was the beginning of a new era in care for children in the region.

The announcement included a tremendous philanthropic investment into a comprehensive, regional system of care that, combined with Ballad Health’s investment, represents a nearly **\$60 million commitment to the children and families of the Appalachian Highlands**.

Adding to their previous donation in creating the J.D. Nicewonder Family Pediatric Emergency Room at Bristol Regional Medical Center, the Nicewonder family — well-known philanthropists in the area — announced a \$7 million commitment toward the Niswonger Children’s Network and the creation of two regional centers for pediatrics — a Center for Perinatal and Neonatal Care and a Center for Pediatric Specialties, both located at Niswonger Children’s Hospital in Johnson City.

Since its creation, the Niswonger Children’s Network has made some impactful moves, including:



Niswonger Children’s Hospital expansion
In June 2022, the Niswonger Children’s Network started to “Raise the Roof” on Niswonger Children’s Hospital, kicking off the first phase of a construction project that will enhance services for children and families across the Appalachian Highlands.

Phase I involves converting an attached medical office building into the J.D. Nicewonder Family Perinatal and Pediatric Institute.

The new institute will serve children with complex medical needs through more coordinated care between multiple specialists, while also creating a clearinghouse for public educational service and enhancing Ballad Health’s participation in research and training.

The next phase will create a new, two-floor vertical expansion stacked atop the existing hospital. The additional floors will house a state-of-the-art neonatal intensive care unit.

New pediatric ER at Indian Path Community Hospital
Now open, the **Ballad Health Niswonger Children’s Network Pediatric Emergency Room at Indian Path Community Hospital** runs from noon to midnight every day. **It features a waiting area for families of pediatric patients** separate from the adult ER waiting area **and four pediatric exam rooms, staffed by dedicated pediatric-trained nurses and doctors**. Telemedicine capabilities connect patients and doctors with Niswonger Children’s Hospital to provide increased access to specialized pediatric emergency care.

Patients in the pediatric emergency room also have access to child life specialists to support their their care in an unfamiliar, potentially stressful environment by interacting with children through medical play and therapy.

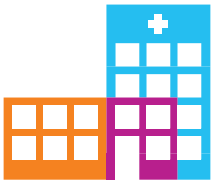
Barbara Humphrey’s Family Birth Center at Indian Path
Ballad Health completed the first phase of construction on its renovation of the Barbara Humphrey’s Family Birth Center at Indian Path Community Hospital in 2023.



The \$8 million project involves renovating the interior of the birthing center, upgrading it with modern aesthetics to provide a better care environment for team members, patients and families. Once completed, the renovation work will also lead to improved patient flows and more efficient care. The first phase of the project involved constructing nine labor, delivery, recovery and postpartum rooms; two triage rooms; an updated nursery and a nursing station.

In Phase II, three additional labor, delivery, recovery and postpartum rooms, five patient rooms and a new family waiting area will be added.

New Children’s Resource Center at Johnston Memorial Hospital
The new Children’s Resource Center inside Johnston Memorial Hospital in Abingdon, Virginia, is committed to improving children’s lives through safety/injury prevention programs, such as bike helmets, child passenger seats and other wellness programs to get children more active and families eating healthier; and literacy programs, since studies have found a significant relationship between reading levels and health status.



Strong Kids initiative
Ballad Health and Niswonger Children’s Hospital launched the STRONG Kids initiative with Speedway Children’s Charities. This **learning collaboration brings together and assists regional organizations that support children**. By understanding the interconnected relationship between educational attainment, economic success and healthy lives, this model addresses root causes by reducing adverse childhood experiences (ACEs) and supporting families by creating safe, stable and nurturing environments for children.



Niswonger Children’s Network awarded HRSA Healthy Tomorrows grant
The Ballad Health Niswonger Children’s Network received a \$250,000 grant in September 2023 that will help ensure smoother transitions for children and teenagers moving from pediatric to adult healthcare services.



The Healthy Tomorrows Partnership for Children Program grant from the Health Resources and Services Administration (HRSA) funds the appointment of a transitions coordinator who augments the existing team of a registered nurse care navigator and a community health navigator.



Ballad Health Foundation: Donors make the Difference



Ballad Health Foundation donors are confident their gift is advancing healthcare in our region.

Since becoming Ballad Health:

- More than **\$41 million in philanthropic gifts** have been given to support local healthcare through Ballad Health Foundation.
- These gifts have come from **more than 15,000 community-minded businesses, individuals and foundations**, including 6,100 current and former Ballad Health team members.
- Our fundraising and philanthropic efforts have been assisted by **nearly 1,000 volunteers**.
- Through 2023, the foundation has **committed nearly \$33 million to projects** throughout the Ballad Health footprint.
- More than \$1.7 million has gone directly to patients and Ballad Health team members struggling due to extraordinary circumstances to provide basic needs like transportation, housing and even food.

