REVIEW of BALLAD HEALTH'S COPA COMPLIANCE

Updated and Revised August 1, 2023

After years of public testimony, FTC remonstrance, community opposition, and political maneuverings, in late 2017 the Tennessee Department of Health (TDH) approved a Certificate of Public Advantage (COPA) allowing Mountain States Health Alliance and Wellmont Health System, the only two hospital systems serving a geographical area consisting of 10 counties in Northeast Tennessee and 11 counties and two independent cities in Southwest Virginia, to create a 21-hospital monopoly by merging into a single entity named Ballad Health. This action, in effect, replaced market competition with government regulation.

The TDH has the authority to issue a COPA if the applicant demonstrate that the **likely benefits** of the proposed Cooperative Agreement **outweigh the likely disadvantages** that would result from the loss of competition. As part of the COPA, the TDH requires Ballad Health to reinvest expected savings from the merger in ways that would substantially benefit residents living in the system's geographic service area. The State requires the formerly competing systems to agree to a number of terms and conditions that were set out in the Terms of Certification (TOC), a document governing the COPA.

The TOC states that the system would be "Actively Supervised" by the State and subject to an annual review to track and evaluate the demonstration of ongoing Public Advantage in four categories (sub-indices):

- Economics
- Population Health Improvement
- Access to Health Services
- Other (primarily quality of care)

Presentation and discussion of data from Ballad's Annual Reports and other reliable publicly available sources addressing each of these four categories appear below.

ECONOMICS

Financial Health

Ballad's financial health, although not currently rated negatively by Wall Street analysts, is not sufficient to fund the entirety of the monetary commitments made in the COPA without cost-shifting or some other action drastic to the community. Cost-shifting typically consists of increasing commercial rates (those charged to local employers) significantly higher. Ballad is precluded from increasing its commercial rates above the maximum thresholds designated in the COPA without TDH approval.

Ballad reports that about 75% of their business is Medicare/Medicaid, receives about the lowest Medicare reimbursement in the country, and carries an annual debt service

of about $100 million. A schedule portraying Ballad's aggregate Profit / (Loss) from inception (2/1/18) through 3Q23 (3/31/23) appears below:

Ballad Health Financial Profit/(Loss) from Inception - 3Q FYE23				
Reporting Period	**CARES Act (Covid) Relief Funds**	**System Revenues**	**System Profit / (Loss)**	**Cumulative Profit / (Loss)**
5 mos ending 6/30/18	$0	$858,769,000	-$35,735,000	-$35,735,000
FYE 6/30/19	$0	$2,106,465,000	$94,919,000	$59,184,000
FYE 6/30/20 *	$82,493,999	$2,077,520,000	-$27,760,000	$31,424,000
FYE 6/30/21	$96,673,520	$2,191,638,000	$267,219,000	$298,643,000
FYE 6/30/22	$62,614,723	$2,312,916,000	-$135,262,000	$163,381,000
3Q FYE 6130/23	$0	$1,757,164,091	$38,156,385	**$201,537,385**
Source: Financial statements prepared by PYA, Ballad's auditors				
Footnotes: * Ballad received approximately $200 million in advanced payments Service revenue includes Covid and other relief funds				

Ballad generated an aggregate profit of $201.5 million since inception. This aggregate profit includes in excess of $241.7 million in Covid and relief funds, specifics of which appear in the schedule below.

Ballad Health Financial Profit/(Loss) from Inception - 3Q FYE23 w/out Covid Relief Funds				
Reporting Period	**CARES Act (Covid) Relief Funds**	**System Revenues**	**System Profit / (Loss)**	**Cumulative Profit / (Loss)**
5 mos ending 6/30/18	$0	$858,769,000	-$35,735,000	-$35,735,000
FYE 6/30/19	$0	$2,106,465,000	$94,919,000	$59,184,000
FYE 6/30/20 *	$82,493,999	$2,077,520,000	-$110,253,999	-$51,069,999
FYE 6/30/21	$96,673,520	$2,191,638,000	$170,545,480	$119,475,481
FYE 6/30/22	$62,614,723	$2,312,916,000	-$197,876,723	-$78,401,242
3Q FYE 6130/23	$0	$1,757,164,091	$38,156,385	-$40,244,857
TOTAL Since Inception	$241,782,242	$11,304,472,091		-$40,244,857
Source: Financial statements prepared by PYA, Ballad's auditors				
Footnotes: * Ballad received approximately $200 million in advanced payments Service revenue includes Covid and other relief funds				

Without the Covid relief funds rescue, Ballad would have generated a loss of more than $40.2 million. It appears that Ballad's financial health is not sufficient to fund the entirety of the monetary commitments made in the COPA without government subsides, cost-shifting, or some other action drastic to the community.

Monetary Commitments

Based on a COPA amendment signed on 7/1/22, it appears that the $267 million profit in FY21 includes a complete waive of the $28.750 million originally committed when the COPA was approved in 2018. Even though Ballad accumulated an aggregate profit of nearly $300 million since inception through FY21, COPA compliance regulators decided to move the goal posts.

Below is a schedule showing the change in annual monetary commitments as of 7/1/22:

Monetary Commitments and Annual Baseline Spending Levels (Original vs Amended on 7/1/22)

		Year 1 - FY2019		Year 2 - FY2020		Year3 - FY2021		Year 4 - FY2022		Year 5 - FY2023		Year 6 - FY2024		Year 7 - FY2025		Year 8 - FY2026		Year 9 - FY2027		Year 10 - FY2028		TOTAL
		Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	Original 1/31/18	Amended 7/1/22	NO CHANGE
Expanded Access to HealthCare	Behavioral Health Service s	$1,000,000	$1,000,000	$4,000,000	$2,667,000	$10,000,000	$0	$10,000,000	$9,333,000	$10,000,000	$12,000,000	$10,000,000	$12,000,000	$10,000,000	$12,000,000	$10,000,000	$12,000,000	$10,000,000	$12,000,000	$10,000,000	$12,000,000	$85,000,000
	Children's Service s	1,000,000	1,000,000	2,000,000	1,333,000	3,000,000	0	3,000,000	4,667,000	3,000,000	4,000,000	3,000,000	4,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	27,000,000
	Rural Health Services	1,000,000	1,000,000	3,000,000	2,000,000	3,000,000	0	3,000,000	5,000,000	3,000,000	4,000,000	3,000,000	4,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	28,000,000
Health Research &Graduate Medical Education		3,000,000	0	5,000,000	4,000,000	7,000,000	0	10,000,000	11,000,000	10,000,000	11,000,000	10,000,000	11,000,000	10,000,000	12,000,000	10,000,000	12,000,000	10,000,000	12,000,000	10,000,000	12,000,000	85,000,000
Population Health Improvement		1,000,000	1,000,000	2,000,000	1,333,000	5,000,000	0	7,000,000	6,667,000	10,000,000	11,000,000	10,000,000	11,000,000	10,000,000	11,000,000	10,000,000	11,000,000	10,000,000	11,000,000	10,000,000	11,000,000	75,000,000
Region-wide Health Information Exchange		1,000,000	0	1,000,000	667,000	750,000	0	750,000	1,333,000	750,000	1,333,000	750,000	1,000,000	750,000	1,000,000	750,000	1,000,000	750,000	1,000,000	750,000	1,000,000	8,000,000
TOTAL		$8,000,000	$4,000,000	$17,000,000	$12,000,000	$28,750,000	$0	$33,750,000	$38,000,000	$36,750,000	$43,000,000	$36,750,000	$43,000,000	$36,750,000	$42,000,000	$36,750,000	$42,000,000	$36,750,000	$42,000,000	$36,750,000	$42,000,000	$308,000,000

Review of the above schedule reveals that Ballad's commitment was initially back-end loaded: i.e., a small amount in the beginning escalating to much larger amounts in future years. The initial loading was $87.500 million (28.4%) in the 1st 4 years, with the remaining 71.6% being expended in the following 6 years. As of 7/1/22, Ballad's commitment was decreased to $54 million (17.5%) in the 1st 4 years, with the remaining 82.5% to be expended in the following 6 years.

