

October 11, 2019

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balladhealth.org

Honorable Lisa Piercey, MD, MBA, FAAP
Commissioner
Tennessee Department of Health
710 James Robertson Parkway
Nashville, TN 37243

Re: Request for Physician Waiver (Cardiothoracic Surgeon)

Dear Commissioner Piercey,

Ballad Health ("Ballad") has identified an immediate need for two cardiothoracic surgeons in the Bristol, Tennessee market and is requesting a waiver under Section 5.05(e) of the Terms of Certification. Dr. William Messerschmidt has recently departed from the cardiac call schedule at Bristol Regional Medical Center ("BRMC") and has decided to stop performing cardiac surgeries due to his own determination that he is physically unable to provide cardiac surgical care services. As a result of Dr. Messerschmidt's decision, Dr. Marcus Williams, who is 67 years old, is the sole provider of cardiac surgery services and call coverage at BRMC.

Although Dr. Williams is a tremendous asset to BRMC and the region, his advanced age and status as the sole provider leads to concerns regarding sustainability of his practice and succession upon his retirement. Dr. Williams and the Wellmont Cardiology Services ("WCS") surgical team share these concerns and have requested that Ballad add two additional cardiothoracic surgeons to the BRMC staff.

The most recent Provider Needs Assessment for Ballad's Northwest region identified a 1.6-1.8 FTE deficit of cardiothoracic surgeons in 2018, with the deficit expected to increase to 2.5-2.7 by 2021. This assessment was conducted *prior to* Dr. Messerschmidt's departure from cardiac call coverage and surgical services. Additional cardiothoracic surgeon capacity is needed now to fill the vacancy created by Dr. Messerschmidt's recent unplanned departure, and, longer-term, recruitment is imperative to provide appropriate succession planning for Dr. Williams' expected retirement.

Under the Terms of Certification, Ballad is required to request a waiver from your office before extending an offer of employment to physician candidates in certain specialties who practice at Non-Rural Hospitals. Cardiothoracic surgery at BRMC is one of these specialties that requires a waiver. Earlier this year, the WCS recruitment team identified Dr. Nathan Smith, an experienced cardiothoracic surgeon, as a potential candidate to join WCS. Unfortunately, the WCS team extended an offer of employment to Dr. Smith in June before a waiver was requested from your

office. Ballard's COPA Compliance Officer identified the mistake this week and has counseled the WCS team on the process that must take place before offers of employment are extended to physician candidates. We apologize for this oversight and we are examining ways to make sure that this mistake is not repeated. Given the small pool of cardiothoracic surgeons available across the nation, Ballard is respectfully requesting that the Department retrospectively grant a waiver under Section 5.05(e) of the Terms of Certification for Dr. Smith's employment to help address the cardiothoracic need in this market.

Under the terms of the employment agreement executed in June, Dr. Smith will not be joining WCS until September of 2020. As a result, his addition will help with succession planning, but it will not help address the immediate need for an additional cardiothoracic surgeon at BRMC. To address the immediate need, Ballard is also requesting a waiver under Section 5.05(e) of the Terms of Certification to recruit a full-time cardiothoracic surgeon to join BRMC as soon as possible.

We appreciate your consideration of this request. Please let us know if you need any additional information.

Sincerely,



Alan Levine

Enclosure

cc: Herbert H. Slatery III
Tennessee Attorney General

Janet M. Kleinfelter
Deputy Attorney General

Jeff Ockerman, Director, Division of Health Planning
Tennessee Department of Health

Larry Fitzgerald
Tennessee COPA Monitor

M. Norman Oliver, MD, MA, Commissioner
Virginia Department of Health

Erik Bodin, Director, Office of Licensure and Certification
Virginia Department of Health

Exhibit A

• **Summary of Why Ballad Seeks to Employ each Physician**

Physician	Specialty	Medical Staff Privileges	FTE	Letter of Intent Status
Nathan Smith, M.D.	Cardiothoracic Surgery	Bristol Regional Medical Center	1.0	Executed
Candidate Not Yet Identified	Cardiothoracic Surgery	Bristol Regional Medical Center	1.0	Candidate Not Yet Identified

• **Impact of Hiring Physicians on Physician Employment by Facility in the chart format below**

	Independent	Employed	Total	% (Employed/Total)
Current FTEs	0	1.33*	1.33	100
Proposed FTEs	0	3.33**	3.33	100

* Dr. Messerschmidt remains employed as a 0.33 FTE. but it should be noted that he is not performing any cardiac surgeries and is not taking call.

** We anticipate a retirement of 1 FTE, which will reduce this number to 2.33 FTEs.

Supporting Information

1. Please provide the most current physician needs assessment for this specialty in the COPA Service Area.

Attached.

2. Given the number of current local physicians in this specialty, is there sufficient volume to support all the current practices? Please explain and provide supporting data.

Yes, per the market needs assessment, there is a net physician need of 1.6-1.8 FTEs with the deficit expected to increase to 2.5-2.7 by 2021. This assessment was conducted *prior to* Dr. Messerschmidt's departure from call coverage and surgical services.

3. Has Ballad Health reviewed the mix of specialists to determine whether a new physician is needed?

Yes.

4. **(If applicable) Please provide the annual usage - in days and by cost -- by the hospital of Locum coverage.**

N/A for this specialty.

5. **What would be the proposed compensation, benefits, and other employment terms for this provider?**

Base Salary: \$452,105

Conversion Factor: None.

Performance Bonus: None. Quality bonus of \$304,995 max. Actual for FY19 \$226,953

Sign on Bonus: None.

Education Loan Repayment: None for senior physician. Would negotiate for a new physician.

CME: \$6000

Benefits: Standard Ballard benefits

6. **Please provide a copy of any FMV determination received for No. 5, above.**

N/A

7. **Describe efforts by Ballard to recruit new physicians in this specialty to the service area.**

Ballad has been actively recruiting cardiothoracic surgeons over the past several months. There is a limited pool of viable candidates.

8. **Does Ballard propose that the employment of these physicians would affect any of the baseline spending amounts, and would Ballard attempt to use the increased spending for any of its incremental spending commitments?**

No.