How We Help

Our mission is to enhance the lives and health of everyone in the region, regardless of their background. We actively work to make a positive impact and have no requirement for repayment.

Here’s how we’ve given back to our communities:

We want to give back:

In 2019, after losing their daughter, McKinley, who was stillborn at 32 weeks, Katie Mumpower and her husband, Ryan Lawson, were inspired to raise money to fund a special cooling crib for Franklin Woods Community Hospital that gives parents of a stillborn more time with her baby. Ballad Health Foundation added to the couple’s gift to ensure all six Ballad Health Family Birth Centers now have a CuddleCot.

We helped patients:

Ballad Health Foundation supported a hairdresser who could not lift her arm for work after undergoing breast cancer surgery and radiation. Her financial situation worsened when her car tire burst during a trip for cancer treatments, and the brakes needed repair. With the help of our Cancer Patient Assistance Fund, we provided a replacement tire and brakes and covered some utility bills, allowing the patient to concentrate solely on her treatment and recovery.



We helped families:

Ballad Health Foundation offered a helping hand to the bereaved parents of hospice patients by shouldering the burden of their rent through the Patient Assistance Fund.

We helped team members:

Ballad Health Foundation is proud to support and care for its team members through initiatives like investing \$500,000 to create state-of-the-art Lavender Rooms in each tertiary hospital. These rooms were designed to provide short-term stress relief and respite to team members dealing with the physical and emotional demands of bedside care.

The Team Member Assistance Fund went above and beyond to assist team member Patrick Early when needed. When the car repair shop told him that his car wasn’t safe to drive without new tires, the fund supplied him with new ones.

The State of Tennessee determines Ballad Health continues to provide a public advantage

The Tennessee Department of Health issued its latest annual report, covering the period of July 1, 2022, through June 30, 2023, and found Ballad Health continues to provide “‘clear and convincing’ evidence of continued public advantage.”

Each year since the creation of Ballad Health, the State of Tennessee and the Commonwealth of Virginia have independently confirmed the public advantage created by the unification of the hospitals in the Appalachian Highlands.

The State of Tennessee also noted that Ballad Health continued to demonstrate its commitment to improving the health of the Appalachian Highlands through investments in its people, COPA plan spending commitments and capital.

These investments include:

- A **4% increase in salary and wages for all team members** (applied in January 2023), double that of the prior year. These investments, annualized, amount to more than \$100 million
- **More than \$43 million in new investments for rural health, behavioral health, children’s health, population health, health research and graduate medical education**
- **Capital spend of more than \$93 million**, investing in information technology, new diagnostic and treatment technology, new medication dispensing (improving patient safety) and facility upgrades

While the ramifications of the COVID-19 pandemic were lessened in the 2023 fiscal year, the lasting impact is still being felt on the region. Despite this, the report stated that, “data demonstrates that Ballad Health has recovered faster, with the majority of Patient Safety Indicators, as measured under the COPA, now reporting better results than 90% of hospitals.”

Regarding the national nursing shortage, the report also found Ballad Health seems to be recovering faster, with **nursing turnover below 15%, compared to national averages of over 20%.**

Governance Structure

Ballad Health is governed by a board of directors comprised of 11 regional leaders representing the diversity, industry and expertise of the 29-county region served by the health system.

The members were chosen using best practices for selecting health system boards based on needed competencies for the governing body, including experience in governance, administration, business, medicine, and strategy. Eight board members are Tennessee residents, and three are Virginia residents. The group includes three physicians — two currently practicing, and one recently retired.

The board is tasked with managing the long-term interests of the health system and ensuring Ballad Health delivers high-quality healthcare and human services to the communities it serves. In furtherance of its fiduciary responsibility, the board has eight standing committees. Each committee is composed of board members and other members of the community who are experts in a particular subject area. The standing committees that report to the board are:

- The Executive Committee
- The Audit and Compliance Committee
- The Finance Committee
- The Quality, Service, and Safety Committee
- The Executive Compensation Committee
- The Population Health and Social Responsibility Committee
- The Governance/Nominating Committee

Clinical Council

A unique feature of Ballad Health is the establishment of a robust and diverse Clinical Council, comprised of about 30 physicians. The physicians are nominated by the leadership of all Ballad Health hospitals, the health system’s medical group and independently practicing community physicians. **The council is charged with guiding Ballad Health’s transformation into a community health improvement system.**

