

Tennessee Department of Health Public Hearing

Regarding the Application for the Issuance  
of a Certificate of Public Advantage,  
Submitted February 16, 2016, by Mountain States  
Health Alliance and Wellmont Health System

Pursuant to T.C.A. 68-11-1303 and  
Tenn. R. & Regs. 1200-38-01-.04

Commissioner: John Dreyzehner, MD, MPH, FACOEM  
Hearing Officer: Jeff Ockerman, Division of Health Planning  
General Counsel: Jane Young, Tennessee Department of Health

Taken At: Northeast State Community College Auditorium  
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Reported by: Deborah Todd, Licensed Court Reporter

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1 Proceedings

2 **Commissioner Dreyzehner:** Well, good evening.  
3 Welcome. I appreciate everybody being here. My  
4 name is John Dreyzehner. I am a physician and I am  
5 the Commissioner of Health in Tennessee. With me  
6 today are Mr. Jeff Ockerman to my right, our  
7 Director of Health Planning, and Jeff will also  
8 serve as the hearing officer for this evening. And  
9 to my left is Ms. Jane Young, who is General Counsel  
10 for the Department of Health. So we are here today  
11 to give people in Tennessee an opportunity to weigh  
12 in on the future of health and healthcare in our  
13 state.

14 There's a proposed merger of systems in  
15 Northeast Tennessee and Southwest Virginia which is  
16 precedent setting. It's a big decision and it's not  
17 just a decision for the region, it's a decision for  
18 our whole state. It is the Department's  
19 responsibility by law to ensure that the proposal  
20 would meet a standard of clear and convincing  
21 evidence to provide a public health benefit to the  
22 citizens of the region and all of Tennessee.

23 The COPA process is important to the  
24 citizens of Tennessee and this region and the  
25 department is working diligently to fulfil its

1 responsibilities in a timely manner and to be  
2 transparent and responsive in the process. These  
3 hearings are a part of an important ongoing  
4 conversation with key stakeholders like you so that  
5 there are a number of ways for people to provide  
6 input.

7 This is our sixth public hearing. We've  
8 also provided the ability for people to provide  
9 comments to us online and that is ongoing through  
10 the Department of Health's website. You can reach  
11 that by searching tennesseehealth.gov. The deadline  
12 for a decision on the Certificate of Public  
13 Advantage is now September 19th, 2017.

14 So with that, I want to thank you again  
15 for being here. We have a number of people that  
16 have signed up for comments. If you wish to  
17 comment, please -- please do sign in. And I'm going  
18 to turn the microphone over now to Jeff Ockerman as  
19 hearing officer. Thanks again.

20 **Hearing Officer Ockerman:** Thank you very much, Dr.  
21 Dreyzehner. And we will go ahead and get started.  
22 We are giving each of you three minutes, which is  
23 what we've done in all of our other public hearings.  
24 And I've got some nice little sheets here that -- to  
25 help keep us all on track. And so just in order of





1 rigor is exactly what is needed to make this  
2 critical decision.

3 Under the Tennessee COPA statute the  
4 applicants have the burden of demonstrating that the  
5 advantages of a COPA outweigh its disadvantages and  
6 they -- they must do this on a clear and convincing  
7 basis, which is a very demanding standard. Under  
8 the law there must not be any serious doubt about  
9 the conclusion the Department reaches.

10 Despite the lengthy review process and the  
11 materials that the health systems have submitted  
12 both initially and in their subsequent applications,  
13 they have not met this tough burden. Their  
14 application should be denied.

15 Let me just briefly mention several  
16 reasons why. First, the disadvantage of the COPA  
17 due to the loss in competition is immense. We rely  
18 on competition in healthcare for many things. One  
19 goal is to guard against monopoly prices, but also  
20 competition assures that patients will have access  
21 to care at convenient locations of high quality care  
22 and they'll have good patient experiences. These  
23 are things that are hard to regulate.

24 Where there is competitions patients and  
25 health plans have alternatives to go to and that

1 possibility ensures that providers will be  
2 responsive to their customers. If approved, the  
3 COPA will essentially eliminate any alternative in  
4 13 counties in Northeast Tennessee and Southwest  
5 Virginia. The merged health system will be a  
6 monopoly and the only choice for people in this  
7 region.

8 Second, many of the claimed benefits are  
9 unsubstantiated and this is despite the supplemental  
10 applications. For some of the claimed benefits the  
11 COPA application provides only vague descriptions;  
12 for others the goals the health systems have set for  
13 themselves are little more than what they already  
14 are achieving now without a merger.

15 Third, the health systems have other  
16 alternatives to this merger. Neither health system  
17 is failing, as the previous speaker just mentioned,  
18 and as shown by their recent financials. Many  
19 initiatives that they -- that involve training,  
20 public health, research and efforts to reduce costs  
21 raise no anti-trust concerns and there's no need for  
22 an anti-trust immunity. Other initiatives such as  
23 shared clinical service lines also can be done in  
24 ways that can pass anti-trust scrutiny and will not  
25 result in a total loss of competition.



