

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

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TAKEN AT: NORTHEAST STATE REGIONAL  
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BLOUNTVILLE, TENNESSEE

TAKEN ON: TUESDAY, JUNE 7TH, 2016

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P R O C E E D I N G S

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COMMISSIONER DREYZEHNER: Good evening.

Before we begin, I'd like to make a few comments.

First, I want to thank the members of the COPA Index Advisory Work Group for the excellent opportunities they've provided the people in the region, the state, and other stakeholders to make comments and inform this important and historic process. The process was set in rule and has worked well.

We're particularly appreciative of the work and leadership of Chair Gary Mayes, a wise and effective leader in this region, with a deep knowledge of its population health needs. The information we received from the five listening sessions thus far has already formed the questions we have had for the applicants.

It would be helpful, I think, for me to introduce myself. My name is John Dreyzehner. I'm a physician, and I am the Commissioner of the Tennessee Department of Health.

To my right is our hearing officer, Allison Thigpen, and to my far right is our Director of Policy, Eric Harkness. To my

1 immediate left is General Counsel Jane Young. And  
2 to her left, my far left, is Assistant General  
3 Counsel Malaka Watson.

4 It may also be helpful to note that this  
5 is a new and in some ways a precedent-setting and  
6 historic process, and we appreciate the  
7 cooperation of the applicants and the many other  
8 stakeholders in our mutual obligations to the  
9 integrity of the process under Tennessee law.

10 A Certificate of Public Advantage, while  
11 in law since 1993 and amended in 2015, has not  
12 previously been applied for. The Tennessee  
13 Department of Health worked with all speed,  
14 creative framework, and rules to carry out the  
15 wishes of the people as reflected by the Tennessee  
16 General Assembly in evaluating the application to  
17 ascertain if the likely benefits resulting from  
18 the agreement outweigh any disadvantages  
19 attributable to a reduction in competition.

20 It would be appropriate at this time to  
21 review, in part, a few major features of the  
22 Certificate of Public Advantage statute, so I will  
23 be reading from the statute from the Tennessee law  
24 at this time.

25 It is the policy of the State, in

1 certain instances, to displace competition among  
2 hospitals with regulation to the extent set forth  
3 and to actively supervise that regulation to the  
4 fullest extent required by law in order to promote  
5 cooperation and coordination among hospitals in  
6 the provision of health services and to provide  
7 state action immunity from federal and state  
8 anti-trust law to the fullest extent possible to  
9 those hospitals issued a Certificate of Public  
10 Advantage under this section.

11 A hospital may negotiate and enter into  
12 a Cooperative Agreement with other hospitals if  
13 the likely benefits resulting from the agreement  
14 outweigh any disadvantages attributable to a  
15 reduction in competition that may result from the  
16 agreement.

17 Parties to a Cooperative Agreement may  
18 apply to the Department for a Certificate of  
19 Public Advantage governing that Cooperative  
20 Agreement. The Department shall review the  
21 application in accordance with the standards set  
22 forth in these subsections and shall hold a public  
23 hearing in accordance with the rules adopted by  
24 the Department.

25 And finally, again, reading in part from

1 the law. After consultation with an agreement  
2 from the Attorney General & Reporter, the  
3 Department shall issue a Certificate of Public  
4 Advantage for a Cooperative Agreement if it  
5 determines that the applicants have demonstrated  
6 by clear and convincing evidence that the likely  
7 benefits resulting from the agreement outweigh any  
8 disadvantages attributable to a reduction in  
9 competition that may result from the agreement.

10 So tonight we have an opportunity to  
11 hear your perspectives, the perspectives of the  
12 public and other stakeholders, regarding the  
13 advantages and disadvantages of the agreement.

14 I would like to also recognize tonight  
15 some of the members of our General Assembly. We  
16 have with us, I see Senator Rusty Crowe and  
17 Senator Jon -- rather Representative Jon Lundberg  
18 I just understand, sir, back from your service to  
19 the Naval Reserve. Thank you for your service.

20 I believe we have Representative Mike,  
21 Representative Matthew Hill with us as well.  
22 Thank you for your service, sir. And I thought we  
23 had Representative Mike Harrison as well. May not  
24 be here as well. And Mayor Eldridge is in the  
25 audience. Thank you, Mr. Mayor.

1 I would also like to thank you, the  
2 members of the public, to include members of the  
3 media for your presence here tonight. That's  
4 really important that we get your perspectives and  
5 your input, and we do believe by your presence  
6 here tonight that that is a terrific reflection of  
7 your commitment to the health and prosperity of  
8 this region in the state of Tennessee.

9 And with that, I will turn this over to  
10 our hearing officer, Allison Thigpen. She will  
11 review some of the other particulars of this  
12 evening, and then we will ask if our elected  
13 officials would like to begin the comment period.

14 ALLISON THIGPEN: Great. Thank you so  
15 much. You'll notice, if you've been to some of  
16 our other listening sessions, that the group in  
17 front of you is a little different, and that's  
18 because the purpose of tonight's hearing is  
19 different than their listening sessions.

20 We are here tonight, like Dr. Dreyzehner  
21 said, to hear from the public on whether or not a  
22 COPA should be issued. So a COPA is the written  
23 approval by the Department of Health that governs  
24 a Cooperative Agreement among two or more  
25 hospitals.



1           A Cooperative Agreement may create an  
2 anti-competitive environment, for example, a  
3 monopoly, that would not normally be permitted by  
4 state and federal anti-trust laws. So in this  
5 case, the proposed Cooperative Agreement is  
6 between Mountain States and Wellmont and their  
7 intent to merge.

8           The purpose of a COPA is to provide what  
9 is called state action immunity to the hospitals  
10 from state and federal anti-trust laws while also  
11 providing state active supervision that ensures  
12 the likely benefits to the public outweigh  
13 disadvantages from any reduction in competition.

14           The ability to grant a COPA is  
15 authorized by Tennessee's Hospitals Cooperative  
16 Act of 1993 that was amended in 2005 -- 2015. So  
17 to apply for a COPA, the hospitals are required to  
18 submit an application with detailed information  
19 and data about their proposed Cooperative  
20 Agreement.

21           So some examples of information to be  
22 submitted include the Cooperative Agreement  
23 itself, plans to integrate services, financial  
24 details, and a Plan of Separation, and some other  
25 information.

1           Apologize. I can't tell what's on.  
2           There. It caught up. So applicants have the  
3           burden of showing by clear and convincing evidence  
4           that the likely benefits of the proposed  
5           Cooperative Agreement outweigh any disadvantages  
6           resulting from the loss of competition.

7           So Mountain States and Wellmont  
8           submitted a COPA application, minus certain  
9           information they consider confidential or  
10          competitively sensitive, for a Cooperative  
11          Agreement to merge on February 16th of this year.

12          Later, the Department received access to  
13          this confidential or competitively sensitive  
14          information, and we were able to view that  
15          starting May 17th.

16          Currently, the Department is reviewing  
17          the additional information for completeness while  
18          waiting for the applicants to provide responses to  
19          questions that the Department asked on April 22nd,  
20          and now we know that the applicants are working on  
21          that.

22          So to clarify, the application has not  
23          been deemed complete. After the application has  
24          been deemed complete, the Department will schedule  
25          another public hearing to take comment on that

1 complete application.

2 COMMISSIONER DREYZEHNER: To be clear,  
3 this will not be the final opportunity for public  
4 comment as a part of this process.

5 ALLISON THIGPEN: So once the  
6 application is determined to be complete, a  
7 120-day review period begins. During this period,  
8 the Department will evaluate the likely benefits  
9 and disadvantages of the proposed Cooperative  
10 Agreement to merge, and some examples of the  
11 benefits and disadvantages that will be considered  
12 by the Department are included.

13 So today's process: The goal of today's  
14 hearing is to hear feedback on whether or not a  
15 COPA should be issued in this case. Dr.  
16 Dreyzehner and other members of the Department are  
17 here to listen at this point.

18 And the process, since the application  
19 is under review, it's not appropriate for us to  
20 answer questions, but we think public feedback is  
21 a very important part of this process.

22 Speakers will be called from sign-up  
23 sheets. If you have not signed up, there's still  
24 a sign-up sheet on the table to my left. Each  
25 speaker will have three minutes to speak.

1           Please be courteous to others and keep  
2 to the time limit. We'd like to be respectful of  
3 everyone's time and not spend all evening here.

4           Comments may also be submitted via  
5 email, mail, or on-line. So if you're not able to  
6 say everything you would like here tonight, I'm  
7 more than happy to receive written comments from  
8 you as well.

9           A reminder, this session is being video  
10 recorded and transcribed, so please state your  
11 name and organization for the record.

12           As Dr. Dreyzehner mentioned, we have  
13 already used comments from previous listening  
14 sessions. They have formed the questions that we  
15 have asked the applicants.

16           Your comments tonight will help the  
17 Department be aware of potential benefits and  
18 potential disadvantages that we may not have  
19 otherwise considered, and your comments may help  
20 us form additional questions to ask the  
21 applicants.

22           So this is an important part of the COPA  
23 process, and we appreciate your attendance  
24 tonight. So with that said, I'd like to recognize  
25 Senator Crowe.

1           SENATOR CROWE: Well, thank you. Thank  
2 you. Let me get this thing up here. Here we go.  
3 Is this working? Here we go. It's a pleasure to  
4 come before you, Commissioner. It's kind of a  
5 turn of the tables.

6           COMMISSIONER DREYZEHNER: It is indeed,  
7 sir.

8           SENATOR CROWE: Generally he and his  
9 staff are coming before us, and so I may be in  
10 trouble tonight. I hope not. I think we're good.

11           I obviously, I think as you know, was  
12 sponsor of the COPA legislation in the Senate.  
13 Representative Harrison sponsored it in the House.  
14 I think Matthew Hill and Representative Lundberg  
15 co-sponsored in the House as well.

16           And as Chair of the Senate Health  
17 Committee, I'm going to kind of go through the  
18 scenario, and so I'm kind of talking to both  
19 groups here for any of those that may not know  
20 exactly what's going on, and obviously I'm  
21 speaking to the choir up front here.

22           But as Chair of the Senate Health  
23 Committee, I've had the opportunity, as you know,  
24 to work with hospitals statewide and deal with  
25 systems across the nation. And I can tell you

1 that hospitals are having a very, very difficult  
2 time, as you know, again, I'm speaking to the  
3 choir, trying to make ends meet.

4 And part of the problems are the  
5 changing climate in health care. Obviously the  
6 regulations that come down from the federal  
7 government that change continuously, CMS and other  
8 regulations.

9 The reimbursements that hospitals get  
10 due to wage indexing, and obviously some of the  
11 crowd may not know that that is dependent on the  
12 wages that are paid in different areas. You have  
13 urban and rural-type areas, and it's dependent  
14 upon the economies and the cost of living and  
15 those sorts of things in various areas.

16 Our area happens to not have the level  
17 of reimbursement that we would like for hospitals  
18 in this area that some might get, and so that's  
19 very difficult as well. The Affordable Care Act,  
20 insurance problems, and it goes on and on.

21 Trying to meet the bottom line is just  
22 so much more difficult for hospitals these days.  
23 All of this makes it difficult to maintain that  
24 quality of care that you want to maintain to  
25 provide for the most modern technologies.

1 Diagnostic technology is so expensive these days.

2 Recruiting the best physicians and  
3 specialists is very difficult, and our systems,  
4 both of our systems have tried to do that as best  
5 they can, but it's not easy. And again, just  
6 trying to meet the bottom line.

7 So hospitals are not engaging in  
8 acquisitions and mergers these days to try to grow  
9 and increase their bottom line. They're  
10 essentially doing it to survive, and I think this  
11 is the tip of the iceberg.

12 We're going to see more and more of this  
13 nationwide, and I think all eyes in this nation  
14 are going to be on this merger, as it's one of  
15 those first major mergers that's taking place, and  
16 I think as a result of trying to really make ends  
17 meet and to survive and to provide that kind of  
18 health care that we want to provide for our  
19 region.

20 So the proposed merger will make us --  
21 and I think this is a very positive thing -- one  
22 of the largest academic health care systems in  
23 this nation, which is a great thing for the  
24 research potential we're going to see. We're  
25 going to see an elevated graduate medical

1 education potential, a more focused approach for  
2 quality health care.

3 And I think what I really am looking  
4 forward to is a reduction of overlap of function  
5 between the two hospitals that's going to allow  
6 for hundreds of millions of dollars that would  
7 normally go back into a not-for-profit system's  
8 pockets to increase their ability to provide  
9 health care.

10 That's going to happen. But at the same  
11 time, the dollars that are gained from this  
12 reduction of overlap of function will go directly  
13 back into the community. Hundreds of millions of  
14 dollars that our different communities can decide  
15 how to use in concert with Wellmont and Mountain  
16 States once they merge.

17 So to protect our communities and to  
18 make sure that the advantages of merging much  
19 outweigh the disadvantages we passed through the  
20 House and Senate, as you said, the bill requiring  
21 that what is called the COPA process, a  
22 Certificate of Public Advantage.

23 This requires both systems together to  
24 formally apply for permission to merge essentially  
25 convincing the Department of Health and the



1 Attorney General's office that the merger would be  
2 to the advantage of the region such that the  
3 health care provided is as good or better.

4 And hopefully I think in this case, it  
5 can be better from various perspectives than it  
6 was in the past or that it would be in the future  
7 had they not merged especially.

8 This COPA will require the Department of  
9 Health and the Attorney General to continuously  
10 monitor -- which is a good thing -- the newly  
11 formed system. It's kind of like a community  
12 protection act, I think. It controls price and  
13 cost, quality, things like that.

14 So I feel very comfortable that this is  
15 the right solution and that this whole process has  
16 been developed in partnership with the state. And  
17 as you said, that is a good thing looking at the  
18 precedent that's been set in Georgia and North  
19 Carolina with regard to making sure that state  
20 action unity is in place, which essentially says  
21 that when you work in partnership with the state,  
22 then the systems that are involved have that same  
23 immunity as the state has.