Below is a schedule portraying Ballad's spend on monetary commitments revised by the regulators on 7/1/22 through FY22.

Ballad Health Spend Through FY 22 - Revised

COPA Plan	Total Spending Commitment	Revised COPA Commitment FY19-FY22	Actual Plan Spend FY19-FY22
Behavioral Health	$85,000,000	$13,000,000	**$9,944,442**
Children's Health	27,000,000	7,000,000	**7,914,362**
Rural*	28,000,000	8,000,000	**28,203,541**
Population Health	75,000,000	9,000,000	**16,371,959**
HR/GME	85,000,000	15,000,000	**19,583,944**
HIE	8,000,000	2,000,000	**631,145**
TOTAL	**$308,000,000**	**$54,000,000**	**$82,649,393**

* Includes credit for reopening Lee County Community Hospital

Red font indicates plans where spend is currently below commitment

Review of the above schedule reveals that even after the goal posts were moved and aggregating a cumulative profit of $163 million since inception, Ballad's monetary spend on COPA obligations was below commitment on two of the six areas.

Below is a schedule portraying Ballad's spend on monetary commitments based on the original COPA contract agreed to by all parties.

Ballad Health Spend Through FY 22 - Initial Contract

COPA Plan	Total Spending Commitment	Initial COPA Commitment FY19-FY22	Actual Plan Spend FY19-FY22
Behavioral Health	$85,000,000	$25,000,000	**$9,944,442**
Children's Health	27,000,000	9,000,000	**7,914,362**
Rural*	28,000,000	10,000,000	28,203,541
Population Health	75,000,000	15,000,000	16,371,959
HR/GME	85,000,000	25,000,000	**19,583,944**
HIE	8,000,000	3,500,000	**631,145**
TOTAL	**$308,000,000**	**$87,500,000**	**$82,649,393**

* Includes credit for reopening Lee County Community Hospital
Red font indicates plans where spend is currently below commitment

Review of the above schedule reveals that if the goal posts were not moved, its aggregated cumulative profit of $163 million since inception, thanks to government Covid relief funds, would be more than sufficient to fully fund and spend on all of the original commitments made. The $5.1 million difference between the initial $87.5 commitment and $82.6 actual spend would have been a mere 6% of Ballad's aggregated cumulative profit since inception.

Because of the government's influx of Covid relief funds, Ballad's financial health would have been sufficient to fund the entirety of the monetary commitments made in the COPA. Without such funding going forward, however, leaves Ballad Health with seven options: 1) raise another round of capital at unfavorable (high interest rate) terms, 2) cost-shift to charge rates higher than the limits agreed to in the COPA, 3) initiate more employee layoffs to save cash, 4) sell the system (as Mission did in North Carolina), 5) obtain more TDH waivers to the TOC, 6) unwind the merger and allow market competition to prevail, or 7) close more hospital services that displaces staff and impedes community access as has been done at Holston Valley Medical Center (close the NICU and downgrade Trauma), Bristol Regional Medical Center (downgrade Trauma), Sycamore Shoals (close the ICU), etc.

Charity Care

Ballad Health is a very large "non-profit" monopoly that exercises enormous market power in competition with independent community healthcare providers. Ballad's "non-profit" designation allows them to avoid paying taxes. Unlike for-profit companies, like independent providers and most other small businesses, "non-profit" hospitals pay no

taxes. They pay no property tax, no state excise tax, no federal income tax, and no sales tax. In exchange, a charitable organization is supposed to plough what they would have paid in taxes back into the community, largely by way of maintaining lower healthcare costs or providing free charity care for those who can't otherwise afford it.

Is that what Ballad and other systems doing as a "non-profit" hospital system? Or are would-be tax dollars going into seven-figure executive salaries, boondoggle retreats, extravagant galas, billboard ads, and to fund special interest lobbyists whose job it is to make sure the politicians sway legislation and regulation in the systems' favor?

"Ballad officials said they filed about 5,700 lawsuits against patients in its first fiscal year as a health system .... That's up from nearly 5,400 in the prior year … The not-for-profit health system has also filed roughly 900 liens in two Tennessee counties since it was formed." https://www.modernhealthcare.com/providers/ballad-health-sued-thousands-patients-poor-rural-area Is this how Ballad strives to stay true to its Mission, Vision and Values proudly displayed on its website?

The COPA TOC requires Ballad to provide a minimum level of charity care annually. A schedule portraying Ballad's charity care as a "non-profit tax exempt 501c(3)" hospital system appears below.

Base Charity	FY2017 Baseline	FY2017 Baseline Adjusted by FY2018 HIA*	FY2017 Baseline Adjusted by FY2019 HIA*	FY2017 Baseline Adjusted by FY2020 HIA*	FY2017 Baseline Adjusted by FY2021 HIA*	FY2017 Baseline Adjusted by FY2022 HIA*	FY2022 Actual as of 6/30/2022**
7(a) Charity Care 7(b) Unreimbursed	$ 35,034,403	$ 36,067,918	$ 37,204,057	$ 38,413,189	$ 39,431,139	$ 40,594,357	$ 21,678,321
TennCare and Medicaid	61,605,896	63,423,270	65,421,103	67,547,289	69,337,292	71,382,742	50,999,268
Total	**$ 96,640,299**	**$ 99,491,188**	**$ 102,625,160**	**$ 105,960,478**	**$ 108,768,431**	**$ 111,977,099**	**$ 72,677,589**
					Variance from Baseline		$ (39,299,510)

Review of the above schedule reveals Ballad Health's shortfall in community charity care exceeded more than $39 million in FY2022, the most recently year for which charity care was reported to the TDH in an Annual Report. Of this $39 million shortfall, more than 70% ($51 million) is attributed to unreimbursed TennCare and Medicaid. As Ballad offers discounted rates that are not considered community benefits for most insured patients, why are discounts for Medicaid patients an exception? Should the true charity care shortfall be closer to $90 million?

Defining and quantifying a reasonable amount of charitable care is just one of many issues being addressed in DC by the House Ways and Means Committee and the Senate Finance Committee. They are currently referencing the original Finance Committee staff discussion paper on non-profit hospitals (that was the foundation for the later ACA reforms) that justifies a 5% expenditure of expenses as the charity care requirement for non-profit hospitals. Applying this standard to Ballad would calculate to a $114.3 million requirement in FY22, $2.1 more than the adjusted baseline in the above schedule and resulting in a $41.4 million shortfall.

Ballad Health was not in compliance with the COPA's TOC charity care minimum expense requirement. Per the TDON Monitor's report, "The amount of charity care provided in fiscal year 2022 was below the minimum amount required by the TOC", yet TDH awarded Ballad a COPA 'passing score'.

Resource Allocation

Of note in Ballad's FY21 financial statements is their reallocation of resources from "healthcare services" (the primary reason for the system's existence) to "support services" in the midst of an epidemic. As seen in the schedule below, while total costs increased by 5%, there was a similar 5% swing in costs for each classification, up for support and down for healthcare. The rationale behind this is questionable as actual provider staffing costs throughout the country escalated (overtime, wage increases, travel nurses, etc.) during this time period.

Expenses by Functional Classification FY20 & FY21

	FY2020	FY2021	Percent change from '20 to '21
HEALTHCARE SERVICES			
Salaries and Benefits	$770,406	$831,857	7.98%
Supplies and Other	$635,914	$556,199	-12.54%
Prov for Depreciation & Amortization	$84,621	$82,109	-2.97%
Interest and Taxes	$43,434	$28,400	-34.61%
Total	$1,534,375	$1,498,565	-2.33%
Percent of Grand Total	74.57%	69.32%	
SUPPORT SERVICES			
Salaries and Benefits	$251,877	$188,158	-25.30%
Supplies and Other	$212,408	$379,460	78.65%
Prov for Depreciation & Amortization	$57,645	$83,051	44.07%
Interest and Taxes	$1,267	$12,614	895.58%
Total	$523,197	$663,283	26.78%
	25.43%	30.68%	
GRAND TOTAL			
Salaries and Benefits	$1,022,283	$1,020,015	-0.22%
Supplies and Other	$848,322	$935,659	10.30%
Prov for Depreciation & Amortization	$142,266	$165,160	16.09%
Interest and Taxes	$44,701	$41,014	-8.25%
Total	$2,057,572	$2,161,848	5.07%

An area further explored is Ballad's management staffing costs. Past analysis reveals that these costs increased about 20% from 2017 to 2020 Might it be time for Ballad to flatten its management structure to devote more resources to Healthcare Services?