1                   Fourth, finally, the parties' commitments  
2                   are insufficient and there is significant risk they  
3                   may not be met. For example, one of the key  
4                   commitments of the rate cap could result in higher  
5                   healthcare spending and fails to protect consumers  
6                   adequately.

7                   And overall I wanted to emphasize this:  
8                   The -- the parties' commitments require them to do  
9                   three things simultaneously. They would like to  
10                  make major new investments in new services and  
11                  programs; they won't raise prices; and they won't  
12                  reduce services or employment. And it's really hard  
13                  to square those three things. And while they sound  
14                  good in the abstract, we're very concerned that as a  
15                  practical matter they can't be met, and then what?  
16                  Potential remedies and unwinding would very  
17                  difficult, if not impossible.

18                 **Hearing Officer Ockerman:** Thank you, Mr.  
19                 Leibenluft.

20                 **Mr. Leibenluft:** In conclusion, we urge you to deny  
21                 the COPA application. Thank you.

22                 **Hearing Officer Ockerman:** If you have a written  
23                 statement, please feel free...

24                 **Mr. Leibenluft:** We do and...

25                 **Hearing Officer Ockerman:** ...to give it to us.



1 vision for the continued improvement in the quality  
2 of healthcare services, access to care, and the  
3 healthy outcomes that we strive for in our  
4 community. We at the university are vested in this  
5 local commitment to improving the lives in our  
6 region.

7 Individually Wellmont and Mountain States  
8 are limited in the investments they can make to our  
9 programs on an individual basis. One example is the  
10 university's medical residency training programs, an  
11 expensive commitment by our partners. Even with the  
12 federal government providing assistance to fund a  
13 certain number of residency slots at hospitals, we  
14 have relied on Mountain States and Wellmont to fund  
15 additional slots over and above what Medicare will  
16 reimburse. These training positions are critical in  
17 both terms of healthcare delivery and workforce  
18 development for the region.

19 In recent years our partners have been  
20 forced to cut the number of residency slots they can  
21 fund. If no action is taken, we can see further  
22 cuts to these slots. The -- these cuts will  
23 seriously impair our ability to provide central  
24 medical training programs for our region, and this  
25 is but one example.

1                   With the Certificate of Public Advantage  
2 synergies afford the opportunities to develop and  
3 grow academic and research opportunities, support  
4 and expand postgraduate healthcare training,  
5 strengthen the pipeline in preparation of nurses and  
6 allied health professionals and to create new  
7 specialty fellowship opportunities. As a proud  
8 alumnus of the Quillen College of Medicine, I am  
9 privileged to live here in this region working with  
10 our partners at Mountain States and Wellmont in  
11 making a difference in our community.

12                   On behalf of ETSU, thank you for the  
13 opportunity to provide these supportive comments for  
14 the cooperative agreement submitted by our partners.

15 **Commissioner Dreyzehner:** Thank you.

16 **Hearing Officer Ockerman:** Thank you. Nancy  
17 Barker.

18                   \*\*\*

19 **Ms. Barker:** Good afternoon. Thank you all for  
20 giving me this opportunity. I'm the -- my name is  
21 Nancy Barker, B-a-r-k-e-r. I'm the Executive  
22 Director of the Rogersville Hawkins County Chamber  
23 of Commerce and we're pleased to have the Hawkins  
24 County Memorial Hospital as a key healthcare  
25 organization in our community. It's -- our high

1 caliber healthcare is an important component in the  
2 quality of life of our region and plays a key role  
3 in our recruiting and retention of -- our retention  
4 efforts.

5 The proposed merger of Wellmont Health  
6 Systems and Mountain States Health Alliance  
7 represents an opportunity to -- to significantly  
8 improve the health and well-being of our region with  
9 the investment of 450 million dollars in beneficial  
10 commitments. These will be achieved through  
11 efficiencies resulting from the two organizations  
12 coming together. These commitments are  
13 comprehensive and will allow our region to make more  
14 -- most -- to make more of an impact in the area of  
15 substance abuse and mental health. We will also be  
16 able to preserve and expand rural services and  
17 access points, which is very important in -- in  
18 Hawkins County and Hancock County.

19 The two health systems will be able to  
20 help our region live well by investing in programs  
21 that will decrease premature mortality from  
22 diabetes, cardiovascular disease, and multiple forms  
23 of cancer. And these are prominent health issues in  
24 our region and we welcome the health systems'  
25 attention to this.



1 Virginia regarding the advantages versus  
2 disadvantages of the proposed merger. Over the past  
3 two years the leadership of Frontier Health has been  
4 involved in stakeholder meetings, steering  
5 committees and advisory committees. Through the  
6 mental health and addiction subcommittee process,  
7 other stakeholders and providers of behavioral  
8 health services throughout the Virginia service area  
9 were also involved in the analysis of gaps and how  
10 the proposed merger could assist in meeting those  
11 gaps and needs. In other words, there was an effort  
12 made by Mountain States Health Alliance and Wellmont  
13 Health Systems to seek out the opinions and  
14 expertise of those of us engaged in the behavioral  
15 health arena.