24 So it will allow us to control our own  
25 destiny, have some very large hospital systems

1 from outside not come in, potentially for-profit  
2 systems that might have come in that don't  
3 understand our area and then provide a situation  
4 where we couldn't really control our systems as we  
5 know we should for this region.

6 And it will provide for, as I said,  
7 tremendous opportunities for research, technology,  
8 physician recruitment, quality care, reduction of  
9 overlap of function, with those dollars going back  
10 to the community.

11 So, Commissioner, I'm very positive on  
12 this approach, I think. I appreciate the work you  
13 guys have done. It's been a long process but I  
14 think one that I think we'll all be proud of.

15 And we appreciate the work that you and  
16 the Department have done and are doing to make  
17 sure that the advantages do outweigh the  
18 disadvantages. And with that, I'll turn it over  
19 to Representative Lundberg.

20 COMMISSIONER DREYZEHNER: Thank you,  
21 Senator. Thanks for your presence here tonight.

22 REPRESENTATIVE LUNDBERG: I think I  
23 should just say ditto. I don't think he left a  
24 lot on the table there, so, Commissioner, good to  
25 see you. Good to see all of you.

1 I'll tell you frankly, I'm a little  
2 disappointed in Wellmont and Mountain States  
3 Health Alliance, and that's because they didn't do  
4 this 25 years ago, when they took a hospital in  
5 Kingsport and a hospital in Bristol and put them  
6 together.

7 They created what was the first system,  
8 and it's good and it was strong. If they had just  
9 added some more, that would have been really  
10 strong.

11 Health care is a very complex issue, so  
12 I'm not going to try to come up here, especially  
13 to you as a physician, and talk about health care  
14 in that way. But I will say from a business and a  
15 community perspective, I'm completely biased  
16 because frankly my concern is in my district and  
17 what happens, and it's really northeast Tennessee  
18 and what happens here.

19 I like competition, but in competition  
20 let me tell you about the competition here. In  
21 this case and what's happening with the  
22 competition, competition is hurting us, and I'll  
23 give you one example that I believe to take note  
24 of.

25 In Tennessee, we have I think strong

1 health care across the state. But look in  
2 Memphis. They have one level, one trauma center.  
3 Chattanooga has one. Nashville has one. We have  
4 two. We have two within 15 minutes of each other.

5 We do that because we've created this  
6 overabundance, and those extra dollars that are  
7 going in are dollars that we could be using far  
8 more effectively with our education and ETSU and  
9 the collaboration we've got in medicine that way.

10 We are trying to outspend, and frankly  
11 that competition is actually hurting this region.  
12 That's why this one system is frankly so important  
13 to this area. It's important to the individuals.

14 I thank you for your time. I thank you  
15 for being here. And I hope you will say yes at  
16 the end. Appreciate it.

17 COMMISSIONER DREYZEHNER: Thank you,  
18 Representative Lundberg. Representative Hill?

19 REPRESENTATIVE HILL: Thank you very  
20 much, Commissioner, and thank you for being here.  
21 Thank you for your staff being here as well.

22 My name is Matthew Hill. I represent  
23 the 7th House District, which is half of Johnson  
24 City, the southern half of Washington County, and  
25 the entire town of Jonesborough. I'm here

1 representing my constituents tonight. And many,  
2 many of those constituents work for Mountain  
3 States Health Alliance and for East Tennessee  
4 State University.

5 And, in fact, when you look at my  
6 district, Mountain States is the largest employer.  
7 ETSU is the second largest employer. And when I  
8 look at this, I'll be very honest. When I first  
9 looked at this, I had some concerns.

10 As I got more information and more  
11 education on what was going to hopefully happen if  
12 you all see fit to approve this, I became much  
13 more comfortable. The COPA legislation that I did  
14 co-sponsor and support I think has very needed  
15 level of oversight.

16 It has a very, as we've seen with all  
17 the public hearings, a very needed level of  
18 transparency. Without that level of oversight and  
19 transparency, I don't think I could be for it and,  
20 and I think other legislators and other community  
21 leaders would be given serious pause as well.

22 I think the exit, or it's called the,  
23 what's it called? Not exit plan. Separation plan  
24 is vital. It is vitally important so that  
25 everyone, all stakeholders as well as business

1 leaders and people that work for these systems and  
2 are employed, feed their families from these jobs,  
3 are able to see what is there.

4 And just having that requirement alone I  
5 think is another level of accountability that is  
6 so important here. Representative Lundberg stole  
7 my thunder. I was going to talk about the Level  
8 One trauma center, too, because he's absolutely  
9 correct.

10 They are 15, 20 minutes apart, and they  
11 both do excellent jobs. But what that does is  
12 suck resources away from other things, diagnostic  
13 testing, outpatient services, specialty things  
14 that can be done.

15 I've talked with Dr. Nolan at ETSU. The  
16 research potential for ETSU to work alongside this  
17 new system is, the potential is just phenomenal.  
18 To be able to be a true academic center of  
19 research, of medical research is just  
20 unparalleled.

21 The tens, if not really over time  
22 hundreds of millions of dollars that can be poured  
23 into research here in northeast Tennessee is very  
24 exciting. The types of jobs that it will sustain  
25 here, as well as the types of jobs that it will

1 bring to this area, high-paying scientific,  
2 scientifically-based, medically-based type jobs  
3 are just wonderful.

4 So I think when you look at what I said,  
5 the level of transparency of the process, the  
6 level of accountability from the Department of  
7 Health and others, and with the Separation Plan  
8 that has to be filed, I think those are the types  
9 of measures and circuit breakers that are in place  
10 to make sure that the public, as much as can be,  
11 is assured of what we have.

12 And I understand, because I hear from my  
13 constituents all the time, and I hear their  
14 concerns. I also host a talk show on the radio,  
15 so I get to hear the phone calls as well from  
16 folks all over the region.

17 And these listening sessions that you've  
18 had leading up to tonight have been very, very  
19 important. Because there have been a lot of  
20 misconceptions, and I used to have some of those,  
21 about what was going to occur if this is  
22 ultimately approved.

23 So thank you for having listening  
24 sessions. Thank you for being here in the  
25 Tri-Cities tonight. I appreciate it very much.

1 And I appreciate the work of what we're attempting  
2 to do with this COPA, and that is take health care  
3 in northeast Tennessee to the next level.

4 It is so easy where I live in Johnson  
5 City and Washington County to get spoiled because  
6 we have specialists. We have subspecialists. We  
7 have a top-notch children's hospital.

8 But think what can happen when everyone  
9 is working together as one and then the research  
10 that will be able to take place as well. And so  
11 with all that said, that is why at the end of the  
12 day, I see this as a positive.

13 And not only for my district and the  
14 folks that work at ETSU and Mountain States, but  
15 really for the families that will be receiving the  
16 health care ultimately. Thank you.

17 COMMISSIONER DREYZEHNER: Thank you for  
18 your comments, Representative Hill.

19 ALLISON THIGPEN: Great. I will give  
20 you the first three folks that will be up, and  
21 then you can start making your way to the front as  
22 you can. So we'll start with Kandy Childress.  
23 After her, Ken Maness, and then Craig Turner.

24 KANDY CHILDRESS: Good evening. My name  
25 is Kandy Childress, and I'm the Executive Director



1 of Healthy Kingsport. Healthy Kingsport is  
2 dedicated to creating a community that actively  
3 embraces healthy living by promoting wellness,  
4 enhancing infrastructure, and influencing policy.

5 We accomplish our work by virtue of the  
6 collective impact model, a best practice for  
7 solving complex pressing social issues. This  
8 model is designed around the backbone organization  
9 Healthy Kingsport, which serves as a convenor of  
10 many organizations working toward a common agenda  
11 with shared measurements, mutually reinforcing  
12 activities, and continuous communication.

13 Wellmont Health System, Mountain States  
14 Health Alliance, and ETSU's College of Public  
15 Health are all critical members of our  
16 collaborative. As a collaborative, we are working  
17 diligently at the grass-roots level to reverse  
18 decades of adverse health trends, plaguing our  
19 region, specifically obesity and Type-2 diabetes.

20 We have created momentum that is  
21 building daily. A merged health system would  
22 enable our region to increase the velocity of  
23 change necessary to address obesity and diabetes  
24 rates that are higher in our region than the state  
25 and national averages.

1           In fact, the proposed merger would  
2           ensure those directly responsible for influencing  
3           population health would create a locally-governed  
4           health system that would enable decisions about  
5           this region's health care to continue to be  
6           decided by people who live, work, and worship in  
7           our region.

8           Again, we need the momentum and velocity  
9           of change that a merged system would bring to our  
10          region. The merged system has committed to invest  
11          at least \$75 million in population health to meet  
12          the unique needs of our region through a 10-year  
13          plan to be developed in conjunction with the  
14          community, not an outside entity coming in.

15          Without the merged system, this  
16          investment would not be possible. Are we as a  
17          region willing to risk the negative population  
18          health outcomes that would surely result with no  
19          action or denial of the COPA? I sincerely hope  
20          not.

21          The path forward is clear. We, as  
22          concerned citizens, must have the courage to  
23          embrace it. I ask that you support the state. I  
24          ask that you grant a Certificate of Public  
25          Advantage to Wellmont Health System and Mountain

1 States Health Alliance.

2 COMMISSIONER DREYZEHNER: Thank you.

3 ALLISON THIGPEN: Ken Maness.

4 KEN MANESS: Good afternoon. Thank you  
5 for being here, Commissioner and staff. I  
6 appreciate the opportunity to come before you on  
7 such an important issue facing our region.

8 I'm Ken Maness, a long-time business  
9 person, a long-time citizen of the region, and a  
10 long-time volunteer currently serving as  
11 Commissioner of the Tri-Cities Regional Airport.

12 None of us want to lose our local  
13 hospitals. None of us want to lose our  
14 specialists and our centers of excellence. None  
15 of us want to withstand the economic loss that  
16 would come out of moving centers of care out of  
17 the Tri-Cities to distant markets, leaving us as a  
18 health care feeder system for a larger parent  
19 system.

20 Think of the economic benefit to our  
21 region that arises out of just one highly-trained  
22 doctor and specialty field. We have dozens of  
23 those doctors here today, and what would happen if  
24 they left? What happens when they're forced to  
25 make a several-hour trip to other markets a few

1 hours away to see these specialists?

2 Suddenly we become an economic driver  
3 for those markets. I wholeheartedly believe that  
4 a well-structured partnership between our two  
5 excellent local health care systems will create a  
6 healthy, viable, and sustainable local health care  
7 system, one that will retain local ownership  
8 governance and will allow the combined entity to  
9 continue to make a positive impact on our region's  
10 health and economic well-being.

11 I'm here tonight to ask for your help,  
12 to ask you to recommend approval of this merger to  
13 avoid the prospect of losing our community-owned  
14 health care assets to an outside entity.

15 This region rightly feels a strong  
16 ownership of these two systems because it was we  
17 and those who came before us who raised the  
18 resources and brought these community hospitals to  
19 fruition.

20 Many years ago before any of us were  
21 born, our parents and their friends and neighbors  
22 raised money, a dollar at a time, in order to give  
23 the people of this area access to superior health  
24 care. Why?

25 Because in order to create economic

1 opportunity in the southern Appalachian region,  
2 they believed local health care was a critical  
3 component to enhance the quality of life.

4 If things were different and if the  
5 health care marketplace could continue to support  
6 two systems, none of us would be here tonight.  
7 Both systems believe their future as a stand-alone  
8 entity is questionable.

9 One of our systems began a systematic  
10 process to discharge their assets to an  
11 out-of-market entity, because they saw no path to  
12 continuation as a locally-based system. The other  
13 system assured the market they would be doing the  
14 same thing if that occurred.

15 So they now see the path, and each board  
16 has enthusiastically endorsed it. They didn't  
17 come to the table together. They came to the  
18 table because of insistence by the local community  
19 that they look at merging together.

20 So as you strive to make a good decision  
21 on this issue, I realize a lot of people are  
22 concerned about the anti-trust and possible impact  
23 on health care pricing.

24 Throughout history, there's been a lot  
25 of competition in the region, but none of it has

1           existed. Not much of it has existed on the  
2           pricing front.

3                       We know this region can work together.  
4           We have a sterling example just a few hundred  
5           yards away at the Tri-Cities Airport Commission.  
6           We know we can work together to provide a great  
7           health care system for our market.

8                       In conclusion, I repeat my earnest  
9           belief that the right outcome for our region is a  
10          combination of these two excellent health care  
11          systems, and I ask you to please approve the COPA.

12                      COMMISSIONER DREYZEHNER: Thank you.

13                      ALLISON THIGPEN: We will have Craig  
14          Turner and then followed by Dan Mahoney and Louie  
15          Gump. So, Mr. Turner.

16                      CRAIG TURNER: Thank you. Good evening.  
17          Mr. Chairman and members of the COPA Index  
18          Advisory Group, my name is Craig Turner, and I'm  
19          the CEO of Appalachian Orthopaedics. We're a  
20          multi-specialty orthopedic physician group of 16  
21          physicians.

22                      We employ a hundred and twenty people in  
23          three offices in the Tri-City area, and we commend  
24          you on your completion of the index and the  
25          Department of Health on the transparent nature of

1           this process.

2                     Our group does not oppose the merger,  
3 but we would like to discuss one important aspect  
4 of the index that the potential merger, that if  
5 not addressed, may deter support from our group  
6 and wider community of independent physicians.

7                     Economic Category No. 3 on page 10  
8 addresses the need for the state to reevaluate the  
9 Certificate of Need process for northeast  
10 Tennessee. The desired trend as stated is to  
11 increase patient choice.

12                    I contend that a fundamental change in  
13 the CON process would, in addition, increase  
14 quality, access, and lower cost. I have included  
15 in my statements a recent article from the US News  
16 & World Report in an amicus brief referenced in  
17 the article.

18                    Tennessee remains one of 36 states to  
19 have the CON process, which was initially designed  
20 to control costs and ensure adequate supply.  
21 Unfortunately, the literature does not support  
22 either belief.