A deeper dive into Ballad's senior management compensation reveals some unusual bonuses being issued in years of system financial losses. A summary showing a 4-year compensation for the five highest paid executives through 2022 follows:

Ballad Health Management Compensation 2018-2022

Name & Title		2018	2019	2020	2021	2022	5 Year TOTAL	2018 - 2022 Percent increase
Alan Levine, Pres/CEO	Total Taxable	$1,480,042	$2,225,690	$2,370,420	$3,061,924	$4,323,372	$13,461,448	292.11%
	Bonus	$277,123	$750,000	$805,887	$1,577,573	$1,066,533	$4,477,116	384.86%
Marvin Eichorn, EVP/CAO	Total Taxable	$791,871	$1,049,589	$1,140,425	$1,357,948	$1,198,370	$5,538,203	10.22%
	Bonus	$128,590	$300,000	346798	$576,630	$347,261	$1,699,279	26.37%
Lynn Krutak, EVP/CFO	Total Taxable	$676,141	$994,315	$1,026,003	$1,207,029	$1,061,231	$4,964,719	10.69%
	Bonus	$104,168	$250,000	$304,398	$494,254	$299,081	$1,451,901	26.87%
Eric Deaton, EVP/COO	Total Taxable	$638,372	$613,225	$867,461	$1,134,234	$1,125,627	$4,378,919	11.32%
	Bonus	$196,460	$40,165	$235,353	$447,591	$334,180	$1,253,749	20.03%
* Tim Belisle, EVP/Gen Cnsl	Total Taxable	-	$656,596	$779,709	$865,432	$757,989	$3,059,726	115.44%
	Bonus	-	$161,656	$250,526	$345,978	$202,357	$960,517	125.18%
** Grand Total	Total Taxable	$3,586,426	$5,539,415	$6,184,018	$7,626,567	$8,466,589	$31,403,015	6.65%
	Bonus	$706,341	$1,501,821	$1,942,962	$3,442,026	$2,249,412	$9,842,562	19.71%
Bart Hove, Retired 2/1/18 *		$1,269,485	$1,314,710	$980,153	$0	$0	$3,564,348	-
Net Operating Profit / (LOSS)	Aggregated	-$9,276,302	$63,546,493	-$15,192,487	$267,219,000	-$135,262,000	$171,034,704	-

Source: IRS 990 Schedule J and
Financial Statements prepared by PYA, Ballad's auditor

Footnotes: * Calculations based on 4 years of data shown
** Excludes 2018 for Tim Belisle

Review of the above schedule reveals that the system realized more expenses than revenues (loss) in 3 of its 5 years since inception. The schedule also reveals that bonuses totaling in excess of $9.8 million and consistent salary increases were granted to executive management regardless of the system's financial performance, bonuses comprising anywhere from 28 - 33% of total compensation over the 5 years … the 33% being Ballad's President/CEO's totaling in close to of $4.5 million. It is quite unusual for a business to grant a bonus, let alone a significant portion of a person's total compensation, when the business shows a negative financial performance.

Could a source of those bonuses be the federal Covid relief funds intended to help distressed hospitals, including "non-profit hospital systems" like Ballad's receipt of $241,782,242 in 'relief' funds, struggle through hard times? In that the system had a significant loss in FY22, should any of that bonus be clawed back? Where is this entire issue of executive compensation addressed in the COPA?

Ballad relies heavily on government funding for its financial survival. About 65% of its total payor mix is funded by Medicare and Medicaid and about 4% of its aggregate

revenues were from government Covid relief funds for 3 of the past 5 years. Congress has increased its review of non-profit hospitals in the areas of defining reasonable amounts of charity care (addressed earlier in this report) and executive compensation, the latter focusing on private inurement. One of the tests for executive compensation reasonableness is a comparison of compensation with executives of similarly sized organizations in the same geographic area.

Below is a schedule portraying compensation of the President/CEO of Ballad Health compared with Ballad's peers based on percent of total system revenues and industry norms.

Hospital System CEO Compensations for 2021/2022

Name / Title	System	Location	Total System Revenue	CEO Taxable Compensation	Percent of Compensation to Revenue	Percent of Compensation to Industry Norms
Alan Levine / Pres & CEO	**Ballad Health**	**Johnson City, TN**	**$2,312,916,000**	**$4,323,372**	**0.19%**	**276%**
Dr Jeff Balser / CEO	Vanderbilt UMC	Nashville, TN	$6,340,868,000	$6,787,910	0.11%	**211%**
Jason Little / Pres & CEO	Baptist Memorial Health	Memphis, TN	$3,401,524,000	$2,916,928	0.09%	**207%**
Michael Ugwueke / Pres & CEO	Methodist Healthcare	Memphis, TN	$1,931,441,000	$2,268,402	0.12%	**161%**
Carl Armato / Pres & CEO	Novant Health	Winston Salem, NC	$7,396,146,000	$4,473,377	0.06%	**161%**
Barclay Berman / CEO	Texas Health Resources	Arlington, TX	$5,538,102,000	$3,637,626	0.07%	**131%**
Pres & CEO	UnityPoint Health	West Des Moines, IA	$4,858,490,000	$2,858,807	0.06%	**103%**
James VanderSteeg / Pres & CEO	Covenant Health	Knoxville, TN	$5,534,629,000	$2,333,514	0.04%	**84%**
Steven Arner / Pres & CEO	Carillion Clinic	Roanoke, VA	$2,203,408,000	$1,072,492	0.05%	**76%**

Sources: - hospital system audited financial statements
- most recently publicly posted IRS 990 forms
- Modern Healthcare published compensation surveys

Review of the above schedule reveals that Ballad tops the list with compensation greater as a percentage of system revenue than its peers. In recent SWVHA Board and Task Force meetings, it was noted that Ballad's quality was similar to Carilion's. With similar system revenues and quality performance, one might question why Ballad's President/CEO compensation as percent of system revenues and industry norms is nearly 4 times more than Carilion's.

POPULATION HEALTH

Ballad Health provided information comparing their service area counties with what was indicated in the COPA TOC to be their 'peer' counties in Tennessee. The Tennessee Peer Counties are Anderson, Cannon, Claiborne, Cumberland, Jefferson, McMinn, Marion, Monroe, Putnam, Roane, Sevier and White.

Two schedules comparing Ballad's COPA counties directly with its Peer counties appear below:

2022 updated Population Health Data Table (page 1 of 2)