16 Significant commitments to the community  
17 were made as part of the COPA application and it was  
18 the job of the mental health steering -- and  
19 addiction steering committee to evaluate the  
20 strengths and gaps in our region and to take a  
21 focused look at what would be needed from an  
22 assistance perspective to reduce the prevalence and  
23 consequences of substance abuse and mental health  
24 problems in Northeast Tennessee and Southwest  
25 Virginia.

1                   Effective prevention efforts, early  
2                   identification and intervention and an adequate and  
3                   full continuum of treatment services available for  
4                   all regardless of their ability to pay, as well as  
5                   integration and education within the community to  
6                   decrease stigma and increase access to care proposed  
7                   -- were proposed to be the hallmarks of excellence  
8                   in a regional array of behavioral health services.

9                   Various significant financial commitments  
10                  have been made in the COPA application over a 10-  
11                  year period including: at least 75 million dollars  
12                  in population health improvements; 85 million  
13                  dollars to develop and grow academic research  
14                  opportunities, support postgraduate education, and  
15                  strengthen and preparation of nurses and allied  
16                  health professionals; nearly 150 million to  
17                  facilitate the regional exchange of health  
18                  information among participating providers. All of  
19                  these will help promote improvements in primary and  
20                  specialty care, including behavioral health. But in  
21                  addition, 140 million had been committed for the  
22                  expansion of specialized mental health, addiction  
23                  recovery, and substance abuse prevention and  
24                  treatment services, as well as other healthcare  
25                  needs.





1 authorized me to give these remarks today.

2 As we have previously testified, local  
3 consumers benefit from close competition between the  
4 applicants, Mountain States and Wellmont, in the  
5 form of lower prices, higher quality, and greater  
6 access to care. If allowed to merge, the combined  
7 hospital systems would have a dominant market share  
8 in inpatient services and a significant market share  
9 in several outpatient and physician specialty  
10 service lines. The loss of that competition would  
11 result -- is likely to have significant negative  
12 effects on hospital prices, quality of care, and the  
13 availability of services.

14 The applicants have submitted additional  
15 information but still have not shown that the  
16 purported benefits of the merger will offset these  
17 harms. In particular, the applicants have recently  
18 submitted three reports to the Department of Health.  
19 We carefully reviewed those reports in -- in  
20 consultation with a leading independent healthcare  
21 expert. None of those reports provides additional  
22 evidence or analysis that changes our evaluation of  
23 the merger and we remain concerned that the merge  
24 will cause significant harm to consumers in the  
25 region.

1                   Earlier today FTC staff submitted a  
2                   written public comment discussing our concerns with  
3                   these three reports. Tonight I will highlight a few  
4                   of these concerns. Notably absent from the Compass  
5                   Lexecon economist report is any empirical analysis  
6                   of current competition between the parties or the  
7                   harm likely to result from the merger. This report  
8                   also fails to consider the benefits and efficiencies  
9                   the applicants likely could achieve on their own but  
10                  through other means; therefore, likely overstates  
11                  the benefits of the proposed merger.

12                  The Compass report also fails to provide  
13                  evidentiary support for many of its claims and we  
14                  believe it misstates some of the facts, including  
15                  the claim that the applicants' incentives are best  
16                  aligned with those of health plans. In fact, public  
17                  evidence shows that health plans oppose the merger.  
18                  Similarly, the applicants' other two reports do not  
19                  account for the benefits of competition between the  
20                  applicants and overstate the merger's incremental  
21                  benefits.

22                  Additionally, we note the parties have  
23                  not, at least publicly, offered any additional or  
24                  improved commitments. Thus, the flaws and gaps in  
25                  the applicants' commitments that we identified in

1 our last public comment remain.

2 Finally, I want to reiterate that it would  
3 be difficult, if not impossible, to pry apart a  
4 merger involving so many hospitals once the  
5 applicants consolidate or eliminate service lines,  
6 facilities, and jobs. Therefore, antitrust  
7 enforcement would not provide a good remedy if the  
8 COPA is approved but the Department later determines  
9 that the disadvantages outweigh the benefits.

10 For these reasons we respectfully submit  
11 the Department and the Attorney General should deny  
12 the COPA. Thank you again for your consideration.

13 **Commissioner Dreyzehner:** Thank you.

14 **Hearing Officer Ockerman:** Thank you. Wesley  
15 Combs.

16 \*\*\*

17 **Mr. Combs:** Hello, my name is Wesley Combs, W-e-s-  
18 l-e-y, C-o-m-b-s. I'm here -- I represent a company  
19 called OnePartner and I want to thank you for the  
20 opportunity to kind of address kind of some of the  
21 comments we've had made on some review.