23                    Furthermore, the literature does support  
24 that states with CON regulation have lower number  
25 of hospital beds and MRI imaging per capita at a

1 higher cost than those that have no such process.

2 Since this state-approved COPA is being  
3 considered, I believe the state should also  
4 consider a CON-free zone for northeast Tennessee  
5 to limit the ability of the merged entity to  
6 oppose the CON applications. Thank you.

7 COMMISSIONER DREYZEHNER: Thank you.

8 ALLISON THIGPEN: Thank you. Dan  
9 Mahoney.

10 CRAIG TURNER: And, excuse me, I do have  
11 some things to...

12 ALLISON THIGPEN: Great. You can drop  
13 them in the box, and we'll be happy to take a look  
14 at them.

15 CRAIG TURNER: Thank you.

16 ALLISON THIGPEN: Now call Dan Mahoney.

17 DAN MAHONEY: Thank you for hearing us,  
18 Commissioner.

19 COMMISSIONER DREYZEHNER: Thank you.

20 DAN MAHONEY: I'm a local business  
21 owner, a former medical center board member, and  
22 now a current MSHA foundation member.

23 My concern is not now, but what's going  
24 to happen in the future? I believe that if these  
25 two systems do not merge, that outside companies



1 will come in and they will -- it'll be a  
2 completely new ball game then.

3 But, you know, I've got faith in this  
4 COPA, the more I read about the COPA and how it  
5 was set up and what it's for, and I've got faith  
6 in what it's going to do.

7 I've got faith in it keeping competition  
8 a viable mix of the group, and I've also got faith  
9 that the costs of health care will be competitive  
10 and will be -- will stay in line with the national  
11 and the local entities that are there.

12 I think that the savings that will be --  
13 will come from this merger will also be reinvested  
14 into this community, and I think that it will be  
15 good for the community, and it will also will be  
16 able to create more jobs and not less jobs.

17 People in our market are worried about  
18 jobs. How many jobs are going to be lost? Well,  
19 I know there will be some merging of the two  
20 systems. That's a given.

21 But what about if we don't have the  
22 merger of the two? An outside conglomerate coming  
23 in here, I think it will be a lot more jobs we're  
24 losing.

25 These two systems work very good

1 together. We've been competitive for years and  
2 years, and it's been good for upper east Tennessee  
3 and southwest Virginia. Been very good.

4 But I believe that I think that things  
5 are going to get better in this area. I think  
6 that an out-of-market system will come in and  
7 absorb more jobs, and they'll use their marketing  
8 power to negotiate higher payments to insurers.

9 What little I know about a COPA is that,  
10 you know, the process is going to be good for us.  
11 We're unique. We serve two states.

12 We're sitting with a major university,  
13 East Tennessee State University, who is absolutely  
14 going to provide research and development  
15 opportunities and more things like this. We have  
16 a veterans' administration that's second to none  
17 in the country.

18 It's been, it's worked well so far. We  
19 would like to have the opportunity to keep it that  
20 well. I respectfully ask you to provide us with  
21 this COPA. Thank you.

22 COMMISSIONER DREYZEHNER: Thank you.

23 ALLISON THIGPEN: Louie Gump.

24 LOUIE GUMP: Commissioner, staff,  
25 certainly appreciate your being here and taking

1 the time to consider the COPA. I'm a Johnson City  
2 native and lived here most of my life, except the  
3 times that I've been away in school or a couple  
4 years in the Navy on the west coast.

5 And I proudly tell people that I live  
6 here by choice, not necessity. Been to seven  
7 continents, and I've been active here in the  
8 health care environment in the 1970s and '80s in  
9 the wholesale drug business, and I know the  
10 politically correct term is pharmaceutical  
11 distribution.

12 And I also stayed involved in the health  
13 care activities in the '90s and early 2000s. I  
14 had the privilege of being on the Johnson City  
15 Medical Center board and a couple years as chair.

16 And in that capacity I've talked with  
17 people in the area, and it became obvious that the  
18 tertiary care competition is not our sister city,  
19 but it's national and regional with places such as  
20 MD Anderson, Sloan Kettering, Vanderbilt, and  
21 Duke. And for us to be viable and competitive, we  
22 need to be able to operate in that environment.

23 I think the consolidation will help.  
24 The triplication of these tertiary services --  
25 which I've seen some of and heard about more -- is

1 unnecessary, and we can provide the tertiary  
2 services in the region.

3 We can do it at reduced costs. The  
4 savings will go to add additional jobs,  
5 facilities, output so we can expand access to  
6 health care. I think the key to this is the COPA  
7 process, which provides cost control and quality  
8 outcome measurements.

9 And most of all, if approved -- and I  
10 hope it will be -- it will enable us to have local  
11 governance and input, which is critically  
12 important to people of the region. Thank you.

13 COMMISSIONER DREYZEHNER: Thank you.

14 ALLISON THIGPEN: John Tickle, and he  
15 will be followed by Dennis Phillips, Dan Eldridge,  
16 and Scott Niswonger.

17 JOHN TICKLE: Thank you very much. My  
18 name is John Tickle. I'm chairman of a company  
19 manufacturing business in Bristol and throughout  
20 the United States and the world, and I spend  
21 several million dollars a year locally on health  
22 care.

23 I'm a former chairman of the Bristol  
24 Regional Medical Center and was chairman when we  
25 built the new hospital there back in the early

1 '90s. I was supposed to have a two-year term.

2 I ended up having a five-year term. We  
3 had to change the bylaws to do that, so I was too  
4 dumb not to continue on to serve as chairman.

5 This all came about a year ago when the  
6 Wellmont -- I was going down the path to sell the  
7 hospital or give it away. You don't really sell  
8 the hospitals. You give them away.

9 And right away we formed a group,  
10 several of us, that started asking questions and  
11 what have you. We had an executive officer there  
12 that had a conflict of interest, and she sold the  
13 board down the road what they're going to do.

14 She was working now for people involved  
15 in that merger, and so we were going down a path  
16 that I did not think was in the best interest of  
17 the health care of this region. And they did  
18 convince me that a hospital our size could not  
19 stay that size and be viable.

20 And so out of that outcome we said,  
21 let's merge the two hospitals together, the two  
22 systems together. I think it's the right thing to  
23 do. I hope you agree. I think we can continue to  
24 have excellent and better health care at a  
25 reasonable, affordable price.

1 I appreciate your consideration. Thank  
2 you for listening to me. I'm an Eagle Scout and  
3 did three minutes. I urge everybody else do three  
4 minutes.

5 COMMISSIONER DREYZEHNER: Thank you.

6 ALLISON THIGPEN: Thank you. Dennis  
7 Phillips.

8 DENNIS PHILLIPS: Thank you all for  
9 being here. My name is Dennis Phillips, and I had  
10 the privilege of serving as Mayor of Kingsport,  
11 Tennessee, from 2005 to 2015, a total of 10 years,  
12 seven wonderful years.

13 As part of my job as mayor, I served on  
14 the board of Holston Valley Hospital. And let me  
15 tell you, this is real. The hospital struggles.

16 You know, in the past, I know the  
17 hospitals have said we can't operate under this or  
18 can't operate under that. And maybe it was the  
19 old crying wolf stories, but I can tell you this  
20 is real.

21 The merger of these two hospitals is  
22 truly a merger. Anything else coming in is a  
23 takeover. If a hospital from out of state comes  
24 here, I can assure you they're going to come here  
25 to buy one of these hospitals or take over one of

1           these hospitals.

2                   And they're not going to do it to serve  
3 the community. They're going to do it to make a  
4 profit. And I know the people are worried about  
5 your costs going up.

6                   Well, when both hospitals have to sell  
7 to an out-of-state conglomerate, rest assured  
8 they're going to make a profit, and your rates are  
9 going to go up more than will ever go up under a  
10 COPA that you all have the opportunity to approve  
11 and force the hospitals to operate under.

12                   This is the only way we can have a true  
13 merger and serve the citizens of the northeast  
14 Tennessee the way they should be served.

15                   So far, we've had excellent and  
16 outstanding medical facilities. That will not  
17 continue in the future. Financially I've seen  
18 what's happened to the hospitals, and it's not  
19 been good.

20                   And I would urge you to allow our  
21 communities to operate our hospitals certainly  
22 because it's in the best interest of our  
23 communities, it's in the best interest of the  
24 state of Tennessee and all concerned that we are  
25 allowed the opportunity to serve the medical needs

1 of our community.

2 A COPA or any other thing that we do is  
3 not going to be perfect, but it's going to be as  
4 close to perfect as we can do because we have the  
5 opportunity to do it right on the front end.

6 Thank you all for being here.

7 COMMISSIONER DREYZEHNER: Thank you, Mr.  
8 Mayor.

9 ALLISON THIGPEN: Thank you. Mayor  
10 Eldridge.

11 MAYOR ELDRIDGE: Afternoon Commissioner,  
12 staff. I'm Dan Eldridge, Washington County Mayor.  
13 In December 2013, Washington County, as part of a  
14 dead issuance for capital projects, went through a  
15 rigorous bond rating review by Moody's Investor  
16 Services.

17 During that review, Moody's analysts  
18 identified Washington County's exposure to the  
19 health care sector and the uncertainties  
20 associated with it as a factor which could  
21 potentially negatively impact our local economy.

22 Next Wednesday, a contingent from  
23 Washington County will be in New York meeting with  
24 analysts from both Moody's and S&P, as they review  
25 the proposed refinancing of the county's \$130



1 million issuance from 2007 and the proposed \$100  
2 million plus issuance later this year to fund a  
3 capital investment plan.

4 In the list of analyst questions we have  
5 to respond to prior to next week's meeting is a  
6 request on the update of the overall health care  
7 sector. Clearly Washington County and all of  
8 northeast Tennessee, for that matter, has  
9 benefited greatly from the enormous investment in  
10 facilities and patient services made by Mountain  
11 States and Wellmont over the last several years.

12 We enjoy access to health care and  
13 quality of care that most regions our size will  
14 never have. We have thousands of people employed  
15 in health care, making well above medium incomes  
16 and receiving great benefits.

17 We benefit from the generosity of these  
18 two organizations through their support of many  
19 programs and activities that promote and enhance  
20 the quality of life in our communities. But  
21 obviously, regulatory changes have added an  
22 element of uncertainty to the health care sector  
23 of our economy that has the potential to even  
24 impact Washington County's borrowing for new  
25 schools.

1           As you would expect, the bond rating  
2 analysts are focused on identifying risks. In  
3 2013, our health care sector was viewed as a  
4 potential risk to the local economy.

5           In 2014, the Washington County  
6 Commission itself acknowledged the risks in the  
7 health care sector unanimously passing a  
8 resolution expressing their support for  
9 maintaining local control. I'd like to share just  
10 a small portion of the resolution.

11           Whereas regional access to quality  
12 health care systems that are responsible to our  
13 local population health challenges and focus on  
14 clinical excellence is integral to the overall  
15 desirability of this region, our ability to  
16 attract employers and new investment, and to  
17 improving the quality of life for our citizens.

18           And whereas health care is the largest  
19 provider of jobs in Washington County, Tennessee,  
20 providing a significant direct impact on the  
21 economy of this region.

22           Now, therefore, be it resolved that we  
23 strongly encourage the Boards of Directors of our  
24 local health care systems to carefully consider  
25 the impact of their decisions on the quality and

1 availability of the comprehensive health care  
2 services currently accessible in this region and  
3 the economic impact likely to result from the loss  
4 of local control.

5 And so they did. I'm here this  
6 afternoon as a local elected official, very  
7 thankful to the boards of Wellmont and Mountain  
8 States for making a commitment to this region that  
9 has resulted in a planned merger that I believe is  
10 a best-case scenario.

11 I say this because a combined system of  
12 Mountain States and Wellmont, managed by the team  
13 of professionals we know, governed by a local  
14 board representing and invested in communities  
15 across this region and operating under the terms  
16 of a Certificate of Public Advantage is the best  
17 opportunity to alleviate many of the risks that  
18 have impacted the health care sector of our local  
19 economy, that may have impacted the health care  
20 sector of our local economy and the quality and  
21 availability of health care across the region.

22 In New York next week, I will be sharing  
23 with the rating analysts my expectations for this  
24 merger to positively impact not just Washington  
25 County but the region, anticipating that the

1 potential for risk they expressed three years ago  
2 will be greatly diminished by our commitment to  
3 solve the health care issues of this region  
4 likely.

5 As you may have already concluded, I  
6 strongly support this COPA application, and we  
7 appreciate your support. Thank you.

8 COMMISSIONER DREYZEHNER: Thank you.

9 ALLISON THIGPEN: Thank you. Mr.  
10 Niswonger, and he will be followed by Roy Harmon,  
11 Bill Greene, and Gail Mitchell.

12 SCOTT NISWONGER: Thank you all for  
13 being here this afternoon. I'm Scott Niswonger.  
14 I'm a business owner and retired CEO of a public  
15 company or two companies employ over 4,000 people.  
16 500 of those are in the First Congressional  
17 District of Tennessee and southwest Virginia.

18 I'm a benefactor of the Niswonger  
19 Children's Hospital and a member of the joint  
20 merger board task force. I'm a long-time resident  
21 of this region, building those businesses here.

22 This is the first time I can say as an  
23 employer, that there may be a chance I'll know  
24 what my health care premiums will increase. If,  
25 in fact, the COPA takes place, we know that it

1 will be driven by the average cost of living  
2 within our region, which today would be two to  
3 three percent as opposed to the seven to 12 to 13,  
4 14 percent that we see every single year for the  
5 last 10 years.

6 Both health care systems have made it  
7 clear that if this merger can't happen, that they  
8 will be forced to seek partnerships outside our  
9 region. History shows that across the country, in  
10 those type of mergers by outside hospitals coming  
11 in, the average cost of health care increases that  
12 first year by 14 percent.

13 The money that would be saved by  
14 rationalizing health care within our region go to  
15 two things: to pay to accelerate our payment on  
16 our debt structure as a single entity, and to also  
17 fund the East Tennessee State University Research  
18 Foundation, which is a shell that exists today but  
19 could use this funding.