	Health Status Measure	TN COPA Counties Value	TN Peer Counties[1] Value	Ballad COPA Counties vs Peer Counties
BIG FOUR / Behaviors				
	Tobacco Use	COPA	PEER	
	Smoking (*% of adults*)	23.5%	24.1%	**BETTER**
	Smoking among those with a high school education or more *(%)*	20.6%	20.7%	**BETTER**
	Mothers who smoke during pregnancy *(% of live births)*	17.7%	15.9%	**WORSE**
	Youth tobacco use *(% of high school students)*	5.7%	4.5%	**WORSE**
	Youth -ever tried cigarette smoking *(% of high school students)*	17.4%	15.6%	**WORSE**
	Youth electronic vapor product use (% *of high school students*)	14.7%	16.2%	**BETTER**
	Physical Activity	COPA	PEER	
	Physically active adults (*% of adults*)	67.3%	62.7%	**BETTER**
	Physically active students *(% of high school students)*	48.0%	45.6%	**BETTER**
	Obesity	COPA	PEER	
	Obesity (*% of adults*)	36.7%	36.8%	**BETTER**
	Obesity among those with a high school education or more (*% of adults*)	37.2%	36.6%	**WORSE**
	Overweight and obesity among TN public school students (*% of students in grades kindergarten, 2, 4, 6, 8, and one year of high school*)	41.6%	40.9%	**WORSE**
	Breastfeeding Measures	COPA	PEER	
	Average mPINC (Maternal Practices in Infant Nutrition and Care) score	79	64	**BETTER**
	Breastfeeding initiation *(% of live births)*	74.0%	75.8%	**WORSE**
	High School Student Healthy Eating	COPA	PEER	
	Fruit consumption among high school students (% *of high school students*)	88.8%	87.3%	**BETTER**
	Vegetable consumption among high school students (*% of high school students*)	83.5%	86.2%	**WORSE**
	Soda consumption among high school students (% *high school students*)	79.5%	77.9%	**WORSE**
	Substance Abuse	COPA	PEER	
	NAS (Neonatal Abstinence Syndrome) births (cases *per 1,000 live births*)	33.8	20.9	**WORSE**
	Drug deaths *(deaths per 100,000 population)*	51.0	65.3	**BETTER**
	Drug overdoses *(non-fatal overdoses per 100,000 population)*	321.9	420.8	**BETTER**
	Painkiller prescriptions (prescriptions *per 1,000 population*)	1,249.5	1,059.3	**WORSE**
	Prescription drugs among high school students (% *of high school students using prescription pain relievers not prescribed by the doctor)*	9.0%	10.6%	**BETTER**
	MME for Pain (*Total morphine milligram equivalents (MME) opioids for pain per capita)*	755.1	711.7	**WORSE**

2022 updated Population Health Data Table (page 2 of 2)

	Health Status Measure	TN COPA Counties Value	TN Peer Counties[1] Value	Ballad COPA Counties vs Peer Counties
IMMUNIZATIONS		COPA	PEER	
	On-time vaccinations – children *(% of children that are up-to-date on immunizations at the time of kindergarten entry).*	95.2%	94.2%	**BETTER**
	Entity participation in TennIIS *(# of active TennIIS entities)*	*424*	*364*	**BETTER**
	Vaccinations – HPV Females *(# of HPV shots administered for females aged 11 to 17 years, either quadrivalent or bivalent)*	*5502*	*4560*	**BETTER**
	Vaccinations – HPV Males *(# of HPV shots administered for males aged 11 to 17 years, either quadrivalent or bivalent)*	*5345*	*4417*	**BETTER**
	Vaccinations – Tdap *(# of Tdap shots administered for patients aged 11 to 17 years)*	*7025*	*6607*	**BETTER**
	Vaccination - Flu, Older Adults *(% adults aged 65+)*	68.1%	70.5%	**BETTER**
	Vaccinations - Flu, Adults *(% of adults)*	42.2%	43.2 %	**WORSE**
COMMUNITY / ENVIRONMENT		COPA	PEER	
	Teen births (births *per 1,000 females aged 15-19 years*)	22.3	24.8	**BETTER**
	Third Grade Reading	COPA	PEER	
	Third grade reading level (% of *3rd graders who score "on-track" or "mastered" on TNReady reading assessment*)	37.2%	33.9%	**BETTER**
	Third grade reading level - Higher density counties *(% of students)*	40.1%	35.6%	**BETTER**
	Third grade reading level - Lower density counties *(% of students)*	33.2	32.0	**BETTER**
	Oral Health	COPA	PEER	
	Fluoridated water *(% of population on community water systems receiving fluoridated water)*	92.4%	93.7%	**WORSE**
	Dental sealants – children *(% Medicaid enrollees aged 6–9 years)*	*12.3%*	*11.5%*	**BETTER**
	Dental sealants - adolescents *(% Medicaid enrollees aged 13-15 years)*	*7.0%*	*6.1%*	**BETTER**
OUTCOMES		COPA	PEER	
	Frequent mental distress *(% of adults)*	18.6%	18.9%	**BETTER**
	Frequent physical distress *(% of adults)*	18.4%	19.0%	**WORSE**
	Infant mortality *(deaths per 1,000 live births)*	6.2	4.3	**WORSE**
	Low birthweight *(% of live births)*	8.3%	8.5%	**BETTER**
	Child mortality *(deaths per 100,000 population for children aged 1-19 years)*	36.0	32.5	**WORSE**
	Cardiovascular deaths *(deaths per100,000 population)*	385.3	3285.9	**BETTER**
	Cancer deaths *(deaths per 100,000 population)*	269.6	268.1	**WORSE**
	Diabetes deaths *(deaths per 100,000 population)*	42.8	51.5	**BETTER**
	Suicide deaths *(deaths per 100,000 population)*	19.8	20.2	**BETTER**
	Premature death ratio *(ratio of deaths before age 75 per 100,000 population for higher to lower density counties)*	0.842	0.794	**WORSE**

Source: TDH 3/23 COPA Report

Review of the above schedules reveal that **39%** of the health status measures in Ballad's COPA counties are **worse** than those of its peer counties. Recall that Ballad Health has been in existence to address Population Health as a primary objective for more than 5 years. Believing that a positive score below 60% is failure, Ballad Health's positive score of 61%, just over that marker, is unsatisfactory.

ACCESS to HEALTH SERVICES

A key indicator of healthcare access is the extent to which patients are satisfied with their care. Below are schedules reporting results of Ballad Health's Patent Satisfaction surveys.

Ballad Health Patient Surveys - FY22 (page 1 of 2)

	Ballad Health FY21	Ballad Health FY22	CMS Baseline	Ballad FY22 Performance vs CMS Baseline
Patients who reported that their nurses "Always" communicated well	79.1%	74.7%	82.8%	FAIL
Patients who reported that their nurses "Usually" communicated well	14.0%	16.1%	13.6%	PASS
Patients who reported that their nurses "Sometimes" or "Never" communicated well	6.9%	9.1%	3.6%	FAIL
Patients who reported that their doctors "Always" communicated well	80.1%	75.6%	84.1%	FAIL
Patients who reported that their doctors "Usually" communicated well	11.0%	15.6%	11.9%	PASS
Patients who reported that their doctors "Sometimes" or "Never" communicated well	8.9%	8.8%	3.9%	FAIL
Patients who reported that they "Always" received help as soon as they wanted	66.9%	59.7%	72.8%	FAIL
Patients who reported that they "Usually" received help as soon as they wanted	19.0%	25.2%	20.6%	FAIL
Patients who reported that they "Sometimes" or "Never" received help as soon as they wanted	14.1%	15.2%	6.6%	FAIL
Patients who reported that staff "Always" explained about medicines before giving it to them	67.7%	57.9%	68.1%	FAIL
Patients who reported that staff "Usually" explained about medicines before giving it to them	14.6%	16.7%	15.9%	PASS
Patients who reported that staff "Sometimes" or "Never" explained about medicines before giving it to them	17.6%	25.4%	16.0%	FAIL
Patients who reported that their room and bathroom were "Always" clean	75.3%	61.7%	73.9%	FAIL
Patients who reported that their room and bathroom were "Usually" clean	13.8%	19.3%	17.2%	PASS
Patients who reported that their room and bathroom were "Sometimes" or "Never" clean	10.8%	19.0%	8.9%	FAIL

Source: Ballad Health Annual Report to TDH

Ballad Health Patient Surveys - FY22 (page 2 of 2)