22 So OnePartner is a healthcare technology  
23 company with its corporate offices located in  
24 Northeast Tennessee and Southwest Virginia.  
25 OnePartner HIE began with the goal to improve

1 patient care quality by providing instant access to  
2 patient records through the Health Information  
3 Exchange.

4 OnePartner would like to provide factual  
5 clarification on misstatements found in the  
6 responses to questions dated April 22nd, 2016  
7 concerning OnePartner and its scope and  
8 capabilities.

9 In Exhibit 19 on Page 2, OnePartner is  
10 described as an exclusively regional Health  
11 Information Exchange available to providers located  
12 in Northeast Tennessee and Southwest Virginia. The  
13 HIE started with a goal to provide regional  
14 community record but has since expanded its  
15 footprint nationally into six more states and since  
16 expanded its functionality for population health.

17 The second correction is as to the amount  
18 of information OnePartner is capable of managing.  
19 The misstatement is, "The information fields  
20 available in the OnePartner HIE are limited to the  
21 following," after which 18 elements are listed.  
22 OnePartner, in fact, collects up to 392 data  
23 elements that can describe a single healthcare event  
24 on a -- on a patient. This aggregation can easily  
25 add up to tens of thousands of data points for one

1 patient visit to a hospital or a doctor. The data  
2 collected can be used in risk identification, HCC,  
3 patient and physician attribution, transitions of  
4 care, along with patient stratification, just to  
5 name a few. These are all attributes of a solid  
6 population health management platform that are  
7 intended to supplement a competent hospital  
8 information or doctor's EMR system, not to replace  
9 them.

10 OnePartner's unwavering commitment to the  
11 community focuses on improving healthcare through  
12 the collection and dissemination of the patient  
13 data. Currently 15 OnePartner employees actively  
14 work on the HIE and are dedicated to its continuous  
15 improvement. OnePartner HIE services our EHR  
16 agnostics so any client on any EHR with any  
17 affiliation can subscribe to our services and  
18 benefit.

19 In closing, I know you all are faced with  
20 a difficult decision to make that could affect our  
21 region for generations. The decision will set a  
22 precedent for the rest of the state. So I do  
23 appreciate your accessibility and desire to seek  
24 public feedback. After all, this is approving a  
25 certificate only if the public get the advantage. I

1 want to thank you for the opportunity to give you  
2 these comments.

3 **Commissioner Dreyzehner:** Thank you.

4 **Hearing Officer Ockerman:** Thank you. Dan  
5 Eldridge.

6 \*\*\*

7 **Mr. Eldridge:** Good evening, Commissioner. I'm Dan  
8 Eldridge, E-l-d-r-i-d-g-e. I am the Washington  
9 County Mayor and I'm here this afternoon to express  
10 my strong support for approval of the merger.

11 I'm thankful to the boards of Mountain  
12 States and Wellmont for their commitment to this  
13 region that -- that has led to an agreement to join  
14 forces. Their decision based on large part on how  
15 to sustain and best provide for the healthcare needs  
16 of the families they serve has resulted in an  
17 opportunity that will have far-reaching positive  
18 implications on this region.

19 As we face the ongoing health challenges,  
20 their fiscal impact on our households, businesses,  
21 local governments, and our local economy and the  
22 population health issues that we must overcome in  
23 this region, leaders in this region like myself need  
24 assurances, assurances that the years of uncertainty  
25 is about to pass as a result of a positive outcome

1 to this process.

2 We need a commitment, a commitment to  
3 continued access and quality of care that can only  
4 be made by a board that lives here, works here, and  
5 is committed to bettering the future of this region.

6 And we need a plan, a plan developed by a  
7 management team with the experience and  
8 understanding of our healthcare systems and the  
9 healthcare needs of our region who have promised to  
10 not just maintain but build on the capabilities and  
11 strengths of the combined systems to better serve  
12 the families of this region. This commitment and  
13 this plan are what make this merger our way forward.

14 I say this after carefully considering the  
15 impact of the proposed merger of these two systems.  
16 It's my firm belief this merger is our best option  
17 to sustain the quality and availability of  
18 comprehensive healthcare services currently  
19 available in this region and to avoid the likely  
20 economic impact which could result from a loss of  
21 local control.

22 A combined system of Mountain States and  
23 Wellmont managed by the team of professionals we  
24 know, governed by a local board representing and  
25 invested in the communities of this region and



1 operating under the terms of a Certificate of Public  
2 Advantage is our way forward. And as such, I will  
3 sincerely appreciate your favorable consideration of  
4 our plan and our commitment to address the  
5 healthcare challenges of this region with a local  
6 solution. Thank you.

7 **Commissioner Dreyzehner:** Thank you.

8 **Hearing Officer Ockerman:** Thank you. John  
9 Speropulos.

10 \*\*\*

11 **Mr. Speropulos:** You had a hard time saying that  
12 one, didn't you?

13 **Hearing Officer Ockerman:** Took me just a second.

