



**STATE OF TENNESSEE  
DEPARTMENT OF HEALTH**

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**BILL LEE**  
GOVERNOR

**RALPH ALVARADO, MD, FACP**  
COMMISSIONER

June 28, 2023

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

**Re: Approval of FY24 budget for Ballad Health's ("Ballad") FY23-25 Spending Plans**

Mr. Levine,

I am writing to address the FY24 budget for the spending plans ("Replacement Plans") required of Ballad for FY23-25 under Section 3.06(c) of the Third Amended and Restated Terms of Certification dated July 1, 2022 ("TOC"). We understand that Ballad has simultaneously requested approval of similar FY24 budgets for Replacement Plans from Virginia under their Letter Authorizing a Cooperative Agreement ("CA") and desires that the states align required spending under the TOC and CA as closely as possible.

These budgets have been reviewed by staff at the Tennessee Department of Health ("TDH") and the Tennessee Certificate of Public Advantage ("COPA") Monitor. Thank you for the original submission and the additional information Ballad provided based upon the requests of the COPA Monitor. The final FY24 budget for the Replacement Plans, which have been recommended to me for approval by TDH staff and the COPA Monitor, are attached to this letter. The FY24 budgets for the Replacement Plans do not alter the total amount of the monetary commitment under the TOC, nor do they alter the relative amount required under each spending plan.

I find that the FY24 budgets for Replacement Plans reasonably address the spending obligations under the TOC. **Therefore, I approve the FY24 budgets for the Replacement Plans titled FY23-FY25 Plans (FY24 Budgets) effective as of July 1, 2023.**

We do note that final satisfaction of the monetary obligations and commitments of Ballad under Section 3.01 of the TOC will only be determined after review and verification by the COPA Monitor that sufficient amounts were expended under the standards set forth in that section. We further note, as we stated in our letter last year approving the Replacement Plans, that based upon our general calculations and making certain spending assumptions, there may be at least two (2) plans – Behavioral Health and Region-Wide HIE - for which, even with full expenditures under the Replacement Plans, Ballad may not meet its monetary obligations and commitments. If that is the case, we encourage Ballad to seek approval in advance of spending for additional appropriate expenditures under the plan modification process set forth in section 3.06(c) of the TOC.

We appreciate Ballad's efforts to fulfill its monetary commitments under the TOC and look forward to the benefit these expenditures will have for the citizens of Tennessee.

Mr. Alan Levine, President & Chief Executive Officer  
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Please let my staff know if you have any additional questions or need further clarification.

Sincerely,



Ralph Alvarado, MD, FACP  
Commissioner

**Attachment: FY23-FY25 Plans (FY24 Budgets)**

Cc: Julie Bennett, Chief Legal Officer  
Ballad Health

Marvin Eichorn, EVP, Chief Administrative Officer  
Ballad Health

Karen Seiden, COPA Compliance Officer  
Ballad Health

Karen Shelton, MD, Commissioner  
Virginia Department of Health

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