	Ballad Health FY21	Ballad Health FY22	CMS Baseline	Ballad FY22 Performance vs CMS Baseline
Patients who reported that the area around their room was "Always" quiet at night	63.5%	58.6%	66.5%	FAIL
Patients who reported that the area around their room was "Usually" quiet at night	23.6%	28.6%	26.9%	FAIL
Patients who reported that the area around their room was "Sometimes" or "Never" quiet at night	12.9%	12.8%	6.6%	FAIL
Patients who reported that YES, they were given information about what to do during their recovery at home	85.6%	84.4%	87.2%	FAIL
Patients who reported that NO, they were not given information about what to do during their recovery at home	14.4%	15.6%	12.8%	FAIL
Patients who "Strongly Agree" they understood their care when they left the hospital	49.0%	46.2%	54.5%	FAIL
Patients who "Agree" they understood their care when they left the hospital	43.5%	46.5%	40.8%	PASS
Patients who "Disagree" or "Strongly Disagree" they understood their care when they left the hospital	7.5%	7.4%	4.8%	FAIL
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)	69.7%	61.4%	73.3%	FAIL
Patients who gave their hospital a rating of 7 or 8 on a scale from 0 (lowest) to 10 (highest)	16.9%	23.9%	18.9%	PASS
Patients who gave their hospital a rating of 6 or lower on a scale from 0 (lowest) to 10 (highest)	13.4%	14.7%	7.9%	FAIL
Patients who reported YES, they would definitely recommend the hospital	66.4%	61.6%	73.7%	FAIL
Patients who reported YES, they would probably recommend the hospital	22.9%	28.1%	21.5%	PASS
Patients who reported NO, they would probably not or definitely not recommend the hospital	10.7%	10.2%	4.8%	FAIL
SCORE	**21%**	**24%**		**FAIL**

Source: Ballad Health Annual Report to TDH

Review of the above schedules reveal that Ballad Health access, as defined by patient surveys, has achieved a positive satisfaction rating of only **24%** of CMS' benchmarks; **non-compliance on 76% of the patient survey result measures**. This does not bode positive for acceptable patient healthcare access; it constitutes failure.

OTHER (Primarily Quality of Care)

Patient Care Quality Measures

Ballad's COPA TOC stipulates a series of specific legally defined patient care quality measures for which Ballad is to report compliance. Below is a schedule comparing Ballad's performance for these measures relative to CMS benchmarks.

Ballad Health Patient Care Measures - FY22 (page 1 of 2)

Measures	Ballad Health FY21	Ballad Health FY22	CMS Baseline	Ballad FY22 Performance vs CMS Baseline
Colonoscopy Followup				
OP29 Avg Risk Polyp Surveillance	96.9%	97.0%	76.1	FAIL
Emergency Department Throughput				
ED1b ED Door to Transport for Admitted Patients	365.9	460.1	227.3	FAIL
ED2b ED Decision to Transport	161.3	217.6	69.0	FAIL
OP18b Avg time ED arrival to discharge	151.9	158.4	124.5	FAIL
OP22 Left without being seen	1.6%	2.5%	0.9%	FAIL
OP23 Head CT stroke patients	69.6%	65.0%	84.7%	FAIL
Preventive Care				
IMM3OP27 FACADHPCT HCW Influenza Vaccination	98.0%	98.5%	97.0%	PASS
Pregnancy & Delivery Care				
PC01 Elective Delivery	2.17%	6.77%	0.50%	FAIL
Surgical Complications Rate				
Hip and Knee Complications	0.00%	0.00%	0.03%	PASS
PSI 4 Deaths among Patients with Serious Treatable Complications after Surgery	182.3%	189.7%	140.6%	FAIL
PSI 90 Serious complications	0.95	0.95	0.83	FAIL

Source: Ballad Health Annual Report to TDH

Ballad Health Patient Care Measures - FY22 (page 2 of 2)

Measures	Ballad Health FY21	Ballad Health FY22	CMS Baseline	Ballad FY22 Performance vs CMS Baseline
Readmissions 30 Days Rate				
READM30 CABG Coronary artery bypass graft (CABG) surgery 30day readmission rate	13.6%	13.3%	12.9%	FAIL
READM30 COPD Chronic obstructive pulmonary disease 30day readmission rate	21.2%	19.9%	20.5%	PASS
READM30 HIPKNEE 30day readmission rate following elective THA / TKA	4.9%	5.3%	3.8%	FAIL
READM30 AMI Acute myocardial infarction (AMI) 30day readmission rate	13.6%	13.3%	12.9%	FAIL
READM30HF Heart Failure 30Day readmissions rate	23.32%	23.9%	21.79%	FAIL
READM30PN Pneumonia 30day readmission rate	18.5%	18.0%	17.7%	FAIL
READM30STK Stroke 30day readmission rate	6.9%	11.3%	8.2%	FAIL
READM30 HOSPWIDE 30day hospitalwide allcause unplanned readmission	6.20	14.3%	12.0%	FAIL
Mortality 30 Days Death Rate				
MORT30 CABG Coronary artery bypass graft surgery 30day mortality rate	2.9%	2.0%	2.0%	PASS
MORT30 COPD 30day mortality rate COPD patients	3.3%	6.6%	1.8%	FAIL
MORT30AMI Acute myocardial infarction (AMI) 30day mortality rate	6.2%	7.4%	4.7%	FAIL
MORT30HF Heart failure 30day mortality rate	4.1%	5.1%	3.9%	FAIL
MORT30PN Pneumonia 30day mortality rate	8.0%	7.4%	4.7%	FAIL
MORT30STK Stroke 30day mortality rate-	6.9%	7.3%	8.2%	PASS
SCORE	**44%**	**20%**		**FAIL**

Source: Ballad Health Annual Report to TDH

Review of the above schedule reveals that Ballad Health met or exceeded CMS benchmarks in **20%** of the measures; **non-compliance on 80% of the patient care quality measures**. This constitutes failure.

‘Target’ Quality Measures

The Ballad COPA TOC states that any underperforming Quality Monitoring Measure for more than one (1) year may be reclassified to a Target Quality Measure, as determined by the Department in its discretion. The TDH weights Target Quality Measures more heavily in compliance scoring as Ballad’s longevity increases.

Per the original COPA TOC, “the Target Quality Measures identify areas in which the New Health System should show improvement in quality outcomes. Target Quality Measures will be evaluated for the entire patient population and will not be restricted based on the patient’s payor status. Specifically, these Measures will not be limited to the Medicare population. For the first year of the Affiliation, the New Health System will be required to maintain performance on the Target Quality Measures. For each subsequent year, the New Health System will be **required** to improve performance on Target Quality Measures.”

Below is a schedule comparing Ballad’s performance for these measures relative to benchmarks for the first five (5) years since inception.

Ballad Health Target Quality Measures - FY22

Desired Performance	MEASURE	Ballad Health	New Baseline (Revised from CMS 2021)	Ballad Performance vs CMS Baseline
↓	PSI 3 Pressure sores	0.20	1.07	PASS
↓	PSI 6 Collapsed lung due to medical treatment	0.25	0.25	PASS
↓	PSI 8 Broken hip from a fall after surgery	0.03	0.06	PASS
↓	PSI 9 Perioperative Hemorrhage or Hematoma Rate	1.86	1.59	FAIL
↓	PSI 10 Postoperative Acute Kidney Injury Requiring Dialysis Rate	2.13	0.76	FAIL
↓	PSI 11 Postoperative Respiratory Failure Rate	12.88	9.24	FAIL
↓	PSI 12 Serious blood clots after surgery	4.86	3.31	FAIL
↓	PSI 13 Postoperative Sepsis Rate	5.06	3.58	FAIL
↓	PSI 14 A wound that splits open after surgery on the abdomen or pelvis	0.88	0.83	FAIL
↓	PSI 15 Accidental cuts and tears from medical treatment	0.290	1.180	PASS
↓	CLABSI NHSN Rate	1.336	0.711	FAIL
↓	CAUTI NHSN Rate	1.107	0.558	FAIL
↓	SSI COLON Surgical Site Infection NHSN Rate	2.14	2.13	FAIL
↓	SSI HYST Surgical Site Infection NHSN Rate	2.54	0.71	FAIL
↓	MRSA NHSN Rate	0.181	0.047	FAIL
↓	CDIFF NHSN Rate	0.182	0.671	PASS
↑	SMB: Sepsis Management Bundle	53.8%	56.9%	FAIL
	SCORE			29%

Source Ballad Health Annual Report to TDH

Review of the above schedule reveals that Ballad Health’s quality metrics continued to decline in FY22. Ballad Health met or exceeded the new revised benchmarks in **29%** of the measures; **non-compliance on 71% of the Target Quality Measures**. In FY23, Ballad Health met or exceeded the new revised benchmarks in **53%** of the measures; **non-compliance on 47% of the Target Quality Measures.**

Of particular note is the fact that over the past 5 years, the quality performance baseline metrics have changed. For example, the performance comparison baseline for Target Measures for FY22 was reset in May of 2021 using Premier, a national $18 billion conglomerate owned primarily by hospital systems providing group purchasing, technology, and advocacy, as its quality platform. This conversion enables Ballad to work with Premier to move the goal posts for all 2017 baselines. The baseline restructure was presented to the State and approved, with no local community input, as the official Ballad Health Baseline for Target Measures beginning with FY22.