14 **Mr. Speropulos:** That's okay. It sounds like a  
15 disease. My name is John Speropulos and it's  
16 spelled S-p-e-r-o-p-u-l-o-s. So you're fine. I  
17 live in Johnson City with my wife and two kids. I'm  
18 a development partner with Mitch Cox Companies and  
19 have done that for -- for many years within our --  
20 our region.

21 Over the years I've volunteered with many  
22 not-for-profit organizations, as well as ministries  
23 that serve kids here in the community. Today I'm  
24 only going to highlight the fact that I've served on  
25 the Finance Committee for Mountain States for many

1 years, as well as served as a trustee and past  
2 chairman of Mountain States Foundation.

3 Due to the pressures of healthcare and  
4 slowed population growth in our area, I believe our  
5 healthcare systems are facing a period of change  
6 that I've witnessed and significant financial  
7 challenges.

8 **(Off the record conversation)**

9 **Mr. Speropulos:** Although both systems have done  
10 their best to reduce expenses, there's only so much  
11 they can do while remaining independent and having  
12 to duplicate costs...

13 **(Off the record conversation)**

14 **Mr. Speropulos:** It's important to me that our  
15 region's healthcare systems remain not-for-profit  
16 organizations and that they're governed locally and  
17 dedicated to improving our community's health,  
18 rather than making them accountable to the balance  
19 sheet of a company based somewhere else. I want to  
20 see our healthcare governance remain local and this  
21 merger allows for that.

22 I'm also hopeful that this merger can be  
23 an -- an important first step towards a regional  
24 cooperation and unification to address an issue that  
25 affects us all, our region's healthcare crisis and

1           its serious issues which are becoming expensive for  
2           all of us. For my family and my friends who are  
3           experiencing healthcare costs that are becoming  
4           challenging I sincerely believe that this merger  
5           with the proposed caps that have been outlined will  
6           benefit my family and my friends.

7                         But a -- but a different tack I want to  
8           take tonight is that as a developer and an economic  
9           recruiter for our region I often go out and promote  
10          our region to various industries and retailers  
11          around the country. Often I experience a barrier to  
12          industries and retailers wanting to stake a --  
13          wanting to stake a presence here because they see us  
14          as three or four smaller -- three or four smaller --  
15          sorry.

16         **(Off the record conversation)**

17                 **Hearing Officer Ockerman:** I think you were taking  
18                 a different tack.

19                         **Mr. Speropulos:** Thank you. I'll start  
20           there. Yeah, for that different tack, as a  
21           developer and an economic recruiter for our region I  
22           often go out and promote our region to various  
23           industries and retailers to go around the country to  
24           try to get them to come here. Often one of the  
25           barriers that I experience is the retailers really

1 -- they don't see us as one great viable entity.  
2 They see us as three or four separate cities that  
3 are smaller and they don't really have a great  
4 demographic economic impact to get on their radar so  
5 they don't want to come here.

6 I sincerely believe that with this merger  
7 it can be one of the first steps to promote regional  
8 cooperation so that we'll begin to get on the radar  
9 of some industries and some retailers and other  
10 businesses that I'd like to see in this market. If  
11 we operate as one region from a healthcare  
12 perspective we can put ourselves on the map to  
13 compete nationwide and it's that competition that  
14 can bring research dollars and help our hospitals to  
15 recruit some of the nation's very best talent. And  
16 if we as a region can cooperate on healthcare, then  
17 hopefully we can find that there's other areas where  
18 we can work together as well.

19 To put it another way and the last thing  
20 I'll say, the founder of our company, Mitch Cox, has  
21 often characterized our region as -- as individual  
22 cities that are kind of like shooting BBs towards  
23 each other and around the country to get attention.  
24 But if we come together as a region and this merger  
25 facilitates that cooperation, then with a unified

1 approach and message we can start making an impact  
2 that'll be more like shooting cannon balls to  
3 showcase our effectiveness and a -- as a viable  
4 economic region to locate a business. We need this  
5 merger for more than one reason and I urge you to  
6 support it, please. Thank you.

7 **Commissioner Dreyzehner:** Thank you.

8 **Hearing Officer Ockerman:** Thank you and thank you  
9 for your patience.

10 **Mr. Speropulos:** No problem.

11 **Hearing Officer Ockerman:** Dr. Scott...

12 \*\*\*

13 **Dr. Dulebohn:** Good evening. Good evening. My  
14 name is Scott Dulebohn, D as in David, u-l-e-b, as  
15 in boy, o-h-n, as in Nancy. I'm a neurosurgeon.  
16 I've been working for Mountain States and the VA for  
17 almost 11 years, since I moved here to Johnson City  
18 at that time.

19 I am, you know, torn about the fact that  
20 we won't have as much competition and from a  
21 neurosurgery standpoint one group can go to another  
22 place and fight the other and try to get more  
23 funding, as we all are avarice, and neurosurgeons  
24 especially. But there is no question in my mind the  
25 factor that we're paid in this region by Medicare is

1 so low -- we are the lowest factor of any hospital  
2 system in the country. That income isn't coming in  
3 and all of the insurance companies, be it the  
4 Amerigroup or, you know, some factor based on that,  
5 the funding isn't there.