20 That would minimize the number of jobs  
21 that would be lost, in terms of being able to  
22 create them and recreate those jobs in another  
23 area at the university, in creating medical  
24 devices and additional health care issues here.

25 Again, I hope that you will approve this

1 COPA. I think you're hearing a repetitive theme  
2 here this evening. Thank you very much.

3 COMMISSIONER DREYZEHNER: Thank you.

4 ALLISON THIGPEN: Thank you. Roy  
5 Harmon.

6 ROY HARMON: Thank you for being here,  
7 and thank you for coming to east Tennessee. My  
8 name is Roy Harmon. I am the Chairman and CEO of  
9 the Bank of Tennessee, a locally owned community  
10 bank.

11 We have about a billion dollars in  
12 assets. We have 16 branches in east Tennessee,  
13 289 employees, 243 carried under our insurance  
14 plans, representing 373 covered lives, so my  
15 perspective is more along those lines.

16 We have an active Board of Directors of  
17 20 members from the region. They're from  
18 Kingsport, Bristol, Johnson City, Elizabethton,  
19 and Avery, North Carolina.

20 My mother was a nurse at Holston Valley.  
21 I was born at Holston Valley back when there was  
22 only one hospital. The doctor that delivered me  
23 delivered 22,000 babes out of that hospital,  
24 everybody in my elementary, middle, and high  
25 school from that period of time.

1           So as you can see, we're not about  
2 competition but more about collaboration and  
3 cooperation. I think you'll get a good sense of  
4 that tonight.

5           So but our goal as an employer is the  
6 health and well-being of our employees. We want  
7 to have a strong health education, strong  
8 preventative care. We have a lot of personal  
9 responsibility, and we also want to have great  
10 acute care whenever that is needed.

11          But our executive management of the  
12 bank, our board, we've discussed this extensively.  
13 As an employer, we unanimously support it. We've  
14 evaluated the COPA and its impact on our  
15 objectives for the health and well-being of our  
16 employees and their families.

17          We've evaluated the competitive aspects  
18 of multiple systems, and we've come to the  
19 conclusion that the continued arms race of the  
20 past has produced a costly system with sub-optimal  
21 utilization.

22          We think that the upside benefits of  
23 cooperation will bring us better outcomes, faster  
24 EMR adoption, and the opportunity for the adoption  
25 of leading-edge technology that remaining separate

1 wouldn't bring.

2 So as a larger employer, we have access  
3 to the leadership and boards of the hospitals,  
4 their health care, the boards of the health care  
5 providers. We know our representatives. We know  
6 our congressmen. We know our senators.

7 And we are actively engaged in the  
8 political process, so you can believe me when I  
9 say that if this COPA doesn't work, you will hear  
10 from us. I think that's pretty evident tonight.

11 In summary, we support this merger and  
12 the enabling COPA. We think it has the  
13 opportunity to significantly enhance our health  
14 systems.

15 It will provide research and teaching  
16 resources that presently are unavailable, and it  
17 will impact positive the outcomes of a very  
18 difficult public health dynamic that we find  
19 ourselves here in east Tennessee. We have a very  
20 difficult population here.

21 So again, I respectfully ask for  
22 approval of this COPA and moving along this  
23 process posthaste. Thank you.

24 ALLISON THIGPEN: Thank you. Bill  
25 Greene.



1 BILL GREENE: Dr. Dreyzehner and staff,  
2 I'm delighted you're here. Steve Smith said to  
3 tell you hello. He's in Chattanooga and couldn't  
4 join us, but he's been part of our group.

5 I'm Bill Greene. I'm chairman of the  
6 company that owns Bank of Tennessee, which Roy  
7 just spoke of. I'm a past chairman of four public  
8 companies, and I started the first statewide bank  
9 in the state of Tennessee.

10 I'm pretty familiar with competition.  
11 I've either bought, sold, or started 40 banks.  
12 We're presently in Nashville, so you'll see our  
13 signs all over Nashville.

14 What I'm going to take track on tonight  
15 is totally different than everything we've talked  
16 about here, because I cannot emphasize how proud I  
17 am of all of our people saying what they've said  
18 because they've said it better than I can say it,  
19 so I'm going in another direction.

20 Let's look 51 minutes south of here.  
21 You have 21 states that approved a COPA  
22 arrangement in this country. You've had four  
23 states that have passed them.

24 Only one state has been challenged by  
25 the FTC, and that was Maine. They went through

1 the application, put it back in, and the FTC  
2 dropped their case.

3 If you're familiar with North Carolina,  
4 which is somewhat competitive with us, the boy  
5 that mows my yard just had his knee replaced over  
6 there, and my vice president of one of my banks  
7 had his other knee replaced, but let's look at  
8 MSHA for a second.

9 Stop and think about the combination 21  
10 years ago with the COPA in North Carolina with  
11 Saint Joseph's Hospital and Mission Hospital,  
12 Mission. Today, they have 92 percent of all  
13 health care covered in their territory, the  
14 footprint they operate in.

15 And what's interesting, that was the  
16 competitive two hospitals in Asheville. What's  
17 already interesting is 50 percent of their  
18 revenues come from outside their region. Tells me  
19 it's a destination hospital.

20 If you also remember or if you've seen  
21 the statistics on it, in the state of North  
22 Carolina, their admissions cost runs \$3,000 less  
23 than their peer group.

24 They over the last 15 years, over the  
25 last 10 years have been in the top 15, hospitals

1 in America in the last five years, and the top  
2 three in peer groups their size.

3 The reason I point this out to you is,  
4 Dr. Dreyzehner, I want to be here when the North  
5 Carolina and Tennessee do the same thing they did  
6 to MSHA.

7 If you remember last year, the Attorney  
8 General and Commissioner of Health in North  
9 Carolina withdrew the COPA and said have at it.  
10 Last year, their revenues were \$62 million less  
11 than the COPA agreement.

12 I want to thank you for coming up here.  
13 I would very much like for you to study what  
14 happened in North Carolina. We want the same  
15 artillery that they have so that we can be who we  
16 have become.

17 This is our area. We're just as smart  
18 as they are, and we need your help. Thank you.

19 COMMISSIONER DREYZEHNER: Thank you.

20 ALLISON THIGPEN: Thank you. Gail  
21 Mitchell. After Ms. Mitchell, we'll have Dwight  
22 Owens, Robert Means -- Dr. Robert Means, and Mark  
23 Seidman.

24 GAIL MITCHELL: Hello. Hello, John.

25 COMMISSIONER DREYZEHNER: Hello, Gail.

1 GAIL MITCHELL: I'm an employee of  
2 Bristol Regional Medical Center. I'm a member of  
3 this community. I'm the OR manager, nurse manager  
4 of Bristol Regional Medical Center.

5 I recently decided I needed to know more  
6 about this merger, not just because Greg Neal told  
7 all the managers you need to read the application.  
8 Because to speak intelligently about it, I felt  
9 like I needed to know what I was speaking about.

10 One of the things that I know is one of  
11 the points that I thought was of interest is that  
12 Mountain States and Wellmont are going under, from  
13 what everything I've read. Sooner or later, we  
14 have to come up with a solution to this problem on  
15 how we're going to survive in the current health  
16 market.

17 We can either merge, each one of us can  
18 merge with an outside health care system or a  
19 for-profit health system, or we can join forces  
20 and become a large health care system that is  
21 governed and controlled by the members of this  
22 community.

23 The second point of interest is whether  
24 we like it or not, larger seems to be better.  
25 It's sort of the ma and pa versus the Walmart

1           concept. There's a lot of benefits that goes  
2           along with being larger, such as purchasing power,  
3           consolidation of services, and sharing of  
4           resources.

5                        If we're going to survive, we're going  
6           to have to keep up.

7                        The third point of interest, if you look  
8           at the people who came up with this idea, and  
9           tonight I understand Mr. Tickle was involved in  
10          that. These are people that live in this  
11          community.

12                       They work in this community. They were  
13          born here. They go to school. They sit in the  
14          same pew that you sit in in church. They're us.

15                       They're the ones who came up with the  
16          COPA Agreement. They're the ones that want \$75  
17          million to be spent on health improvement or \$140  
18          million to expand mental health services or drug  
19          addiction. Who doesn't know the problem that we  
20          have in this area with drug addiction?

21                       My daughter is autistic. She was  
22          diagnosed by Dr. Dreyzehner's wife, but I have to  
23          go to North Carolina to get the appropriate mental  
24          health treatment for her.

25                       85 million or more to develop and grow

1 academic and research opportunities. We have a  
2 shortage of nurses in this community. We need  
3 this increase in spending and academics and  
4 research.

5 I know change comes with a certain  
6 amount of fear and suspicion, but I ask that you  
7 vote in support of this COPA Agreement. Thank  
8 you.

9 COMMISSIONER DREYZEHNER: Thank you.

10 ALLISON THIGPEN: Thank you. Dwight  
11 Owens.

12 DWIGHT OWENS: Good evening.

13 COMMISSIONER DREYZEHNER: Good evening.

14 DWIGHT OWENS: I'm, my name is Dwight  
15 Owens. I'm the Director of Pharmacy Services at  
16 Bristol Regional Medical Center as well as the  
17 Process Improvement Council for Wellmont Health  
18 System.

19 I've been employed at Bristol Regional  
20 for 16 years and the Wellmont Health System for 20  
21 years at this point, and I'd really like to share  
22 my enthusiasm for the proposed merger.

23 We have an opportunity really to make a  
24 tremendous difference in the caliber of care and  
25 management of all our resources. One of the many

1           beneficial ways our organization will positively  
2           impact health care in the region is through our  
3           efficient use of resources.

4                    I can appreciate this because in our  
5           pharmacy, we have about a \$21 million drug budget,  
6           and through the health system it's about a \$70  
7           million budget.

8                    And I'm pleased to say that at Wellmont,  
9           we've focused on eliminating waste throughout the  
10          organization through our process improvement.  
11          This ability to merge will allow both Wellmont and  
12          Mountain States to further concentrate on using  
13          your financial resources more efficiently.

14                   Also by coming together, Wellmont and  
15          Mountain States will have the increased ability to  
16          reduce our purchasing cost or rather leverage  
17          their buying power.

18                   These efficiencies will enable us to  
19          channel those savings into new and expanded  
20          initiatives. It will enhance the depth and  
21          quality of care that we offer.

22                   And I'm excited by the fundamental way  
23          that we will change our region for the better by  
24          being able to invest those savings and leverages  
25          into mental health, drug addiction, and healthy

1 starts for children.

2 Finally, if we're able to merge, I  
3 believe it's going to be attractive for health  
4 care professionals as well. We spend a lot of  
5 time trying to attract specialties with  
6 physicians, but I believe it's going to allow us  
7 to recruit other specialties such as pharmacists,  
8 physical therapists, occupational therapists,  
9 nurses, and the like.

10 I also look forward to post merging,  
11 being able to sit down with our colleagues at  
12 Mountain States as well as the other professionals  
13 in the two organizations, being able to share best  
14 practices with each other in a detailed way.

15 With all of us being focused on the  
16 lives of the patients within our region, being  
17 able to strengthen our protocols and develop new  
18 methods for treating patients through the  
19 collective wisdom of our organizations.

20 So thank you for the opportunity to  
21 express my thoughts, and I would appreciate your  
22 support for the COPA.

23 COMMISSIONER DREYZEHNER: Thank you.

24 ALLISON THIGPEN: Thank you. Dr. Means.

25 DR. BOB MEANS: Thank you. I'm Dr. Bob



1 Means. I'm the Dean of the Quillen College of  
2 Medicine at East Tennessee State University, and  
3 I've been asked to speak tonight on behalf of  
4 ETSU.

5 My comments will largely reflect the  
6 perspective from the ETSU Academic Health Sciences  
7 Center, the Colleges of Nursing, Public Health,  
8 Clinical and Rehabilitative Sciences, the Gatton  
9 College of Pharmacy, and the Quillen College of  
10 Medicine.

11 From the perspective of the Academic  
12 Health Sciences Center, the ability to  
13 successfully meet our goals in teaching,  
14 scholarship, and service is completely dependent  
15 on strong partnership with hospitals that are  
16 excellent clinically, have sufficient patient  
17 activity available for learning, are stable  
18 financially, and most of all, are committed and  
19 responsive to the communities they serve and to  
20 the academic partnership.

21 We have had such relationships with our  
22 long-standing private clinical partners, the  
23 Wellmont and Mountain States Systems. We believe  
24 the proposed merger will allow these critical  
25 partnerships to continue.

1           Why is this so important? The success  
2 of the colleges of the Academics Health Sciences  
3 Center derives from the mutual commitment between  
4 the colleges and the communities in which we are  
5 located and which we serve.

6           Our partnerships with Mountain States  
7 and Wellmont reflect this commitment. My examples  
8 are coming from medicine because that's what I  
9 know best, but the deans of the other health  
10 sciences colleges could tell you very similar  
11 things.

12           The missions of the Quillen College of  
13 Medicine are to train tomorrow's physicians,  
14 particularly those who will practice primary care  
15 in rural areas, to improve medical care in our  
16 region, and to advance medical knowledge. In  
17 partnership with the other health sciences  
18 colleges, we meet these missions every day.

19           Quillen is nationally recognized by US  
20 News and World Report for sustained excellence in  
21 rural medicine training and by the Association of  
22 American Medical Colleges for the high proportion  
23 of our graduates practicing primary care.

24           We help to improve the care over the  
25 region by offering residency training in seven

1 specialties and five subspecialties, through  
2 faculty practices in both primary care and  
3 specialty care throughout the Tri-Cities, and by  
4 engagement with the medical community and by  
5 attracting physicians to the region, whether they  
6 come from training and choose to stay here or  
7 whether they come as faculty.

8 We contribute to the advancement of  
9 medical knowledge by bringing the problems of the  
10 region to the laboratory and solutions then back  
11 to the clinics. Successful accomplishment of all  
12 these missions depends on our partnerships with  
13 our regional health systems, which have been  
14 developed over the last 60 years.