Below is a schedule portraying changes to the quality performance baseline metrics over the past five (5) years.

Ballad Health Target Quality Baseline Measure Changes 2018 - 2022

Desired Performance	Measure	Benchmarks		
		2018 Initial	2022 Revised	Change from 2018 to 2022
Identified as of 2018				
↓	Pressure Ulcer Rate	0.71	1.07	LOWER
↓	Iatrogenic Pneumothorax Rate	0.38	0.25	LOWER
↓	In-Hospital Fall with Hip Fracture Rate	0.06	0.06	-
↓	Central Venous Catheter Related Blood Stream Infection Rate	0.15	DELETED	-
↓	PSI 09 Perioperative Hemorrhage or Hematoma Rate	4.15	1.59	LOWER
↓	PSI 10 Postoperative Physiologic and Metabolic Derangement Rate	1.00	0.76	LOWER
↓	PSI 11 Postoperative Respiratory Failure Rate	14.79	9.24	LOWER
↓	PSI 12 Perioperative Pulmonary Embolism or Deep Vein Thrombosis Rate	5.42	3.31	LOWER
↓	PSI 13 Postoperative Sepsis Rate	8.81	3.58	LOWER
↓	PSI 14 Postoperative Wound Dehiscence Rate	2.22	0.83	LOWER
↓	PSI 15 Unrecognized Abdominopelvic accidental Puncture/Laceration Rate	1.34	1.18	LOWER
↓	CLABSI	0.774	0.711	LOWER
↓	CAUTI	0.613	0.558	LOWER
↓	SSI	1.107	DELETED	-
↓	MRSA	0.040	0.047	HIGHER
↓	CDIFF	0.585	0.671	HIGHER
Added in 2019				
↓	SSI: COLON Surgical Site Infection	-	2.13	-
↓	SSI: HYST Surgical Site Infection	-	0.71	-
Added in 2020				
↑	SMB: Sepsis Management Bundle	-	56.9%	-

Source: Ballad Health Reports to TDH and VA State monitor

Review of the above schedule reveals that there were significant changes to Ballad Health's quality metric baselines over the past 5 years. Of the initial 16 measures, 11 were lowered, 2 were deleted, 2 were increased, and 1 remained unchanged. Since inception, 3 new measures were added. Most noteworthy is that all of those that were lowered were for clinical conditions with lower desired outcomes. Yet Ballad failed to achieve satisfactory performance.

QUALITY as MEASURED by NATIONALLY RECOGNIZED ORGANIZATIONS

CMS Star Ratings

The overall star rating for hospitals summarizes quality information on important topics, like readmissions and deaths after heart attacks or pneumonia. The overall rating, between 1 and 5 stars, summarizes a variety of measures across 5 areas of quality into a single star rating for each hospital. The 5 measure groups include Mortality, Safety of care, Readmission, Patient experience, and Timely and effective care. The overall rating shows how well each hospital performed on an identified set of quality measures compared to other hospitals in the U.S. The more stars, the better a hospital performed on the available quality measures.

In late July of 2023, CMS released its Overall Hospital Star ratings. Below is a schedule showing Ballad's hospital ratings as reported by CMS from 2016 (pre-merger) to 2023 (post-merger).

BALLAD HEALTH CMS QUALITY STAR RATINGS (2016 - 2023)

Pre-merger Legacy System	Facility	2016		2023		Change Since Merger
		CMS Stars	Letter Grade	CMS Stars	Letter Grade	
WELLMONT HEALTH SYSTEM						
	Bristol Regional Medical Center	3	C	1	F	WORSE
	Hawkins County Memorial hospital	4	B	N/A	-	-
	Holston Valley Medical Center	3	C	2	D	WORSE
	Lonesome Pine Hospital	3	C	3	C	SAME
	Average Score	3.25	C	2.00	D	WORSE
MOUNTAIN STATES HEALTH ALLIANCE						
	Franklin Woods Community Hospital	4	B	3	C	WORSE
	Greeneville Community Hospital East / Laughlin Memorial Hospital	3	C	2	D	WORSE
	Indian Path Community Hospital	3	C	4	B	BETTER
	Johnson City Medical Center	2	D	1	F	WORSE
	Johnston Memorial Hospital	3	C	2	D	WORSE
	Norton Community Hospital	4	B	N/A	-	-
	Russell County Hospital	3	C	1	F	WORSE
	Smyth County Community Hospital	3	C	5	A	BETTER
	Sycamore Shoals Hospital	4	B	4	B	SAME
	Unicoi County Hospital	3	C	N/A	-	-
	Average Score	3.20	C	2.75	D	WORSE
BALLAD HEALTH		3.22	C	2.55	D	WORSE

Source: https://www.cms.gov/Medicare/Quality-Initiatives-Patient Assessment-Instruments/HospitalQualityInits/HospitalCompare

Review of the above schedule reveals that 14 of Ballad's hospitals were rated by CMS pre-merger. In 2023, 11 Ballad hospitals were rated. Of those 11 rated by CMS, two were rated better post-merger than pre-merger, seven (a majority of 64%) were rated worse post -merger than they were pre-merger, two improved their ratings, and two stayed the same.

Of note is that three (27%) of Ballad's hospitals, including Ballad's flagship, Johnson City Medical Center (Ballad's only Level 1 Trauma Center), were rated with 1 Star (failure). The other two Ballad hospitals rated with 1 Star (failure) were Bristol Regional Medical Center and Russell County Hospital. In 2023, this places these three hospitals in the lowest 8% of hospitals rated in the country by CMS.

Below is a schedule showing Ballad's hospital ratings as reported by CMS from 2022 to 2023.

BALLAD HEALTH CMS QUALITY STAR RATINGS (2022 - 2023)

Pre-merger Legacy System	Facility	2022		2023		2022 - 2023 Change
		CMS Stars	Letter Grade	CMS Stars	Letter Grade	
WELLMONT HEALTH SYSTEM						
	Bristol Regional Medical Center	2	D	1	F	WORSE
	Hawkins County Memorial hospital	N/A	-	N/A	-	-
	Holston Valley Medical Center	2	D	2	D	SAME
	Lonesome Pine Hospital	3	C	3	C	SAME
	Average Score	2.33	D	2.00	D	WORSE
MOUNTAIN STATES HEALTH ALLIANCE						
	Franklin Woods Community Hospital	3	C	3	C	SAME
	Greeneville Community Hospital East / Laughlin Memorial Hospital	2	D	2	D	SAME
	Indian Path Community Hospital	4	B	4	B	SAME
	Johnson City Medical Center	1	F	1	F	SAME
	Johnston Memorial Hospital	3	C	2	D	WORSE
	Norton Community Hospital	N/A	-	N/A	-	-
	Russell County Hospital	2	D	1	F	WORSE
	Smyth County Community Hospital	5	A	5	A	SAME
	Sycamore Shoals Hospital	3	C	4	B	BETTER
	Unicoi County Hospital	4	B	N/A	-	-
	Average Score	3.00	C	2.75	C	WORSE
BALLAD HEALTH		2.83	C	2.55	C	WORSE

Source: https://www.cms.gov/Medicare/Quality-Initiatives-Patient Assessment-Instruments/HospitalQualityInits/HospitalCompare

Review of the above schedule reveals that the CMS Star rating of one hospital improved, seven stayed the same, and 3 rated worse. Two of the five rated worse received one Star (failure). It could be speculated that these worse ratings along with lack of improvement in the seven that stayed the same was a result of Covid. Such a hypothesis is not sensical in that 1) one of Ballad's hospitals showed improvement, and 2) Covid was a nationwide issue affecting all hospitals, so the weighting of CMS Stars would take that weighting into account.