6 The fact that the hospital system is  
7 willing to commit to as a joined unit build more  
8 universal programs. We look at the children's  
9 hospital. As a neurosurgeon who likes to take care  
10 of children, it's hard to buy a endocrinologist in  
11 Johnson City and an endocrinologist in pediatrics in  
12 Bristol and Kingsport. And working together with  
13 the university and helping fund these physicians  
14 together we can really build better programs. No  
15 one wants to be an N-of-one. We've had in my --  
16 these 11 years, six pediatric neurologists come and  
17 go because they can't afford as a single fighting  
18 one system against the other to hire two. And no  
19 one can be on call all the time. Dr. Dreyzehner I'm  
20 certain is familiar with call and the lifestyle that  
21 that makes.

22 And so from a standpoint of being able to  
23 develop programs that are across the system, I look  
24 at a robot that we want. It's a million dollars.  
25 The idea that we're going to spend a million dollars

1 here and then if I want to do the work at Holston  
2 Valley they're going to have to spend a million  
3 dollars on that robot. There are consolidations of  
4 services of physicians that really can occur better  
5 as a merged system. There isn't enough margin for  
6 the systems to really be doing what they've been  
7 doing. Yes, they can get a CON because then they  
8 can say, "In our county we don't have enough of X,"  
9 you know, and so the CON -- but it doesn't look at  
10 it as a practical service line, how we're providing  
11 care to patients and that's really what it's all  
12 about, is how we can help people in general.

13 You know, the -- the child health  
14 initiatives, the, you know, plans for, you know, the  
15 drug and the mental health, I mean, this is a region  
16 that is really suffering. And unfortunately, we can  
17 look at the FTC and say, "Oh, great. We need more  
18 competition." The problem is we can't afford to  
19 stay the way we are and be locally managed. I  
20 really can't emphasize enough how important it is  
21 that we are a merged group and help bring the three  
22 organizations together, the university and Wellmont  
23 and the Medical Center in terms of bringing better  
24 faculty and so forth to the region and our patients.  
25 Thank you so much for supporting our plan. Thank





1 Nashville, nearly 90 percent of all industry that  
2 comes to Tennessee comes from the governor's office,  
3 comes from your counterpart, economic development.

4 And I've worked on economic development  
5 here since 1960 with Frank Clement, and invariably  
6 what he says to me when I was with Governor Clement  
7 and has said since then is, "Every time we get a  
8 prospect in Nashville and you want someone to look  
9 at you in East Tennessee, we have to go to seven  
10 different economic development people from each  
11 political subdivision that has their own little  
12 McDonald's on the corner."

13 What we're trying to do is pretty obvious.  
14 We're trying to grow up. We're trying to become who  
15 we can become and who we should become. We're  
16 trying to keep our people here so we don't send them  
17 to Nashville and their parents have to get a motel  
18 room because they're going down to visit Tommy  
19 Frist. We're trying to do what the rest of  
20 Tennessee has done so that we can become a major  
21 part of Tennessee.

22 I started this program three years ago  
23 with four objectives. They're very simple. They  
24 haven't changed. The first one is improved quality  
25 of health; the second is cost containment; the third

1 is economic development. It's the most powerful  
2 economic engine we will ever have in this area. And  
3 the fourth one is governance. We know more about  
4 what we're doing up here than some Ph.D. economist  
5 from Washington, D.C.

6 Thank you, Dr. Dreyzehner. I hope when  
7 you retire you'll come back home. We'd love to have  
8 you here. Thank you for all you guys have done. I  
9 know how diligent you've been. I've been before you  
10 over and over and over and it's time we move on.  
11 Thank you.

12 **Commissioner Dreyzehner:** Thank you.

13 **Hearing Officer Ockerman:** Thank you.

14 \*\*\*

15 **Mr. Pohlgeers:** Thank you, Dr. Dreyzehner and the  
16 panel for allowing me the opportunity to speak.

17 **Hearing Officer Ockerman:** Be sure to state your  
18 name and spell it, please.

19 **Mr. Pohlgeers:** Sure. Dan Pohlgeers, P as in Paul,  
20 o-h-l-g-e-e-r-s. I am an independent medical  
21 practice consultant. I have about 12 contracts up  
22 here in Northeast Tennessee but I want to stress the  
23 importance of that I am not here representing any of  
24 those clients of mine. I am here representing  
25 myself as a consumer of healthcare in the Tri-Cities

1 area.

2 Over the last two years -- it was April  
3 2nd, 2015 that the hospitals announced publicly that  
4 they intended to merge. One thing's for certain:  
5 Everyone in this room has a vested interest in -- in  
6 this process. And I'm sure my friends and  
7 colleagues in the area may not like what I have to  
8 say but I assure you that I think that what I'm  
9 going to say is in the best interest of the  
10 community. And I believe that they have the best  
11 interest in the community in -- in their statements.