15 It is just one example. The required  
16 educational experience for our third-year students  
17 alone require nearly 600 rotations each year in  
18 the Wellmont and Mountain States Systems.

19 Through robust partnerships between the  
20 colleges of the ETSU Academic Health Sciences  
21 Center and a health system that is locally  
22 controlled, we believe the health and well-being  
23 of the region can be improved.

24 Thank you very much.

25 COMMISSIONER DREYZEHNER: Thank you.

1           ALLISON THIGPEN: Thank you. Mark  
2           Seidman, and he will be followed by Nancy Barker,  
3           Chad Couch, and Rob Pack.

4           MARK SEIDMAN: Good evening. I'm Mark  
5           Seidman, Deputy Assistant Director for the Mergers  
6           IV Division at the Federal Trade Commission.

7           I appreciate the opportunity to appear  
8           before the Tennessee Department of Health today,  
9           and I'll discuss some preliminary thoughts about  
10          the proposed merger between Mountain States Health  
11          Alliance and Wellmont Health System.

12          The Federal Trade Commission has  
13          authorized me to appear. However, my remarks are  
14          my own and are not based on the views of FTC  
15          staff. They do not necessarily represent the  
16          views of the Federal Trade Commission or any  
17          individual commissioner.

18          The FTC's mission is to promote  
19          competition and protect consumers. Competition  
20          provides consumers with the benefits of lower  
21          prices, higher quality goods and services, and  
22          innovation.

23          As part of its mission, the FTC  
24          regularly evaluates hospital mergers, assessing  
25          whether the potential benefits of a proposed

1 merger outweigh the potential harm from the loss  
2 of competition.

3 Our analysis is similar to the review  
4 that the Department of Health is required to  
5 perform as part of the COPA process. If we  
6 determine that the harm to consumers from a merger  
7 outweighs the merger's benefits, the FTC may  
8 challenge the merger.

9 But the FTC challenges very few hospital  
10 mergers, only about one percent of announced  
11 hospital mergers over the last decade, and only  
12 challenges them when a thorough economic analysis  
13 and real-world evidence demonstrate that the  
14 merger would substantially lessen competition.

15 In this case, the FTC staff has been  
16 analyzing the proposed merger of Mountain States  
17 and Wellmont for over a year. While our analysis  
18 is ongoing and we look forward to receiving  
19 additional information regarding the parties' COPA  
20 application, there appear to be few local  
21 alternatives to Mountain States and Wellmont.

22 This means that most of the competition  
23 that each of these two systems currently face  
24 comes from each other. A merger between them  
25 would eliminate this competition and would lead to

1 a single dominant health system in the area.

2 Many studies have shown that when  
3 hospital mergers have substantially reduced  
4 competition, prices for health care services have  
5 increased significantly. Public and private local  
6 employers, as well as patients, pay these price  
7 increases in the form of higher premiums, higher  
8 co-pays, higher deductibles, less insurance  
9 coverage, and potentially in other ways.

10 Our investigation to date suggests that  
11 local consumers have benefited from the close  
12 competition that currently exists between Mountain  
13 States and Wellmont in the form of lower price and  
14 higher quality care. This competition has created  
15 incentives for both hospital systems to improve  
16 the quality of their existing services and to make  
17 investments that expand the medical technology  
18 options for area patients.

19 Competition creates these benefits.  
20 When patients have a choice of provider, hospitals  
21 must offer high quality health care services to  
22 attract these patients. If a merger diminishes or  
23 eliminates competition and patient choice, the  
24 merged hospital system's incentive to maintain or  
25 improve quality generally diminishes as well.

1           Similar to the Department of Health's  
2 review of the COPA application and as part of our  
3 merger analysis, we also evaluate the likely  
4 benefits of mergers to determine whether the  
5 benefits will offset the likely harm from the  
6 merger.

7           To this end, we are currently examining  
8 the possible cost savings and quality of care  
9 benefits that this merger may provide the local  
10 community. We are also examining the commitments  
11 proposed by Mountain States and Wellmont to  
12 mitigate the potential harm from the loss of  
13 competition caused by the merger.

14           Although our analysis is ongoing,  
15 experience shows that the kind of commitments  
16 proposed by the parties to date, which are  
17 designed to constrain their conduct after the  
18 merger, generally do not replicate the benefits of  
19 competition.

20           It is important to understand that once  
21 the merger is consummated, whether under a COPA  
22 agreement or not, it is difficult both legally and  
23 practically to unwind the combined hospital  
24 system.

25           If service lines have been eliminated

1 and consolidated, if duplicative administrative  
2 and medical positions have been eliminated, and if  
3 IT electronic health records or other functions of  
4 the hospital have been integrated, it would be  
5 highly disruptive if not virtually impossible to  
6 pry that combined hospital system apart several  
7 years down the road.

8 Thus, anti-trust enforcement should not  
9 be relied upon as a future remedial measure should  
10 the Department of Health approve a COPA  
11 application and then determine that the  
12 disadvantages outweigh the benefits.

13 We appreciate the opportunity to be here  
14 today. We take our role of protecting consumers  
15 in this region seriously. We plan to submit  
16 written comments to the Department of Health once  
17 the COPA application is deemed complete so we can  
18 provide the most informed and complete analysis  
19 possible.

20 As we have indicated on prior occasions,  
21 we remain available as a resource to the  
22 Department of Health and the community.

23 Thank you again for your consideration,  
24 and apologies for going over my time.

25 COMMISSIONER DREYZEHNER: Thank you.



1                   ALLISON THIGPEN: Thank you. Nancy  
2                   Barker.

3                   NANCY BARKER: Good afternoon, and thank  
4                   you for allowing me to be here. I'm about an hour  
5                   and a half down the road in a little community  
6                   called Hawkins County, and we know firsthand what  
7                   happens when a hospital is in fear of losing a  
8                   hospital.

9                   About 10 years ago, we had a grass-roots  
10                  hospital that had served our community since 1961,  
11                  and then all of a sudden they were out of  
12                  resources. We started losing services.

13                  We started losing doctors. We started  
14                  losing all the things that we had worked so hard  
15                  to build. And fortunately, Wellmont came in and  
16                  took over our hospital for us.

17                  And one of the things that happened  
18                  there, we had the same fears. We were afraid that  
19                  what was going to happen was costs were going to  
20                  go up. We're still going to have to go out of  
21                  town to get good health care.

22                  And to our surprise, this merger between  
23                  our hospital and Wellmont proved to be very  
24                  beneficial for us. We have physicians now that  
25                  come into our community and do surgery in the

1 hospital.

2 We have the opportunity to provide  
3 additional health care for the people in our  
4 community. We have had the opportunity to bring  
5 in physicians that we had lost. We have been able  
6 to bring in additional health care services that  
7 we never thought we'd have.

8 We even opened the urgent care in our  
9 community through the merger with Wellmont. So  
10 for us, it's been a great benefit. And for a  
11 rural community, we're a 45-mile-long community.  
12 Sometimes it was hard for us to get all the way to  
13 Kingsport.

14 But I think a merger between these two  
15 will offer us better health care. It will offer  
16 us a better opportunity to provide quality care,  
17 not only in our community but also in the region.

18 One of the things that has been a  
19 concern is when we recruit business. You know,  
20 with a small hospital, our hospital is a 50-bed  
21 hospital.

22 And when we recruit business, one of the  
23 things that they're looking for is quality health  
24 care and that we got an opportunity to provide  
25 services if they have an emergency situation. And

1 so I think with this merger, that will help ease  
2 some of those thoughts.

3 And as we're bringing industry and  
4 business into our community, that it will give us  
5 an opportunity to be able to provide the  
6 reassurance that we have quality health care and  
7 that if you locate in our community, that you will  
8 be able to receive that health care.

9 And as we face health care issues in the  
10 future, we need to look at ways to address issues  
11 such as mental health issues, drug abuse,  
12 addictions, diabetes, heart disease, and cancer  
13 and have a health care system that will be  
14 proactive in addressing these issues.

15 And we feel like that with this merger,  
16 that we will be able to do that. As a chamber, we  
17 need a health care system that provides high  
18 quality, affordable, accessible, health care and  
19 continually meets the needs of the community and  
20 helps provide job opportunities and contributes to  
21 the economic viability and works with education  
22 institutions.

23 And so I hope that with these  
24 considerations in health care play such a vital  
25 role in our economic impact in our community and

1 in the region, and it's key to our success, and I  
2 hope that you'll keep that in mind.

3 And I think a merger between Wellmont  
4 and Mountain Health would help not only this  
5 region and the area here but also help us an hour  
6 and a half down the road.

7 So thank you for your consideration.

8 COMMISSIONER DREYZEHNER: Thank you.

9 ALLISON THIGPEN: Chad Couch.

10 DR. CHAD COUCH: Thank you, panel.  
11 Thank you, Dr. Dreyzehner. It's nice to see you  
12 again. My name is Chad Couch. I'm the Chief  
13 Medical Officer at Bristol Regional Medical  
14 Center.

15 Prior to taking that role, I was in  
16 active practice of urology for 22 years, 16 of  
17 them in Bristol. I'm here today to speak in  
18 support of the proposed merger and the COPA  
19 application.

20 At the end of last year, I wrote a  
21 letter to the editor that was published in several  
22 of the local papers in support of the merger. In  
23 that letter, I discussed plans of the new system  
24 post-merger to invest in the mental health service  
25 and addiction treatment service that are so

1 desperately needed in our communities.

2 That ideal was reinforced to me  
3 recently, as I had the opportunity to spend the  
4 day shadowing one of our nurses in the emergency  
5 department at Bristol Regional.

6 Approximately 75 percent of the patients  
7 that I saw with her that day were being held in  
8 the emergency department awaiting placement  
9 related to psychological, behavioral, or addiction  
10 issues, or a combination of those. That day was  
11 not an aberration.

12 The need for these services is  
13 overwhelming, and my hope and expectation is that  
14 the new system will be able to redirect resources  
15 and fill those desperate needs.

16 On another point, as someone with a long  
17 history of independent practice in our area, I've  
18 been impressed with the plans to provide  
19 significant protection for independent medical  
20 practices post-merger.

21 This will be very important going  
22 forward, as we will need new models of joint  
23 physician and administrative leadership to shape  
24 the future of health care in our region, and I  
25 believe the new system will be committed to this

1 vision.

2 Both integrated and independent  
3 physicians have been represented and play  
4 significant roles on the independent -- excuse me,  
5 on the integration counsel and the joint board  
6 task force.

7 The clinical council that is planned  
8 post-merger will involve physician leaders from  
9 across the region to provide new -- excuse me,  
10 guidance for the new system from a clinical  
11 perspective.

12 The protections for independent  
13 physicians stated in the COPA application include  
14 open medical staff at all facilities, no  
15 requirement to practice solely at the new system  
16 facilities, and the ability for independent  
17 physicians to practice in the -- excuse me, to  
18 participate in the health care plans of their  
19 choice.

20 I also feel that once the cloud of  
21 uncertainty about the merger has been lifted,  
22 we'll be in a much better position to recruit some  
23 of the best and brightest physicians to our area  
24 to join both independent and integrated practices.

25 The winds of change regarding health

1 care are blowing across our region. It is my hope  
2 and belief that by harnessing the strength of the  
3 new system, our region will be in a better system  
4 to navigate those changes.

5 Thank you very much.

6 COMMISSIONER DREYZEHNER: Thank you.

7 ALLISON THIGPEN: Thank you. Rob Pack,  
8 and he will be followed by Beth Rhinehart, David  
9 Woodmansee, and Andrew Fletcher.

10 DR. ROBERT PACK: Good evening, and  
11 thank you for coming to northeast Tennessee. Dr.  
12 Dreyzehner, good to see you.

13 I'm Robert Pack. I'm from the ETSU  
14 College of Public Health. I'm a Professor of  
15 Community and Behavioral Health and Associate Dean  
16 for Academic Affairs and also Director of the  
17 newly formed Center for Prescription Drug Abuse  
18 Prevention and Treatment.

19 Through the ETSU Research Foundation,  
20 our center is partnering with Mountain States  
21 Health Alliance to form a nonprofit opioid  
22 treatment program that will serve as the clinical  
23 arm of our center, the revenues from which will  
24 serve to grow the program and the center.

25 The center was initiated through the

1 Prescription Drug Abuse Working Group, which is a  
2 regional effort, that has a monthly gathering of  
3 researchers and prevention, treatment and services  
4 providers that meets monthly and has since 2012.

5 What we've discovered over the years is  
6 that there are no easy solutions to this problem  
7 of substance abuse in our region and particularly  
8 prescription drug abuse, and a comprehensive  
9 approach to combat it is needed. The proposed  
10 hospital systems merger has accelerated progress  
11 toward the goal of the comprehensive regional  
12 approach.

13 The proposed merger prompted a  
14 community-wide conversation about key health care  
15 issues, such as drivers of neonatal abstinence  
16 syndrome, the relative paucity of inpatient  
17 substance abuse services, and lack of coordination  
18 of services for substances abuse, mental health,  
19 and co-occurring disorders.

20 The proposed merger will allow our key  
21 stakeholders and decision-makers to meet regularly  
22 to share ideas and develop a common understanding  
23 about the health care assets and needs in the  
24 region. And through these meetings, it's become  
25 clear that alignment rather than fragmentation of



1 resources is in the region's best interests.

2           Importantly, our meetings facilitate a  
3 conversation about duplication of effort and what  
4 none of the health care or public health providers  
5 were actually offering. For example, there's a  
6 true lack of regional resources and inpatient  
7 substance abuse and mental health care child  
8 adolescent psychiatry, in particular.

9           Coordinating and aligning the competing  
10 interests will maximize the system's limited  
11 resources and serve the region well, particularly  
12 in health care areas of such high cost as mental  
13 health and substance abuse.

14           I believe the merged system will create  
15 additional opportunities like our center that will  
16 serve to further the public health interests in  
17 the region such as diabetes and so on, and  
18 coordination and alignment of resources will  
19 facilitate those efforts.