It can only be logically concluded the benefits of the COPA do NOT outweigh the disadvantages that result from the loss of competition using an identified set of CMS measures compared to other hospitals in the U.S. Ballad's overall CMS hospital ratings were worse post-merger than the independent legacy systems' (WHS and MSHA) hospitals were pre-merger.

Leapfrog Hospital Safety Measures

Leapfrog is a nationally recognized organization that for over 20 years has collected, analyzed, and published health care data on safety, quality, and resource use to assist purchasers find high-value care and to empower people with the information they need to make better decisions. Below is a schedule showing Ballad's results for 2019 through spring of 2023.

BALLAD HEALTH LEAPFROG HOSPITAL SAFETY GRADES (2019 - 2023)

Pre-Merger Controlling Entity	Facility	2019	2020		2021		2022		2023	Change
			Spring	Fall	Spring	Fall	Spring	Fall	Spring	2019 - 2023
WELLMONT HEALTH SYSTEM										
	Bristol Regional Medical Center	C	C	D	D	D	D	D	C	-
	Hawkins County Memorial Hospital	B	-	-	-	-	-	-	-	-
	Holston Valley Medical Center	NG	NG	NG	C	D	C	C	C	-
	Lonesome Pine Hospital	C	B	A	C	B	NG	NG	C	-
MOUNTAIN STATES HEALTH ALLIANCE										
	Franklin Woods Community Hospital	C	B	B	C	C	B	B	B	BETTER
	Greeneville Community Hospital East ** (Laughlin Memorial Hospital)	B	NG	C	C	C	C	C	C	WORSE
	Indian Path Community Hospital	B	C	C	D	C	B	C	C	WORSE
	Johnson City Medical Center	C	D	D	C	C	C	C	D	WORSE
	Johnston Memorial Hospital	B	C	C	C	B	C	C	C	WORSE
	Norton Community Hospital	A	-	-	-	-	-	-	-	-
	Russell County Hospital	NG	NG	NG	NG	NG	NG	B	NG	-
	Smyth County Community Hospital	NG	NG	NG	NG	A	A	A	A	-
	SycamoreShoals Hospital	B	C	C	C	C	C	C	C	WORSE
	Unicoi County Hospital	C	-	-	-	-	NG	NG	NG	-
BALLAD HEALTH										
	Average Score									WORSE

Source: https://www.hospitalsafetygrade.org/search?findBy=state&zip_code=&city=&state_prov=TN&hospital=&rSort=distance

Review of the above schedule reveals that of the 11 Ballad hospitals graded in 2023, the safety and quality at 1 hospital improved but **became worse at five (5) hospitals**.

How do these grades compare nationally? Twenty-nine percent (29%) of hospitals received an "A," twenty-six percent (26%) received a "B," thirty-nine percent (39%) received a "C," six percent (6%) received a "D" and less than one percent (<1%) received an "F." Under Ballad's management, **JCMH (Ballad's 'flagship') digressed to a score of "D", ranking it among the lowest 7% of all hospitals reporting in the country**.

It can again be concluded in reviewing the above schedules that the quality and safety of Ballad's hospitals, as measured by quantified evaluations of nationally recognized organizations, has continually declined under Ballad's management.

Hospital System Peer Group Comparison

Ballad Health's COPA requires the Annual Report provide a comparison of similarly sized hospital systems using the following selection criteria, ranked by priority:

- Not-for-profit
- Net revenue
- Alignment with Premier (a GPO owned by participating hospital systems)
- Bed size and number of hospitals
- Rural hospitals and similar services
- Location – allows for travel to site visits
- EPIC electronic medical record
- Top performers

The six similarly sized hospital systems selected for inclusion in the Annual Report are Aurora Health, Baptist Memorial, Carillion Clinic, Mercy Health, Texas Health and UnityPoint Health. Of note, Mercy Health who merged with Bon Secours in 2018, now has a system of 38 hospitals.

New comparison organizations will be selected for next year in collaboration with Tennessee and Virginia as Ballad Health works with Premier to determine the appropriate health systems for comparison. Continually changing baselines creates difficulties in year-to-year comparisons. And could this pose a situation of the fox guarding the hen house as Premier is a national provider owned advocacy conglomerate?

Five of the six selected healthcare systems rank in the top 25 of the largest non-profit hospital systems in America. The sixth selection is a Virginia-based hospital system that meets most of the criteria, located close to Ballad. According to Ballad, having a Tennessee- and Virginia –based system was important in the selection process for comparisons and benchmarking purposes.

Schedules portraying similarly sized hospital group comparison of Patient Survey measures along with Clinical and Safety measures with Ballad Health for FY2020 appear below.

HOSPITAL SYSTEM PEER GROUP COMPARISON (page 1 of 2)

Patient Survey Measures	Ballad Health FY21	Ballad Health FY22	System Peer Group FY22	Ballad Health FY22 Performance vs Hospital System Peer Group
Patients who reported that they "Always" received help as soon as they wanted	72.1%	65.8%	64.3%	BETTER
Patients who reported that they "Usually" received help as soon as they wanted	19.8%	23.1%	25.8%	WORSE
Patients who reported that they "Sometimes" or "Never" received help as soon as they wanted	8.1%	11.1%	9.9%	WORSE
Patients who reported that staff "Always" explained about medicines before giving it to them	64.8%	61.9%	61.4%	BETTER
Patients who reported that staff "Usually" explained about medicines before giving it to them	16.2%	17.5%	18.8%	BETTER
Patients who reported that staff "Sometimes" or "Never" explained about medicines before giving it to them	19.0%	20.6%	19.9%	WORSE
Patients who reported that their room and bathroom were "Always" clean	76.4%	70.6%	72.1%	WORSE
Patients who reported that their room and bathroom were "Usually" clean	15.1%	17.3%	18.5%	BETTER
Patients who reported that their room and bathroom were "Sometimes" or "Never" clean	8.5%	12.2%	9.4%	WORSE
Patients who reported that the area around their room was "Always" quiet at night	64.8%	62.2%	61.9%	BETTER
Patients who reported that the area around their room was "Usually" quiet at night	27.2%	27.8%	29.3%	BETTER
Patients who reported that the area around their room was "Sometimes" or "Never" quiet at night	8.0%	10.1%	8.8%	WORSE
Patients who reported that YES, they were given information about what to do during their recovery at home	86.6%	85.4%	87.5%	WORSE
Patients who reported that NO, they were not given information about what to do during their recovery at home	13.4%	14.6%	12.5%	WORSE
Patients who reported that they "Always" received help as soon as they wanted	72.1%	65.8%	64.3%	BETTER
Patients who reported that they "Usually" received help as soon as they wanted	19.8%	23.1%	25.8%	BETTER
Patients who reported that they "Sometimes" or "Never" received help as soon as they wanted	8.1%	11.1%	9.9%	WORSE
Patients who reported that staff "Always" explained about medicines before giving it to them	64.8%	61.9%	61.4%	BETTER
Patients who reported that staff "Usually" explained about medicines before giving it to them	16.2%	17.5%	18.8%	BETTER
Patients who reported that staff "Sometimes" or "Never" explained about medicines before giving it to them	19.0%	20.6%	19.9%	WORSE
Patients who reported that their room and bathroom were "Always" clean	76.4%	70.6%	72.1%	WORSE
Patients who reported that their room and bathroom were "Usually" clean	15.1%	17.3%	18.5%	BETTER
Patients who reported that their room and bathroom were "Sometimes" or "Never" clean	8.5%	12.2%	9.4%	WORSE
Patients who reported that the area around their room was "Always" quiet at night	64.8%	62.2%	61.9%	BETTER
Patients who reported that the area around their room was "Usually" quiet at night	27.2%	27.8%	29.3%	BETTER
Patients who reported that the area around their room was "Sometimes" or "Never" quiet at night	8.0%	10.1%	8.8%	WORSE
Patients who reported that YES, they were given information about what to do during their recovery at home	86.6%	85.4%	87.5%	WORSE
Patients who reported that NO, they were not given information about what to do during their recovery at home	13.4%	14.6%	12.5%	WORSE
SCORE	**46%**	**46%**		**WORSE**