12 But the one thing that -- the -- the  
13 couple things that I -- that I remember most about  
14 that April 2nd, 2015 day and then also the September  
15 of 2015 when they sent the letter of intent was that  
16 the community was told that there were several  
17 things that were going to happen, that the merger  
18 was necessary for the financial viability of the two  
19 entities, that the merger was necessary to maintain  
20 local control, that competition in healthcare  
21 marketplace is not necessary, that consolidation  
22 would decrease costs by eliminating duplication of  
23 services, that quality innovation would be enhanced  
24 by contracting and investment, that collaboration on  
25 public health issues was -- was only possible if the

1 merger occurred.

2 The letter intent was filed just after the  
3 end of the 2015 fiscal year for both hospital  
4 systems. In that year, 2014 to 2015, Mountain  
5 States Health Alliance posted a 221 percent increase  
6 in their net operating expense. They actually  
7 posted a little over one billion, with a B, in total  
8 revenue while Wellmont posted a reported 694.1  
9 million.

10 Employment and access have -- to care have --  
11 have been at the forefront of the -- a local control  
12 argument; however, the systems only make limited  
13 commitments to maintain their existing facilities  
14 after the merger. It is implied that the current  
15 hospital systems will continue to be healthcare  
16 clinics and entities but there is no guarantee that  
17 they will continue to operate the current service  
18 levels. Ballard admits that there will be  
19 consolidation and -- of facilities and job losses.  
20 It is impossible to speculate but it -- it is -- it  
21 is impossible to speculate but it is possible that  
22 the greater negative effect and impact on access to  
23 care and employment may be the merger and not  
24 another entity coming in and competing with these  
25 two entities.

1                   In closing, I -- I do have a written  
2                   statement but I also want to say that both hospital  
3                   systems currently collaborate with other healthcare  
4                   entitles. ETS -- ETSU and Frontier Health both  
5                   collaborate with Mountain States. It's been stated  
6                   here tonight. But also I want to mention something  
7                   else that's happening in other parts of the country.

8                   In November of 2016 long-term rivals  
9                   Carolina Healthcare, which is not for profit, and  
10                  Novant Health systems launched a partnership to  
11                  improve the health of Charlotte's communities where  
12                  -- whose population health status is significantly  
13                  challenged.

14                 **Hearing Officer Ockerman:** Thank you, Mr.  
15                  Pohlgeers.

16                 **Mr. Pohlgeers:** Thank you very much.

17   \*\*\*

18                 **Mr. Mabrey:** Good afternoon. I'm Gary Mabrey, M-a-  
19                  b-r-e-y, President and CEO of the Johnson  
20                  City/Jonesborough Chamber of Commerce, apologizing  
21                  for not being here to sign in. I have literally  
22                  been on the road from Nashville, had to stop and pay  
23                  my respects at a family celebration of life, which  
24                  leads me to these very few comments. This isn't my  
25                  first time addressing you. I'm so glad to see you

1 again and, Jeff, good to have you back.

2 Our chambers have been supportive of this  
3 from the very beginning. We sent you a letter early  
4 on. We resubmitted a letter. You were very  
5 gracious to come to our respective offices. And  
6 while I'm not speaking for my two collegial  
7 chambers, I guess from a standpoint of a regional  
8 chamber we can say that we haven't changed our mind.  
9 That's where my comments are going to be, but very  
10 brief.

11 You will make a milestone decision. You  
12 will position this region -- this macro region to be  
13 worldly and globally competitive. You will allow  
14 our university and our health professionals to do  
15 their jobs even more, and our citizens will achieve  
16 and receive not only quality healthcare but  
17 preventative healthcare. I certainly encourage you  
18 to do it. Our chambers haven't changed our mind.  
19 The thousand members and 40,000 some employees of  
20 the Johnson City Chamber continue to support it, ask  
21 your support and approval of the COPA. And thank  
22 you, and see you soon. Thank you, sir.

23 **Commissioner Dreyzehner:** Thank you.

24 **Hearing Officer Ockerman:** Thank you. Is there  
25 anybody else who wants to speak. Yes, sir.



1 they're more concerned about stuff like that. You  
2 know, waste not, want not. It just seems like I see  
3 a lot of waste. It's ridiculous.

4 Now, I'm dealing currently with my  
5 insurance with a monopoly on one medical specialty  
6 in the Tri-Cities. There's one urological group for  
7 the whole Tri-Cities. Now that they bought out or  
8 put out of business their competitors, people from  
9 Marion to Mountain City have to go to Greeneville  
10 because they say they don't want to deal with the  
11 United Healthcare or Blue Cross plan.

