

SUPPLEMENT TO RESPONSES TO QUESTIONS
SUBMITTED APRIL 22, 2016
BY
TENNESSEE DEPARTMENT OF HEALTH
IN CONNECTION WITH
APPLICATION FOR A CERTIFICATE OF PUBLIC ADVANTAGE

Submitted by: Mountain States Health Alliance
Wellmont Health System

Date: July 25, 2016

Additional Request from the Department of Health
Submitted April 22, 2016

Mountain States Health Alliance and Wellmont Health System Response

I. INCOMPLETE (1)

a. Services Offered by Other Providers

Tenn. Comp. R. & Regs. 1200-38-01-. 02(2)(a)8

Revise the lists of services and products in Application Section 11, Exhibit 6, and Addendum #1 Section 3 to reflect the following changes:

iii. **Provide information on the structure of physician practices to calculate the appropriate market share.¹**

RESPONSE: Information on the structure of physician practices is attached as Exhibit 3. The Parties have attempted to identify physicians by employment status (employed versus independent), and to aggregate physicians into their relevant practice groups. The Parties reiterate the difficulty calculating data for independent physicians:

- There is little publicly reported, and therefore available, data for outpatient services. Inpatient volumes are reported to the Tennessee Hospital Association for purposes of market share calculation, but the calculation of comparable market share measures for physician practice volumes is not possible because those volumes are not uniformly reported to an independent resource.
- The geographic scope of service for many physician specialties goes well beyond counties and prescribed geographic areas. For example, some advanced specialties may serve very broad service areas, and patients may travel out of the area to see specialists for services that could be obtained in locations near the Parties' three tertiary facilities. As a result, shares at the county level, or even at the service area level, may overstate concentration and competitive concerns.

As a result, share data in Exhibit 3 are provided based on counts of physicians, and allocating physicians to independent groups, which account for a large proportion of physicians in the Geographic Service Area. The Parties have made their best efforts to calculate independent physician services based on the limited publicly available data and their general industry knowledge of the region's health care providers.

Since the time the Application was submitted in February to today, a number of Wellmont employed and MSHA employed and affiliated physicians have been

¹ The market power of a single physician is not equal to the bargaining power of a physician group. Therefore, in Exhibit 6.1-E, the number of physician groups and their size (i.e. number of doctors) by specialty and county is required.

hired, have left employment, and have retired. The information included in Exhibit 3 reflects the most current information available to the Parties. To reflect the changes in employment and affiliation that have occurred since February, the Parties have included in this Response an updated Exhibit 6.1E to the original Application for reference.

INDEX OF DOCUMENTS:

- Exhibit 3 - Information on the Structure of Physician Practices

REPLACEMENT OF EXHIBIT 6.1 (SECTION E) TO ORIGINAL APPLICATION DATED FEBRUARY 16, 2016

The Parties submit attached **Application Exhibit 6.1 (Section E)** as a replacement for **Application Exhibit 6.1 (Section E)** submitted with the original Application on February 16, 2016. The updates reflect the changes in employment and affiliation of physicians with Wellmont and Mountain States since February 2016 and the Parties' ongoing efforts to calculate physician data as accurately as possible.

INDEX OF DOCUMENTS:

- Updated Exhibit 6.1E to the Original COPA Application Dated February 16, 2016

Exhibit 3
Information on the Structure of Physician Practices

Exhibit 3A. Number of Providers by Practice Group for Wellmont and Mountain States

Group	WHS Employed	MSHA Employed	MSHA Affiliated*	MSHA Total	County or Counties
WELLMONT MEDICAL ASSOCIATES	269				Hawkins, Sullivan and Washington in Tennessee and Bristol, Lee, Norton City, Russell, Washington, and Wise in Virginia
WELLMONT CARDIOLOGY SERVICES	71				Carter, Greene, Hawkins, Sullivan and Washington in Tennessee and Russell, Washington, and Wythe in Virginia
MOUNTAIN STATES MEDICAL GROUP		296	58	354	Carter, Johnson, Sullivan, Unicoi, Washington in Tennessee and Russell, Smythe, Washington, Wise, and Wythe in Virginia
ABINGDON PHYSICIAN PARTNERS		2	20	22	Washington in Virginia
NORTON COMMUNITY PHYSICIAN SERVICES		1	20	21	Dickenson and Wise in Virginia

*Mountain States Affiliated physicians are those physicians who are not employed by Mountain States but who do provide services to Mountain States through a contractual arrangement. To be conservative, these physicians are counted along with the Mountain States employed physicians in assessing the "overlap" between Mountain States and Wellmont.