Source: Ballad Health Annual Report to TDH

HOSPITAL SYSTEM PEER GROUP COMPARISON (page 2 of 2)

Clinical and Safety Measures	Ballad Health FY21	Ballad Health FY22	System Peer Group FY22	Ballad Health FY22 Performance vs Hospital System Peer Group
IMM2 Immunization for Influenza	98.4%	90.5%	86.6%	BETTER
PC01 Elective Delivery	2.56%	2.6%	1.9%	WORSE
Hip and Knee Complications	2.40	0.02	0.02	BETTER
PSI 4 Deaths among Patients with Serious Treatable Complications after Surgery	177.7	173.6	170.5	WORSE
PSI 90 Serious complications	0.99	0.97	0.96	WORSE
READM30 CABG Coronary artery bypass graft (CABG) surgery 30day	12.57%	12.2%	11.6%	WORSE
READM30 COPD Chronic obstructive pulm disease 30day readmit rate	19.63%	19.7%	19.7%	SAME
READM30 HIPKNEE 30day readmission rate following elective THA / TKA	4.01%	4.3%	4.0%	WORSE
READM30 AMI Acute myocardial infarction (AMI) 30day readmission rate	16.48%	15.8%	15.0%	WORSE
READM30HF Heart Failure 30Day readmissions rate	23.32%	22.4%	21.0%	WORSE
READM30 HOSPWIDE 30day hospitalwide allcause unplanned readmission	15.88%	15.6%	16.6%	BETTER
MORT30 CABG Coronary artery bypass graft surgery 30day mortality rate	3.7%	3.5%	3.1%	WORSE
MORT30 COPD 30day mortality rate COPD patients	8.7%	8.9%	8.6%	WORSE
MORT30AMI Acute myocardial infarction (AMI) 30day mortality rate	12.4%	13.1%	12.5%	WORSE
MORT30HF Heart failure 30day mortality rate	11.6%	12.7%	11.9%	WORSE
READM30 HOSPWIDE 30day hospital wide all-cause unplanned readmission	15.88%	15.6%	16.6%	BETTER
OP8- MRI Lumbar Spine for Low Back Pain	38.1	0.53	0.48	WORSE
OP13- Outpatients who got cardiac imaging stress tests before low-risk OPS	4.0	0.04	0.03	WORSE
PSI 3 Pressure sores	0.780	0.59	0.50	WORSE
PSI 6 Collapsed lung due to medical treatment	0.248	0.23	0.22	WORSE
PSI 8 Broken hip from a fall after surgery	0.115	0.10	0.09	WORSE
PSI 9 Perioperative Hemorrhage or Hematoma Rate	2.426	2.35	2.59	BETTER
PSI 10 Postoperative Acute Kidney Injury Requiring Dialysis Rate	1.450	1.54	1.55	BETTER
PSI 11 Postoperative Respiratory Failure Rate	7.325	5.27	5.69	BETTER
PSI 12 Serious blood clots after surgery	3.813	3.35	3.48	BETTER
PSI 13 Postoperative Sepsis Rate	4.885	5.06	4.84	WORSE
PSI 14 A wound that splits open after surgery on the abdomen or pelvis	0.964	0.94	0.86	WORSE
PSI 15 Accidental cuts and tears from medical treatment	1.111	1.12	1.26	BETTER
CLABSI NHSN Rate	0.551	1.261	0.912	WORSE
CAUTI NHSN Rate	0.806	1.043	0.915	WORSE
SCORE	**32%**	**30%**		**FAIL**

Source: Ballad Health Annual Report TDH

Review of the above schedules reveals that 54% (more than half) of Ballad's patent survey results were worse than those of similarly sized hospital systems, and 68% (more than two thirds) of Ballad's clinical and safety measures were worse than those of similarly sized hospital systems. Performance below the average of one's self-selected peers is unsatisfactory if not outright failure.

It is important to note that although established in the COPA's Terms of Certification section 4.02(c) (ii), Exhibit G, as being a required component of every Annual Report, this report was excluded from Ballad Health's FY2021 Annual Report. Such exclusion was not mentioned in the TN COPA Monitor's Report to the TDH.

SUMMARY & CONCLUSION

A recap of much of the above analysis is captured in the schedule below.

Ballad Health COPA Performance Summary for FY22

CATEGORY	MEASURE	SCORE	GRADE
Economics			
	Financial Health	-$135,262,000	unsatisfactory
	Monetary Commitments	-$31,333,000	Fail
	Charity Care	-$39,299,510	Fail
	Resource Allocation	-	unsatisfactory
Population Health Improvement			
	Peer Counties	61%	unsatisfactory
Access to Health Services			
	Patient Surveys	24%	Fail
Other (primarily quality of care)			
	Patent Care Quality Measures	20%	Fail
	Target Quality Measures	29%	unsatisfactory
	LeapFrog Safety Grades	C	satisfactory
	CMS Star Ratings	D	unsatisfactory
	Peer System Patient Surveys	46%	unsatisfactory
	Peer System Clinical Measures	30%	Fail
OVERALL PERFORMANCE			FAIL

A **Certificate of Public Advantage (COPA)** is the written approval by the Tennessee Department of Health (TDH) that governs a Cooperative Agreement (a merger) among two or more hospitals. A COPA provides state action immunity to the hospitals from state and federal antitrust laws by **replacing competition with state regulation and Active Supervision**. The goal of the COPA process is to protect the interests of the public in the region affected and the State. TDH has the authority to issue a COPA if applicants pursuing a COPA demonstrate that the **likely benefits** of the proposed Cooperative Agreement **outweigh the likely disadvantages** that would result from the loss of competition.

Continued review and analysis of publicly available documents leads to the conclusion that Ballad Health has not complied with nor is it capable of future compliance with the intent of the COPA. Ballad's performance as a hospital system has **not** demonstrated that the **benefits** of the COPA **outweigh the disadvantages** that would result from the loss

of competition. Ballad's performance been demonstrated to be sub-par and the system's position for future COPA compliance as a monopoly is highly doubtful in light of its worsening financial and quality performance.

The COPA should be revoked and Tennessee's Certificate-of-Need legislation repealed to allow new innovative healthcare delivery models and free market competition to successfully improve the populations' health of the community living in the geographical areas supposedly served by Ballad.

The COPA states that the TDH will consider the Index score; Ballad Health's degree of compliance with the TOC; Ballad Health's performance trends; and other factors to make an annual determination of the ongoing public advantage of Ballad Health to the Northeast Tennessee and Southwest Virginia regions. It appears that the TDH frequently moves the goal posts to Ballad's advantage without so much as notifying and seeking public input every time there's an issue with Ballad's satisfying a condition stipulated in the initial COPA. This has resulted in recurring "approvals" such as the one posted in the March, 2023 TDH Ballad COPA Annual Report stating:

"It is the Tennessee Department of Health's determination that the Ballad Health COPA continues to provide a Public Advantage."

The COPA TOC defines "Active Supervision" as the ongoing process of the Department, the AG, and their respective appointed agents and independent contractors of (a) **evaluating and determining** whether the New Health System's operations continue to result in Public Advantage, and (b) **enforcing the COPA**, these Terms of Certification and all other Terms and Conditions.

The information presented above clearly demonstrates findings and conclusions to the contrary. It's unclear as to how the TDH and its Ballad monitor arrive at their continuous positive conclusions and decisions in addition to continually moving the goal posts. Perhaps there's a need to add significant transparency to the process, allow for continual public input, closely monitor the state's monitors and decision influencers, and begin to **enforce the COPA's** Terms and Conditions to ensure accountability to the community.

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AWH.8/1/23