20           A health system that's focused on  
21 population health improvement such as has been  
22 demonstrated by the present two systems in  
23 applying for approval of this COPA will be  
24 beneficial to our region.

25           For these reasons, I'm strongly

1 supportive of your approval of this COPA. Thank  
2 you.

3 COMMISSIONER DREYZEHNER: Thank you.

4 ALLISON THIGPEN: We're about halfway  
5 through our list of speakers, and Beth Rhinehart  
6 is up next.

7 BETH RHINEHART: Good evening. I'm Beth  
8 Rhinehart. I live in Bristol, Virginia, and I  
9 work in Bristol, Tennessee, as the President and  
10 CEO of the Bristol Chamber of Commerce.

11 I want to first thank you, Tennessee  
12 Department of Health, Commissioner Dreyzehner, and  
13 your team, for all your efforts on behalf of this  
14 proposed merger between Wellmont Health System and  
15 Mountain States Health Alliance.

16 I appreciate the opportunity to be here  
17 tonight to extend my generous support for granting  
18 the Certificate of Public Advantage to these two  
19 organizations as they work to improve the health  
20 of our region. I will also note that our Chamber  
21 Board of Directors passed a unanimous vote for  
22 resolution in support of this proposed merger as  
23 well.

24 I just wanted to start by sharing that I  
25 was formerly employed by Wellmont Health System

1 for nearly 10 years prior to my employment with  
2 the Chamber and also worked closely with many of  
3 the folks at Mountain States Health Alliance, so I  
4 know firsthand the good work and the integrity of  
5 the folks at both Wellmont and Mountain States.

6 I grew up in this region, and I chose to  
7 come back here to raise my family. Many of my  
8 family members live here in this region. For this  
9 and among other reasons, I feel our region's  
10 health care should be decided by people who live,  
11 work, worship, and raise their families here.

12 This would be possible through the  
13 proposed merger, which would create a  
14 locally-governed health system.

15 Personally working in the health system,  
16 I saw how duplication of service had the potential  
17 to get in the way of true effectiveness and  
18 efficiencies of health care delivery just by the  
19 nature of competition alone. The focus of one  
20 merged entity would eliminate duplication of  
21 services and allow areas that need our greatest  
22 attention to be addressed, such as mental health  
23 and drug abuse.

24 The COPA would change this from looking  
25 like a traditional merger. It would have diligent

1 and active oversight and supervision by the state.  
2 Thus, both Mountain States and Wellmont Health  
3 System would be accountable for the outcomes and  
4 their successes.

5 I participated in one of the community  
6 work groups, and I can attest to the commitment of  
7 both of these organizations and the due diligence  
8 that's gone into the many long months of this  
9 merger process.

10 My efforts in the health care industry's  
11 government relations arena revealed many  
12 challenging economic fronts, such as continual  
13 reimbursement cuts, more than one could even  
14 imagine. This merger will also address some of  
15 these changes.

16 The Wellmont/Mountain States merger will  
17 lead to investments in programs that prevent some  
18 of our region's worst health dynamics: use of  
19 controlled substances, manage scheduled drug  
20 over-prescribing, obesity, and many, many others.

21 The newly-formed organization will  
22 develop new population health models that engage  
23 electronic medical records and community programs  
24 to again address many of our region's worst health  
25 outcomes.

1           Finally, the newly-merged entity will be  
2 one of the strongest health systems in our  
3 country, and this means they will be known for the  
4 best clinical outcomes and patient experiences.  
5 This translates to better health outcomes for our  
6 families and greater life expectancy in a region  
7 that is currently experiencing some of those worst  
8 outcomes.

9           The best clinicians and employees will  
10 want to practice and live here. And that, in  
11 turn, will be one of the greatest economic drivers  
12 our region could ask for.

13           The success of this merger is critical  
14 to our future as a region. I have complete  
15 confidence in the leaders of both of these  
16 organizations to deliver what is being asked of  
17 them as a result of this merger.

18           I appreciate your time.

19           COMMISSIONER DREYZEHNER: Thank you.

20           ALLISON THIGPEN: Thank you. David  
21 Woodmansee.

22           DAVID WOODMANSEE: Good evening. My  
23 name is David Woodmansee, and I am the Vice  
24 President, Assistant General Counsel, and  
25 Assistant Secretary for Eastman Chemical Company.

1 Eastman has been a part of this  
2 community for 96 years. Eastman has approximately  
3 6600 full-time employees and 3,000 contractors  
4 working at our Kingsport facilities. We  
5 understand what it takes to leverage the strengths  
6 of this region, to develop and promote world-class  
7 operations.

8 In order to protect and retain the  
9 highest quality talent it is imperative that we  
10 have the highest quality health care in this  
11 region. Further, it is essential that this high  
12 quality health care remain available and  
13 affordable in this region.

14 In order to achieve these goals, our two  
15 systems either need to combine with another system  
16 or merge. A merger, in our view, is preferable to  
17 assure that we leverage the positive attributes of  
18 the two systems and strengths of this region.

19 Eastman supports the merger of Wellmont  
20 and Mountain States under the detailed plans  
21 articulated in the COPA application. These plans  
22 if monitored and executed are aligned with  
23 Eastman's goals for high quality and affordable  
24 health care in the region.

25 Major systematic changes are underway in

1 the health care sector, driven by government  
2 policy changes as well as the economic conditions,  
3 demographics, and competition facing our global  
4 economy. In order to remain competitive, our  
5 health care system must proactively focus on  
6 managing costs, improving quality, and finding  
7 efficient and innovative ways to improve  
8 operations and services.

9 The COPA application articulates a  
10 viable plan to address these challenges in a  
11 sustainable manner. As a self-insured company,  
12 Eastman makes health care provider choices based  
13 on quality and value of services for our employees  
14 and their families.

15 We believe a merger, combined with a  
16 robust and continued focus on improving the cost  
17 structure and quality of service will result in an  
18 integrated delivery system that has the ability to  
19 provide world-class care to our community.

20 Lastly, the COPA application provides a  
21 structure for commitments, supervision, and  
22 accountability for results. It is important for  
23 expenditures and collective investments to be  
24 tracked closely to insure improvements in the  
25 health care of our region.

1           If the merger is approved and the new  
2           system is managed appropriately, we believe this  
3           will lead to higher quality for patients, better  
4           access, and more manageable costs for employers  
5           like Eastman who want to ensure our employees have  
6           the care they need.

7           Thank you for the opportunity to  
8           comment. On behalf of Eastman, we sincerely  
9           appreciate your work on this effort and your  
10          consideration of benefits to the proposed merger  
11          and what it could create for the residents living  
12          and working in the region. Thank you.

13          COMMISSIONER DREYZEHNER: Thank you.

14          ALLISON THIGPEN: Thank you. Andrew  
15          Fletcher, and he will be followed by Gary Mabrey,  
16          Bob Feagins, and Isaac Webb.

17          DR. ANDREW FLETCHER: Good evening,  
18          Commissioner. My name is Dr. Andrew Fletcher.  
19          I'm a pathologist at Mountain States Health  
20          Alliance. I'm also a concerned community member.

21          I think as we all know, health care has  
22          changed. Reimbursements are going down, and quite  
23          frankly, hospital systems are closing. For the  
24          first time, people are losing access to care.

25          Part of this is due to a complicated set



1 of rules and regulations such as ACA, MSSP, VBP.  
2 Now we hear things called MACRA. It's an  
3 alphabetic soup, and it's a perfect storm.

4 Hospitals are closing, and I think I  
5 know we've come to the crossroads in our community  
6 where this region can no longer support two fully  
7 independent hospital systems, so we've got to make  
8 a decision. One is a merger.

9 The other one likely involves the  
10 independent hospital systems both merging with  
11 outside entities. So let's look at that option.  
12 What would that mean for our area? Quite frankly,  
13 I don't know.

14 I've heard a lot of conversations  
15 tonight saying that may be detrimental. I have to  
16 ask myself how would an outside entity address  
17 improving community health, enhancing health care  
18 services, expanding access, improving health care  
19 value, expanding research, and graduate medical  
20 education?

21 Again, I don't know. How would a merger  
22 improve or address these issues? That I can say  
23 definitively I do know thanks to the COPA, and  
24 it's written where we can all see it.

25 Some of the numbers, how would a merger

1 improve community health? At least \$75 million  
2 investment. Enhancing community health care  
3 services. Investing \$140 million. It goes on and  
4 on.

5 Improving health care value. \$150  
6 million investment. Health research, graduate  
7 medical education, an investment of \$85 million.  
8 So we have that in writing, and we have to make a  
9 decision at this fork in the road.

10 I think on some decisions, it's okay to  
11 roll the dice and gamble, but not on health care  
12 in east Tennessee, so we've got a decision that  
13 could potentially be a gamble. We don't know what  
14 the results are. The other decision is written on  
15 paper.

16 Finally, I would just like to address, I  
17 do think consumer protection is an utmost issue.  
18 We need to do due diligence and protect that. But  
19 as a physician, my definition of consumer  
20 protection is ensuring that people don't die after  
21 chronic illnesses or lack of access in the rural  
22 areas of east Tennessee.

23 So thank you. I do urge, I support the  
24 COPA, and I hope you can as well. Thank you.

25 COMMISSIONER DREYZEHNER: Thank you.

1 ALLISON THIGPEN: Gary Mabrey.

2 GARY MABREY: Good to see you. Welcome.  
3 I'm Gary Mabrey. I'm the President/CEO of the  
4 Johnson City/Jonesborough/Washington County  
5 Chamber of Commerce.

6 I've been to several of these  
7 presentations, so I want to take a slightly  
8 different tack and say maybe a handful of things  
9 and be under my three minutes, which that would be  
10 a good thing.

11 Our chamber board spent as much time as  
12 any community group could scrutinizing what we're  
13 talking about today. And we unanimously, after  
14 our own due diligence, said that this merger would  
15 be extremely beneficial.

16 Our members are local in the county.  
17 They're throughout our northeast Tennessee region,  
18 and our members are also worldwide with their  
19 headquarters.

20 It's easy for a chamber executive to  
21 stand up and say this because many of our members  
22 are here tonight, and you've heard from them. So  
23 I want to kind of be a cheerleader for them, and I  
24 also want to make three observations.

25 Becoming better together. We saw and

1 have seen, since this process began, two groups,  
2 two professional groups, two governance groups,  
3 sit together, work together, and look what we've  
4 got. And look where we're going, and look what  
5 we're going to achieve.

6 You, sir, appointed a group of ladies  
7 and gentlemen throughout this region from Johnson  
8 County all the way down this congressional  
9 district. And having watched Gary and that group  
10 work together, my goodness, you deserve all kinds  
11 of kudos just for the appointment of that group.

12 What we hope is going to be an outcome  
13 though is that we will become a region known for  
14 being healthy, and that will enable these  
15 corporate relocators and folks looking at our area  
16 to start a business or keep their business.

17 They'll say, well, you know, those folks  
18 are healthy. They can come to work. We can count  
19 on them being here every day.

20 I do want to say that we do feel that  
21 the repurposing, the research, the fact that our  
22 university will become a major health care  
23 research institution, as you've heard Dr. Means,  
24 the wonderful new dean of our Quillen College of  
25 Medicine.

1           We also think it can resolve those  
2 health problems because after all, it is about our  
3 citizens. And as one gentleman just noted, we  
4 have to take care of our citizens.

5           So, in closing, let me just say thank  
6 you. Thank you for your wisdom to appoint the  
7 folks you did to look at this. Thanks to the  
8 wisdom of our two medical systems for their effort  
9 to make this happen.

10          And I'm convinced that down the road,  
11 we'll look back and say this was a milestone  
12 achievement, and the best is still to come.

13          And thank you, and appreciate what  
14 you're doing.

15           COMMISSIONER DREYZEHNER: Thank you.

16           ALLISON THIGPEN: Thank you. Bob  
17 Feagins.

18           BOB FEAGINS: Good evening. Thank you  
19 for this opportunity to address this important  
20 hearing. My name is Bob Feagins, and I serve as  
21 the Executive Director of Communications and  
22 Development for the Kingsport Chamber of Commerce.

23           And I'm here tonight to relay the  
24 Kingsport Chamber's strong and overwhelming  
25 support for the proposed merger between Wellmont

1 Health System and Mountain States Health Alliance.

2 We believe a fully-integrated and, more  
3 importantly a locally-governed health system that  
4 unites immense medical talents and expertise of  
5 these outstanding health care systems, will  
6 provide even greater medical care that's more  
7 affordable, of even higher quality, and more  
8 patient-focused.

9 There's a -- we're enormously beneficial  
10 to the business community and residents of this  
11 region. It is very reassuring to know that the  
12 new system will be locally managed by committed  
13 and caring leaders who live and work here in our  
14 region, our friends and neighbors who have a  
15 sincere and committed interest in the welfare and  
16 well-being of their home community.

17 From a community and business  
18 perspective, having a locally-managed, unified  
19 health system where all decisions are made here is  
20 a very critical component. The leaders of this  
21 new entity live here. They work here. Their  
22 families are here, and indeed, their futures are  
23 here.

24 I can assure you that someone who deals  
25 directly with various businesses on all levels,

1 from small businesses to large companies on a  
2 daily basis, that those business whose careers,  
3 homes, and livelihoods are here, whose leaders are  
4 here, have a more substantial and substantive  
5 impact on this community as compared to those  
6 whose decisions must be made on an anonymous  
7 corporate level from headquarters in another part  
8 of the country, that impact is huge.

9 The future of health care in our area is  
10 essential not only for the lives of residents, but  
11 for the economic growth of our region. We want to  
12 attract top doctors and nurses and other health  
13 care professionals.

14 We want businesses to be attracted to  
15 our communities and to invest in our economy, and  
16 the strength of our health care services will be  
17 part of their evaluation of this area.

18 While we are working recruiting  
19 businesses and families to move here, the two  
20 questions we're asked all the time are about our  
21 schools and our health care system. Fortunately  
22 we have two superb entities in both.