Exhibit 3B. Number of Providers by Practice Group for Independent Groups

Group Name	Number of Physicians	County or Counties*
ETSU PHYSICIANS & ASSOCIATES	100 or more	Carter, Hancock, Sullivan, and Washington in Tennessee
HOLSTON MEDICAL GROUP	100 or more	Hawkins and Sullivan in Tennessee and Scott and Washington in Virginia
APPALACHIAN EMERGENCY PHYSICIANS	100 or more	Carter and Washington in Tennessee
STATE OF FRANKLIN HEALTHCARE ASSOCIATES	50-99	Carter and Washington in Tennessee
INPATIENT CONSULTANTS OF TENNESSEE	50-99	Knox and Washington in Tennessee and Washington in Virginia
MEDICAL CARE PLLC	26-49	Carter and Washington in Tennessee
VALLEY EMERGENCY PHYSICIANS	26-49	Smyth and Washington in Virginia
NORTHEAST TN EMERGENCY PHYSICIANS	26-49	Hancock, Hawkins, and Sullivan in Tennessee and Norton City and Wise in Virginia
BLUE RIDGE RADIOLOGY	26-49	Sullivan in Tennessee
HEALTHSTAR PHYSICIANS	26-49	Cocke, Hamblen, Jefferson, and Knox in Tennessee
APPALACHIAN ORTHOPEDICS ASSOCIATES PC	10-25	Washington in Tennessee
APPALACHIAN ORTHOPEDICS OF KINGSFORT	10-25	Sullivan in Tennessee
MOUNTAIN EMPIRE RADIOLOGY PC	10-25	Washington in Tennessee
WATAUGA ORTHOPEDICS PLC	10-25	Sullivan and Washington in Tennessee
CLINCH VALLEY PHYSICIANS INC	10-25	Tazewell in Virginia
EAST TENNESSEE BRAIN AND SPINE CENTER	10-25	Sullivan and Washington in Tennessee
GASTROENTEROLOGY ASSOCIATES	10-25	Sullivan in Tennessee and Washington and Wise in Virginia
MOUNTAIN REGION FAMILY MEDICINE	10-25	Sullivan in Tennessee and Scott in Virginia
DERMATOLOGY ASSOCIATES	10-25	Sullivan and Washington in Tennessee
MORRISTOWN-HAMBLEN HEALTH SYSTEM	10-25	Hamblen in Tennessee
BRISTOL ANESTHESIA SERVICES	10-25	Sullivan in Tennessee
CLINCH VALLEY MEDICAL CENTER	10-25	Tazewell in Virginia
ANESTHESIA AND PAIN CONSULTANTS	10-25	Washington in Tennessee
CLINCH VALLEY PHYSICIANS	10-25	Tazewell in Virginia
WATAUGA PATHOLOGY ASSOCIATES	10-25	Washington in Tennessee

Group Name	Number of Physicians	County or Counties*
WYTHE COUNTY COMMUNITY HOSPITAL	10-25	Wythe in Virginia
HIGHLANDS PATHOLOGY	10-25	Sullivan in Tennessee
52 INDEPENDENT GROUPS	5-9	Multiple Counties
416 INDEPENDENT GROUPS	1-4	Multiple Counties
185 PHYSICIANS WITH UNKNOWN AFFILIATION	1	Multiple Counties

Note: A large number of physicians had no known practice group affiliation; these are shown as one entry with "UNKNOWN GROUP."

* Counties are based on the locations identified by each practice's website. In some cases, these counties may only reflect the office address or billing address of the practice which does not account for outreach and/or facility credentialing. This is particularly true for hospital-based practices.

Updated Exhibit 6.1E
Physician Status by Specialty/Employment as of July 1, 2016

Data were developed by specialty to identify physicians employed by Wellmont, employed by Mountain States (or affiliated with Mountain States) and independent physicians. Data on independent physicians were developed using names and specialties for physicians with admitting privileges at Wellmont and/or Mountain States hospitals. The Overlap Flag identifies specialties in which both systems employed physicians.

Specialty*	Overlap Flag	Total	Independent	Wellmont	Mountain States	Mountain States Affiliated**
Grand Total (Overlap/Non-Overlap)		2,913	74.7%	11.7%	10.3%	3.4%
ORTHOPEDECS	X	135	85.9%	1.5%	11.1%	1.5%
OTHER SPECIALTIES	X	269	85.1%	6.7%	6.7%	1.5%
PEDIATRICS & NEONATOLOGY	X	177	84.7%	3.4%	4.0%	7.9%
OBSTETRICS & GYNECOLOGY	X	116	80.2%	5.2%	11.2%	3.4%
PRIMARY CARE	X	794	77.3%	15.9%	4.4%	2.4%
NEUROSCIENCES	X	73	76.7%	6.8%	12.3%	4.1%
GENERAL SURGERY	X	115	70.4%	3.5%	12.2%	13.9%
ENDOCRINOLOGY, DIABETES & METABOLISM	X	13	69.2%	23.1%	7.7%	0.0%
PSYCHIATRY, PSYCHOLOGY & SOCIAL SERVICES	X	80	66.3%	8.7%	22.5%	2.5%
HOSPITALIST	X	275	53.1%	17.1%	25.5%	4.4%
ONCOLOGY & HEMATOLOGY	X	76	51.3%	27.6%	10.5%	10.5%
PULMONOLOGY	X	44	43.2%	38.6%	11.4%	6.8%
URGENT CARE	X	104	36.5%	6.7%	49.0%	7.7%
CARDIOVASCULAR	X	146	34.2%	47.3%	17.8%	0.7%
RADIOLOGY		74	100.0%	0.0%	0.0%	0.0%
RHEUMATOLOGY		16	100.0%	0.0%	0.0%	0.0%
PATHOLOGY & LABORATORY MEDICINE		31	100.0%	0.0%	0.0%	0.0%
EMERGENCY MEDICINE		236	98.3%	0.0%	0.8%	0.8%
ENT		25	96.0%	4.0%	0.0%	0.0%
GASTROENTEROLOGY		55	94.5%	0.0%	5.5%	0.0%
NEPHROLOGY		16	93.8%	0.0%	6.3%	0.0%
PHYSICAL MEDICINE & REHABILITATION		14	92.9%	7.1%	0.0%	0.0%
UROLOGY		29	89.7%	0.0%	10.3%	0.0%

* The Specialty categories included in this table may differ slightly from those included in the original COPA application. The information available to the parties on employed, affiliated and independent physicians in the area utilize different categories of specialties (e.g. Family Medicine may be a specialty category in one list and Primary Care may be a specialty category in another list). The individual categories were aggregated to ensure specialties from various data sources could be combined to provide shares.

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