12 Now, I switched from one to the other  
13 because I'd already had to change dermatologists  
14 twice in a year. You know, they're shuffling me  
15 around. But I -- I couldn't deal with United  
16 anymore. Sixteen pieces of mail in my mailbox a  
17 day. But so anyhow, I ended up back in the same  
18 boat urologically speaking with the Blue Cross plan.  
19 At -- up until this point I didn't understand  
20 there's a different plan for retired people and  
21 different for disabled people but so I'm -- did I  
22 say I'm having to go all the way to Greeneville?

23 I had a head injury and I'm medicated  
24 right now for kidney stones. I had two surgeries  
25 each of the past two summers and I'll have to say as



1 far as the way -- I went to Wellmont last summer for  
2 the two kidney stones. The way they bill things  
3 makes a lot more sense. I'll -- that's a story I'll  
4 tell you privately if you want to hear. They --  
5 they seem to recognize who I am from one person to -  
6 - to the -- one time to the next.

7 But anyhow, so there's one monopoly in  
8 urology. Is that what's going to become of -- oh,  
9 and it's not really the primary care. I got the  
10 back story on it. It's the -- it's the Medicaid.  
11 It -- it doesn't matter if you're military TRICARE.  
12 If Medicaid is your secondary co-pay that's what  
13 they don't want to deal with. They can't twist  
14 Uncle Sam's arm for any more money. They got too  
15 damn greedy and that's what I'm worried will happen,  
16 that I'm going to have -- whatever or whoever, be it  
17 a car accident or kidney stones, go to the hospital  
18 and the ER turns you away because you don't have the  
19 right insurance. So what's going to keep them from  
20 doing the same?

21 I -- I mean, I was trying to be optimistic  
22 and ideally think positive and -- and if it does go  
23 through I hope it works, but right now I'm really  
24 second-guessing this, that I have to drive all the  
25 way to Greeneville. Thank you.

1           **Hearing Officer Ockerman:**    Thank you very much.

2           **Commissioner Dreyzehner:**    Thank you.

3           **Hearing Officer Ockerman:**    Is there anyone else who  
4           wants to speak?  Be sure and spell your last name  
5           for the court reporter.

6    \*\*\*

7           **Mr. Hein:**    Commissioner, my name is Ray Hein, H-e-  
8           i-n.  I'm the Trauma Program Manager at Holston  
9           Valley Medical Center.  I'm not here to persuade you  
10          one way or the other.  I just want to make sure that  
11          you have the correct information that you need from  
12          trauma standpoint.

13   Now, number one reason for death for ages  
14          one to 44 is due to injury.  Now, number fifth  
15          reason for death for all ages is due to injury.  
16          Now, we have three trauma centers that are here in  
17          the region.  Now, due to the patient load in all  
18          three of those, if we had one trauma center we  
19          actually wouldn't be able to handle the patient load  
20          here because none of the hospitals have the  
21          structure, because we would have as much patients as  
22          what UT hospital would have, number one.

23   So currently we actually need the three  
24          trauma centers that we currently have.  Now, if  
25          later on they created one central hospital to take

1 care of those three tertiary care centers, then that  
2 would alleviate a lot of the duplication or  
3 triplification of services, but that's something to  
4 think for later on, which would be a long-term goal.  
5 My personal thought is I can see benefits and  
6 disadvantages to whether or not you have a -- a  
7 merger or not.

8 You know, a lot of nursing staff have  
9 actually said, well, we're going to have -- we're  
10 not going to have to -- we're going to have to worry  
11 about pay and jobs because of it. Well, my personal  
12 thing is going between both Mountain States and  
13 Wellmont, working at both previously, is that pay-  
14 wise it's about the same, whereas the current --  
15 they had been looking at both of them and looking  
16 for pay-wise between the two and balancing between  
17 the two, whereas if they no longer have that and  
18 they are unified as one, they're actually going to  
19 have to look outside the area and increase pay and  
20 would actually benefit the staff as a whole, is --  
21 is my thing. But, you know, you're also going to  
22 have to worry about whether or not you can actually  
23 get a -- a job in one system. So thank you for  
24 allowing me to come and talk to you and I hope you  
25 have a good day.

1                   **Commissioner Dreyzehner:**    Thank you.

2                   **Hearing Officer Ockerman:**    Thank you very much.  Is  
3                   there anybody else?  No?  Want to throw out any  
4                   closing remarks?

5                   **Commissioner Dreyzehner:**    Would anyone else like to  
6                   speak?  Okay.  Seeing none, I really appreciate the  
7                   richness and depth of the comments this evening.  I  
8                   -- sorry about the time limits and I really  
9                   appreciate all of you coming here today.  And thank  
10                  you very much for your time and attention.

11                  **(This ends all matters in this hearing)**

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Reporter's Certification

State of Tennessee  
County of Sullivan

I, Deborah Todd, LCR #173, Licensed Court Reporter and Notary Public in and for the State of Tennessee, do hereby certify that the above hearing was reported by me and that the foregoing \_\_\_\_\_ pages of the transcript is a true and accurate record to the best of my knowledge, skills, and ability.

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