23 Having this combined health care system  
24 means jobs and enhances our region's economic  
25 prosperity by making us a location of choice for

1 the nation's top medical professionals. We  
2 applaud the medical, administrative, and voluntary  
3 leadership of both systems for finding a solution  
4 that will unify the systems to work together to  
5 combat the challenges confronting the health care  
6 industry.

7 This bold endeavor will help address  
8 many of these obstacles and position the entity to  
9 be even stronger in the future. Thank you very  
10 much.

11 COMMISSIONER DREYZEHNER: Thank you.

12 ALLISON THIGPEN: Thank you. Isaac Webb  
13 will be next, followed by Lisa Carter. I  
14 apologize, I can't read the first name. The last  
15 name is Blackwell, and Wendy Nehring.

16 ISAAC WEBB: Hi. My name is Isaac Webb.  
17 Last year I was the Chairman of the Kingsport  
18 Chamber of Commerce board, but I speak to you  
19 today from the perspective of my day job.

20 I'm the local manager for Appalachian  
21 Power Company, an investor-owned utility that  
22 serves 50,000 customers in northeast Tennessee,  
23 and my organization serves another hundred  
24 thousand in southwest Virginia, most of the  
25 footprint that this merger represents.



1           And we're also the only investor-owned  
2 utility of any size that's regulated by the State  
3 of Tennessee. And so let me tell you that being  
4 regulated by the State of Tennessee, our customers  
5 are well represented. And while sometimes it  
6 constricts my spending and my practices, I think  
7 they're well represented by those regulators.

8           One of the things I know from almost a  
9 40-year career working for a regulated monopoly is  
10 that I'm going to be real diligent about making  
11 investments in our system because the only folks  
12 that can pay for those investments are our  
13 customers, and so we do just that.

14           Now 30 years ago, or a little bit more  
15 than that, I came to the Tri-Cities for the first  
16 time and was aware of the hospital systems. And  
17 30 years ago, you couldn't get from Kingsport to  
18 Johnson City as fast as you can now.

19           And you really couldn't get from Bristol  
20 to Johnson City as fast as you can now, and so you  
21 had three separate cities, and you had about five  
22 hospital systems that served those three systems.

23           And then when you get outside of that  
24 footprint, there probably were a dozen or more  
25 different hospital systems. And there wasn't

1 competition because you just went to the hospital  
2 that was close to you.

3 Now over the last few years, as the  
4 transportation has improved and even the  
5 communication system, you know that's a big  
6 difference when you don't have to make a  
7 long-distance phone call to Johnson City and those  
8 kinds of things.

9 And so what we've seen is a  
10 consolidation of those systems. And one of the  
11 things that's concerned me, just from the  
12 perspective of being a monopolist, if you will, is  
13 that I see the two hospital systems competing with  
14 each other and making major investments to make  
15 themselves more competitive.

16 Well, I understand why they do that.  
17 The fact is that we only need one of this and one  
18 of that in this region. And so my hope is if you  
19 approve this proposal, that we will start to see  
20 some efficiency and some cost-savings, and again  
21 have service for our local area with a local  
22 organization that can address the unique needs of  
23 the area.

24 I appreciate your time.

25 COMMISSIONER DREYZEHNER: Thank you.

1 ALLISON THIGPEN: Lisa Carter.

2 LISA CARTER: Hello. My name is Lisa  
3 Carter. I'm the CEO of Niswonger Children's  
4 Hospital with Mountain States Health Alliance.

5 I've heard a word mentioned a lot  
6 throughout this evening, and that's competition.  
7 And I want to talk just a minute about that, and I  
8 want to tell you what I'm competing for.

9 In this region, I'm competing for the  
10 health and well-being of the children. And now I  
11 want to tell you a few things that I'm competing  
12 against.

13 I'm competing against literacy rates  
14 that are not where they need to be. I'm competing  
15 against socioeconomic levels that are low and  
16 families that live in continued poverty.

17 I'm competing against unemployment  
18 rates. I'm competing against drug addiction rates  
19 that are through the roof. I'm competing against  
20 health care issues that face our region every  
21 single day that absolutely affect the lives of our  
22 children.

23 And when I look through an agreement  
24 that allocates \$140 million to the health of  
25 children and rural health in this community, it

1 gives me hope in competing against these forces  
2 that affect these children every single day.

3 We have very, very underserved  
4 populations. When I look at a community like  
5 Johnson County that doesn't even have a  
6 pediatrician present and we want to talk about  
7 competition, we're way past that.

8 As this region, we really need to talk  
9 about access to care for these kids, and we really  
10 need to allocate funds to meet that need, and to  
11 me, that's what this agreement does. It really  
12 brings money to services that are very much  
13 lacking within this community and within this  
14 region.

15 I can tell you countless stories about  
16 babies who experience withdrawal from drugs  
17 they've been exposed to in utero. That is a very,  
18 very real challenge that we're competing against  
19 every single day.

20 I can talk about families who don't have  
21 the resources they need, basic food that they  
22 need. We're trying to combat hunger in this area.  
23 Those are real challenges, and that's the  
24 competition that we face every single day. And  
25 this agreement can help us fight that.

1           Also need to talk about research.

2           There's \$85 million dollars I think that have been  
3           allocated for research in this agreement. Right  
4           now, we have anecdotal information.

5           My husband's a school teacher at a local  
6           high school, and he can tell me anecdotally the  
7           kinds of effects that long-term neglect of health  
8           are having on teenagers in our society.

9           But with research and true longitudinal  
10          studies, we can have empirical data that shows us  
11          what these children are faced with every single  
12          day and what they're up against.

13          I'm very excited about this agreement,  
14          and I thank you for being here tonight. And when  
15          we talk about competition, I just wanted to share  
16          a few things that we really are competing against  
17          in this region.

18          The challenges are real for the  
19          children, and the money that's been allocated will  
20          certainly help us fight these causes. Thank you.

21          COMMISSIONER DREYZEHNER: Thank you.

22          ALLISON THIGPEN: Thank you. Dr. Jerry  
23          Blackwell.

24          DR. JERRY BLACKWELL: Yes, thank you.  
25          Was my writing that bad?

1           ALLISON THIGPEN:  Either that or my  
2           reading.

3           DR. JERRY BLACKWELL:  Okay.  Dr. Jerry  
4           Blackwell.  Thank you so much, Dr. Dreyzehner, and  
5           folks for having us here.  Again, I'm here, Dr.  
6           Jerry Blackwell, as the President of Wellmont  
7           Cardiology Services.

8           We're a 40-member cardiovascular  
9           services organization with 250 full-time  
10          employees, 500 service line employees, and my  
11          life's work is delivering care in this region.  My  
12          other hat, of course, is the same hat that's worn  
13          by the folks that are in this auditorium, and that  
14          is as a citizen of the region.

15          And I'm here in full support of the  
16          merger, proposed merger between the two entities  
17          as well as the COPA application.  And I'm going to  
18          frame this very briefly in two ways.

19          One is the region that we serve here.  
20          It's a very unique region.  Every day, my group,  
21          myself, and the physicians in this region serve an  
22          area of 9,000 square miles.

23          That 9,000 square miles is predominantly  
24          rural and filled with folks that are ravaged by  
25          hypertension, diabetes, tobacco use, things that

1 require a unique approach to care that we are  
2 committed to providing.

3 The number one killer of both men and  
4 women in this country is cardiovascular disease.  
5 We're committed to trying to come up with the ways  
6 to do this most effectively.

7 We believe that we can help solve this  
8 problem locally. The second part of the framework  
9 is a national health care landscape.

10 We're not here because folks in this  
11 region did anything wrong. We're doing it because  
12 there is a hue and cry from the federal government  
13 saying give us a better model.

14 And I firmly believe that our ability as  
15 a combined organization, instead of turning our  
16 attention towards competing with each other but  
17 rather to turning it towards a patient value  
18 proposition, with the patient at the center.

19 To provide higher quality at lower cost  
20 is the answer to that equation. I believe we have  
21 unique resources inside the Wellmont Health  
22 System, inside the Mountain States Health  
23 Alliance, and with our academic partners to  
24 actually radically change how care is delivered in  
25 a positive way.

1           So in conclusion, I'll just end by  
2           saying I had two hats on here. One is that of a  
3           committed practitioner in this region. The second  
4           is that of a concerned citizen.

5           The answer is that I feel compelled to  
6           be sure that we leave this place better than we  
7           found it. My analysis is that a combined  
8           organization, looking at things differently,  
9           providing different systems of care -- not the  
10          same thing better but different systems of care --  
11          is the preferred way to do it.

12          I thank you for your consideration.

13          COMMISSIONER DREYZEHNER: Thank you.

14          ALLISON THIGPEN: Thank you. Wendy  
15          Nehring, followed by Dan Pohlgeers, Danelle  
16          Glasscock, and Wally Hankwitz.

17          WENDY NEHRING: Good evening. My name  
18          is Wendy Nehring, and I'm the Dean of the College  
19          of Nursing at East Tennessee State University.  
20          Dr. Means did a wonderful job of representing us,  
21          but I feel compelled to talk about nursing.

22          We have the largest nursing program in  
23          the state and offer baccalaureate through doctoral  
24          programs. Last year we enrolled about 1,200  
25          students. Therefore, we are very interested in



1 the outcome of this merger effort due to our large  
2 need for clinical placements.

3 First, I believe that everyone deserves  
4 optimal health, and nurses are one discipline that  
5 can play a role in achieving that goal. There are  
6 7,162 licensed registered nurses in northeast  
7 Tennessee, which is 1.4 nurses for every 100  
8 residents.

9 There are five nursing programs in this  
10 area that provide associate degrees through  
11 doctoral degrees. Our nursing programs deliver  
12 programs that provide nurses at the registered  
13 nurse through advanced practice registered nurse  
14 levels. Our graduates are able to take positions  
15 in a variety of health care agencies.

16 We are well positioned to meet the  
17 demand for nursing care in this region for many  
18 years to come and will continue to recruit  
19 excellent, qualified students. And it's important  
20 that our graduates have places in this region in  
21 which they want to continue to work.

22 So you heard earlier that there is a  
23 nursing shortage. Certainly, some of the  
24 hospitals do need a number of nurses. But we have  
25 to, as many of the people said tonight, raise that

1 level of care which I believe this merger could do  
2 so that our graduates want to stay in this area.

3 Second, the region would benefit from  
4 more research conducted by nurses about nursing  
5 care, cost of care, delivery of care, models of  
6 care, and outcomes of care, for example. In  
7 addition, collaborative research is needed by  
8 interprofessional research teams, which include  
9 nurses.

10 Third, joint appointments comprised to  
11 researched-focused doctoral nursing faculty, with  
12 our health care systems are needed if this merger  
13 occurs to assist with nursing research.

14 Such arrangements are a win-win for both  
15 the hospital and nursing program, as new ideas are  
16 tested, better care delivered, and knowledge is  
17 shared with nursing students.

18 Fourth, working together for a seamless  
19 continuum of care from the patient to the provider  
20 to the health care system and back is essential.

21 At the College of Nursing, we operate 14  
22 nurse-led clinics that care for the uninsured,  
23 underinsured, homeless, migrant, and school  
24 populations. Working more closely with this  
25 proposed health care system will enhance the care

1 delivered to the health of the population.

2 Patient-centered care-based health care  
3 is the preferred delivery model. Nurses are an  
4 essential member of the team and will continue to  
5 play an important role in the care of our  
6 population.

7 At East Tennessee State University, we  
8 teach our nursing students to critically think, to  
9 lead, and to provide the best compassionate care.  
10 I believe that the current and future nurses in  
11 our region will continue to step up and  
12 accommodate to changes in health care to reach the  
13 goal of optimal health care for all.

14 Any merger should put into place the  
15 ability to reach these goals, and I believe these  
16 two health care systems believe that too. Thank  
17 you.

18 COMMISSIONER DREYZEHNER: Thank you.

19 ALLISON THIGPEN: Dan Pohlgeers.

20 COMMISSIONER DREYZEHNER: Just a brief  
21 moment. We've now been seated for approximately  
22 two hours. And as Dr. Blackwell knows, that's an  
23 independent risk factor for cardiovascular  
24 disease.

25 So I think we should all stand up for at

1 least 60 seconds. How about that?

2 (A recess was taken).

3 COMMISSIONER DREYZEHNER: Proceed.

4 DAN POHLGEERS: Thank you. Dr.

5 Dreyzehner, panel, thank you for giving me the  
6 opportunity to speak tonight, and thank you for  
7 being here in northeast Tennessee.

8 My name is Dan Pohlgeers. I am a  
9 20-plus-year resident of northeast Tennessee, and  
10 I've had the privilege of working in health care  
11 as a provider, as a practice administrator, and  
12 now as an independent medical practice consultant.

13 I commend the Advisory Group on the  
14 index that was developed and the Department for  
15 the COPA application and rules.

16 However, I am unable to state my support  
17 or opposition to the merger until a completed  
18 application is submitted and accepted by the  
19 Department of Health. I believe this should  
20 include the disadvantages to the merger, which it  
21 currently does not, and a strong separation  
22 agreement.

23 There are several other issues that if  
24 eliminated from the index, would prevent my  
25 support. In the other category, No. 5 of the

1 index, to maintain a strong local control and  
2 governance in COPA is not transferable to any  
3 entity.

4 Like many people have spoken here today,  
5 I believe the COPA is truly only a public  
6 advantage if there is local control of the merged  
7 entity, and the COPA should only exist with  
8 continued local governance.

9 If the merger, if the merged system is  
10 ever sold to an entity outside the geographic  
11 region, the COPA should be terminated and the  
12 Separation Agreement triggered.

13 In the DOH promulgated rules, which I've  
14 attached a copy on, please ask that this  
15 information be also included in the information  
16 tonight. Subsection 2 No. 17 states that the  
17 application must include a Plan of Separation.

18 Why is this important? As previously  
19 stated this evening, the FTC in a letter, which is  
20 also attached, on December 22nd, 2015, states that  
21 once two companies have combined through a merger,  
22 it often becomes difficult to unwind the  
23 integration of the merged parties' assets.

