



**STATE OF TENNESSEE
DEPARTMENT OF HEALTH**

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COMMISSIONER

May 5, 2023

Mr. Alan Levine
Chairman, President and Chief Executive Officer
Ballad Health
303 Med Tech Parkway, Suite 300
Johnson City, TN 37604

RE: Ballad Health's ("Ballad") request to consolidate the Intensive Care Unit ("ICU") and Progressive Care Unit ("PCU") at Sycamore Shoals Hospital into Johnson City Medical Center

Mr. Levine,

This is in response to your letter dated December 8, 2022 giving the Tennessee Department of Health ("TDH") notice of the proposed consolidation of both the ICU and PCU at Sycamore Shoals Hospital into Johnson City Medical Center ("Consolidation Letter"). Subsequently, TDH requested at least two rounds of additional information from Ballad, which Ballad has furnished, and TDH appreciates receiving. Finally, in recent email communication, Ballad has informed TDH that following a meeting Ballad held with members of the nursing staff at Sycamore Shoals Hospital, all employed ICU nurses have submitted their resignations, leaving Ballad in the position that it must rely solely on contract labor to staff the ICU at Sycamore Shoals Hospital after a date in early May.

The Consolidation Letter references Section 4.03(c)(i) of the Third Amended and Restated Terms of Certification, dated July 1, 2022 ("TOC"), which requires Ballad to give TDH ninety (90) days prior notice of any proposed deletion or repurposing of any service line at a hospital supervised by TDH. The section further lists several factors TDH may consider in determining whether the proposed action will have a negative impact on the Public Advantage found under the Certificate of Public Advantage ("COPA") issued by TDH to Ballad. Finally, the section stipulates that the proposed action will not be taken if TDH withholds its consent, which TDH shall not unreasonably withhold or delay.

TDH notes no services are being discontinued absolutely but that both ICU and PCU services will remain available to patients and citizens that formerly received such services at Sycamore Shoals Hospital, albeit some nine (9) miles away at Johnson City Medical Center (JCMC). Further, the Consolidation Letter states that given the proximity, and larger physical bed capacity, JCMC will be able to staff to an increase in ICU and PCU census and do so with more efficient use of limited staffing resources. The Consolidation Letter also assures us that the proposed consolidation will not disrupt any other services currently provided at Sycamore Shoals Hospital. Finally, the Consolidation Letter recounts that staffing at Sycamore Shoals Hospital has been difficult, and Ballad has been forced to rely upon expensive contract labor. The proposed consolidation will reduce cost of care by reducing this reliance. This staffing difficulty has been heightened by the recent departure of employed ICU nurses. Additionally, the Consolidation Letter states that Ballad intends to ensure all affected employees will retain employment either at Sycamore Shoals Hospital in other roles or at JCMC in the ICU or PCU.

While consolidation of the services lines to JCMC may add some burden of travel to certain patients and employees, the potential negative impacts of the proposed consolidation, balanced against the potential positive impacts, do not outweigh the Public Advantage required under the COPA. Therefore, based upon good cause

shown by the totality of the information provided to TDH, **I consent to the request to consolidate the ICU and PCU at Sycamore Shoals Hospital into JCMC at the earliest date consistent with patient safety, highest patient care and due consideration of the needs of staff at Sycamore Shoals Hospital.**

Thank you for your continuing efforts to proactively find solutions to problems that threaten the continuation of quality care delivery. While TDH takes our supervision role under the COPA very seriously, we also see ourselves as partners with Ballad in working through the various issues that will invariably arise in this unprecedented process. Ballad's success is imperative to the residents of Northeast Tennessee and Southwest Virginia, and we want to do our part to help make that success possible.

Please let my staff know if you have any additional questions or need further clarification.

Sincerely,



Ralph Alvarado, MD, FACP
Commissioner

cc: Julie Bennett, Chief Legal Officer
Ballad Health

Marvin Eichorn, EVP, Chief Administrative Officer
Ballad Health

Karen Seiden, COPA Compliance Officer
Ballad Health

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