24 At the September 23rd, 2015, rules  
25 hearing, Wellmont and Mountain States Health

1 Alliance opposed having a Separate Agreement in  
2 the COPA application. In their written  
3 statements, they start quotation respectfully  
4 suggested that the Separation Agreement be  
5 excluded from the application process. The rules  
6 were not modified.

7 Per a letter dated March 28th, 2016,  
8 from Dr. Dreyzehner, the Department has requested  
9 additional information from the applicants and has  
10 deemed the Separation Agreement incomplete.

11 I applaud the Department for the  
12 position on this provision, and any attempt by the  
13 applications to change this rule would prevent me  
14 and most of my colleagues from supporting the  
15 COPA.

16 I have two other issues that I wanted to  
17 bring up, but to relinquish the rest of my time  
18 I'll just turn those in as written statements.

19 Thank you again for your time.

20 COMMISSIONER DREYZEHNER: You have a few  
21 remaining moments.

22 DAN POHLGEERS: And I appreciate you  
23 being here this evening.

24 COMMISSIONER DREYZEHNER: Thank you.

25 ALLISON THIGPEN: Danelle Glasscock.

1 DANELLE GLASSCOCK: Hi. I'm Danelle  
2 Glasscock. I'm the Executive Director of the  
3 United Way of Greater Kingsport, and I appreciate  
4 the opportunity to be here tonight.

5 The United Way of Greater Kingsport  
6 supports Better Together, the benefits of the  
7 commitments outlined by the two health systems,  
8 closely aligned with what the United Way has  
9 identified as key gaps in our community.

10 United Ways across our region look  
11 closely at the key building blocks of education,  
12 income, and health. These are very important to  
13 our community citizens. We are committed at  
14 United Way to solving our community's root-cause  
15 issues.

16 Our United Way has been working  
17 diligently on many of these issues that are also  
18 outlined in the commitments, including the  
19 percentage of children reading at the 3rd grade  
20 level; access to health care; mental health  
21 issues; drug abuse issues, including the impact of  
22 the unfortunately high number of children who are  
23 born addicted to drugs.

24 The benefit charitable health  
25 organizations provided in our community is greatly

1 valued by United Way, though we also recognize  
2 that much more community support is needed for  
3 these organizations. We would anticipate this  
4 would happen with a Better Together merger.

5 The cycle of life continues. Those who  
6 have good education and access to health care are  
7 more likely to have jobs that provide a  
8 sustainable wage for their families. We believe  
9 the benefits as listed in the commitments by  
10 Wellmont and Mountain States would ensure that a  
11 better life is available to all in our community.

12 Thank you.

13 COMMISSIONER DREYZEHNER: Thank you.

14 ALLISON THIGPEN: Wally Hankwitz, and  
15 then we will have our final three speakers, Tony  
16 Seaton, a local resident, and John Clark.

17 WALLY HANKWITZ: Thank you. My name is  
18 Wally Hankwitz, President of Highlands Health  
19 Management Kingsport. It's good to see many of  
20 you again.

21 This application is for the merger of  
22 two non-profit tax-exempt community health  
23 systems. As a community health system, they need  
24 to be accountable to the community. They need to  
25 be transparent.



1           And late last month, the Kingsport --  
2           the local paper published an article that I  
3           crafted on the importance of administrative and  
4           government transparency at our health systems and  
5           at the new company.

6           The title of the article, "Sunshine is  
7           the Best Disinfectant." I'll leave it here for  
8           the panel to review.

9           Transparency and lack thereof in my mind  
10          is a major issue here. And I ask, are you all  
11          aware that last Fall on September 21st, the US  
12          Department of Justice announced its settlement in  
13          a suit in excess of \$115 million against two  
14          hospital systems who were found guilty of fraud  
15          and abuse for filing false insurance claims?

16          And one of those two systems is a COPA  
17          applicant? Where was this disclosed in the COPA  
18          application?

19          Are you aware that last month, on May  
20          24th, Vanderbilt University Medical Center  
21          announced it created the Vanderbilt Health  
22          Affiliated Network to contract throughout the  
23          state with payers, and their network includes  
24          MSHA.

25          I don't recall seeing or reading that in

1 the application either.

2 Where's the transparency? Where's the  
3 honesty? Where's the integrity? And we're  
4 expected to trust what they say? What else is  
5 missing? What else don't we know?

6 Is there a need for transparency? You  
7 bet, and I've got some recommendations.

8 Number one, stream all board meetings  
9 live and record them so the community can view  
10 what their community representatives act on.

11 Secondly, being a community system, at  
12 least two-thirds of the board should be voted on  
13 and appointed, elected by the community, not by  
14 the monopolies management or incumbent board  
15 members.

16 Third, the Tennessee, you the Tennessee  
17 Department of Health, should appoint at least one  
18 representative to attend every single board  
19 meeting to monitor the activity to make sure that  
20 the promises, the so-called commitments that  
21 they're making in the application are adhered to.

22 And last, at least two representatives,  
23 and this is not the least important point but the  
24 most important point, and that is the  
25 representation of the independent physicians. At

1 least two of the board members should be appointed  
2 by the independent physicians in this community.

3 The independent physicians are the  
4 backbone of this community. They're loyal.

5 Hospital management comes and goes. The  
6 physicians are here. They are the ones that need  
7 to be represented. Thank you.

8 COMMISSIONER DREYZEHNER: Thank you.

9 ALLISON THIGPEN: Thank you. Tony  
10 Seaton.

11 DR. ANTHONY SEATON: Dr. Dreyzehner,  
12 staff, thank you for being here this evening, and  
13 thank you for an opportunity to speak with you.  
14 My name is Tony Seaton. I'm an ophthalmologist in  
15 Kingsport, Tennessee.

16 I am also here to represent Highlands  
17 Physicians, Incorporated, which is an independent  
18 physician association that represents 1500  
19 providers in east Tennessee and southwest  
20 Virginia.

21 Obviously we are very dedicated to the  
22 health and the well-being of our community. We  
23 take that very seriously, and we feel that we need  
24 a very strong hospital system to be able to  
25 provide that care to our population.

1           We feel that the COPA should be approved  
2 but only if there are protections and state  
3 monitoring that's included in that approval.

4           Those protections and monitorings that  
5 we would like to see included would include, one,  
6 the merged entities should not be allowed to  
7 prevent Certificate of Needs that may be able to  
8 increase competition, provide for better cost  
9 savings, and to continue innovation in the area.

10           Number Two, there should be a cap on the  
11 number of physicians employed by the merged entity  
12 relative to independent physicians. We feel that  
13 no more than 30 percent of the employed physicians  
14 or no more than 30 percent of the physicians in  
15 the area should be employed by the merged entity.

16           We feel that equal representation, both  
17 of employed and independent physicians, on the  
18 merged entities corporate board of directors and  
19 clinical council should be in place and that  
20 measures should be in place to prevent  
21 discrimination against nonemployed physicians.

22           All qualified physicians who are willing  
23 to accept fair market value or fair market  
24 compensation should have the right to be included  
25 in payer networks, including the entity's health

1 plan.

2 We would encourage the use of  
3 community-based health information exchange, such  
4 as the one that's currently up and running in our  
5 area, and we also would encourage annual  
6 independent surveys of all impacted groups for  
7 adverse impacts.

8 One of the concerns we have would be the  
9 possibility that the merged entity and employed  
10 physicians might be able to exclude independent  
11 physicians from certain contracts or certain  
12 payers. That has been discussed here this  
13 evening, and there are discussions in the COPA as  
14 to how to prevent that from happening.

15 We're concerned that if something like  
16 that did happen, there could be migration of  
17 physicians that may be long-standing in our  
18 community with loss of long-standing  
19 patient/physician relationships.

20 So again, we would love to see  
21 protections and assessments built into the COPA  
22 that could help prevent such a thing.

23 Thank you for your time.

24 COMMISSIONER DREYZEHNER: Thank you.

25 ALLISON THIGPEN: We have a local

1 resident who wishes to speak.

2 LOCAL RESIDENT: Hi.

3 COMMISSIONER DREYZEHNER: Hello.

4 LOCAL RESIDENT: Have you wondered about  
5 the profile of the people who are speaking to you?  
6 Have you noticed how few average consumers are  
7 here? Have you asked yourself about that?

8 I want to propose that perhaps they've  
9 come to the same conclusions I have. I've become  
10 very disillusioned with our government on all  
11 levels: local, regional, state, federal.

12 I no longer see our government as  
13 serving its citizens, so perhaps in a sense I may  
14 see myself as representing all of the people who  
15 are voiceless who have lost -- who may also have  
16 lost faith in our government.

17 I came tonight very convinced that of my  
18 position, and I may have moved along a continuum,  
19 and perhaps that's a good thing to do is to be  
20 willing to change.

21 Both of my parents were harmed by one of  
22 the three large hospitals in our area. I'm afraid  
23 to tell you which one, because I may have to be  
24 served there at some point.

25 I've been reading patient empowerment

1 books, and I believe at this point that I should  
2 not be in a hospital without a patient advocate at  
3 my side to protect me 24/7.

4 My father had a leg amputated not once  
5 but twice. That was not the hospital's fault now.  
6 That was not. I'm not blaming them.

7 But I am blaming the one or more people  
8 either during surgery or after surgery who had him  
9 acquire, made him acquire a hospital-acquired  
10 infection. And the treatment that they gave him  
11 was so horrendous, so harsh, that it ruined his  
12 sense of taste and hearing.

13 So here is this poor man who spent the  
14 last seven years of his life in a hospital bed.  
15 He had a cancerous larynx removed. He had a leg  
16 amputated not once but twice and...

17 One minute. Wow, okay. Forget the  
18 story. Let me get to my points.

19 Dr. Dreyzehner, I came to see you. I  
20 realize that I'm going to need to trust you. I do  
21 not trust government to do the right thing.

22 If our hospitals are dying, then they  
23 need to merge. My guess as a consumer is that  
24 based on the research that I've done -- I have two  
25 master's degrees. I do research well -- is that

1 it serves patients better if they merge with outer  
2 ones. Then I, as a patient, I at least have two  
3 options.

4 I can research -- what was that? Is  
5 that 30 seconds?

6 ALLISON THIGPEN: 30 seconds.

7 LOCAL RESIDENT: 30 seconds. Well, wow.  
8 Apparently I didn't...

9 COMMISSIONER DREYZEHNER: You're also  
10 able to submit written comments.

11 LOCAL RESIDENT: I'm sorry?

12 COMMISSIONER DREYZEHNER: You're also  
13 able to submit written comments.

14 LOCAL RESIDENT: I'm going to have to  
15 trust you. I do not trust government, I'm going  
16 to have to trust you to actually do the best thing  
17 for consumers. If we have to merger, merge, but  
18 with whomever.

19 I don't think logically, common sense, I  
20 think the gentleman from the FTC was exactly  
21 right. Research shows that the costs are going to  
22 go up, and I lose options. I can't make choices.

23 So probably mergers elsewhere. But what  
24 I want you to do, please, is use your power to  
25 improve the quality of patient care.



1 Medical errors are now the third-leading  
2 cause of death in the United States. That's  
3 scandalous. And nobody is going oh, and they  
4 should. Improve patient care.

5 I came. I drove all the way here, sat  
6 through all this just to say that to you. I  
7 appreciate your listening. I, who don't have  
8 confidence in our own government.

9 I'm impressed that you all bothered to  
10 come. Thank you. I really am. I'm serious. I  
11 appreciate that you all came and are listening.  
12 At least you appear to be listening. Thank you.

13 So please use your power to actually  
14 help consumers. Whatever that is, I'm going to  
15 have to trust you to make the best decision.  
16 Thank you.

17 COMMISSIONER DREYZEHNER: Thank you.

18 ALLISON THIGPEN: Thank you. John  
19 Clark. He may have had another engagement that he  
20 had to go to. Can you check and see if we have  
21 any additional speakers?

22 UNIDENTIFIED: There are no more.

23 ALLISON THIGPEN: No other speakers.  
24 I'm going to put the information on how to submit  
25 written comments back on the screen. Three

1 minutes is a very short amount of time, so we read  
2 every single comment.

3 They're important to us. So if you have  
4 anything additional to say, please submit written  
5 comments via email, in writing, or on-line.

6 And thank you all for being here. Dr.  
7 Dreyzehner?

8 COMMISSIONER DREYZEHNER: I would just  
9 say again, thank you for all of your comments.  
10 Very energetic and very helpful to our process.  
11 We value all perspectives.

12 And then we'll take a brief recess, and  
13 then we'll be available to, if there's any members  
14 of the media that have questions.

15 Thank you all again, and have a good  
16 night and a safe trip back to your homes.  
17 Goodbye.

18 THEREUPON, the meeting was concluded at  
19 7:44 p.m.

1 REPORTER'S CERTIFICATION

2  
3 STATE OF TENNESSEE )  
4 COUNTY OF SULLIVAN )

5 I, Terry L. Kozakevich, LCR #394, Licensed Court  
6 Reporter, Registered Professional Reporter, **(and**  
7 **notary public)**, in and for the State of Tennessee, do  
8 hereby certify that the above meeting was reported by  
me and that the foregoing **115** pages of the transcript  
is a true and accurate record to the best of my  
knowledge, skills, and ability.

9  
10 I further certify that I am not related to  
11 nor an employee of counsel or any of the parties to  
the action, nor am I in any way financially interested  
in the outcome of this case.

12  
13 I further certify that I am duly licensed by  
14 the Tennessee Board of Court Reporting as a Licensed  
Court Reporter as evidenced by the LCR number and  
expiration date following my name below.

15  
16 **IN WITNESS WHEREOF, I have hereunto set my**  
17 **hand and affixed my notarial seal this 7th day of**  
18 **June, 2016.**

19  
20  
21  
22  
23  
24 \_\_\_\_\_  
Terry L. Kozakevich, LCR #394  
Registered Professional Reporter  
Expiration Date 9/30/2017  
25 **Notary Public Commission Expires 7/24/18**