



**STATE OF TENNESSEE
DEPARTMENT OF HEALTH**

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BILL LEE
GOVERNOR

RALPH ALVARADO, MD, FACP
COMMISSIONER

April 10, 2023

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

RE: Ballad Health's ("Ballad") Request for a Ninety-Day Extension on the replacement Capital Plan Submission Requirement

Mr. Levine,

This is in response to your letter dated March 22, 2023 ("Ballad Capital Plan Extension Letter") in which you ask the Tennessee Department of Health ("TDH") to extend the requirement under Section 3.07(b)(ii) of the Third Amended and Restated Terms of Certification, dated July 1, 2022 ("TOC") to submit a replacement Capital Plan at the end of each three-year period. Under a letter dated December 19, 2022 ("FY23 Extension Letter"), TDH accepted a one-year capital plan for fiscal year 2023 ("FY23") as a full replacement Capital Plan for FY23 and granted Ballad a one-year extension, until April 1, 2023, on the replacement Capital Plan submission requirement under TOC Section 3.07(b)(ii).

Your letter states that FY23 has been a very challenging year for health systems as they faced serious workforce shortages, rapid inflation and skyrocketing expenses. Ballad has requested until July 1, 2023 to submit its three-year replacement Capital Plan in order to follow its internal budgeting process and determine the capital that will be available for the next three years under a more accurate and realistic Capital Plan.

The Tennessee COPA Monitor has recommended that Ballad be granted the extension and therefore, considering the economic uncertainties currently faced by the health care industry, I have determined that the likely benefits of granting this extension request outweigh the potential adverse impacts. **Therefore, I grant Ballad until July,1, 2023 to furnish to the COPA Monitor a three-year replacement Capital Plan under the requirements of Section 3.07(b)(ii) for the Capital Plan accepted under FY23 Extension Letter.** I look forward to reviewing the full three-year replacement Capital Plan on or before July 1, 2023.

Mr. Alan Levine, President & Chief Executive Officer
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Thank you for your continuing efforts to serve the needs of the community and your patients. While TDH takes our supervision role under the COPA very seriously, we also see ourselves as partners with Ballad in working through the various issues that will invariably arise in this unprecedented process. Ballad's success is imperative to the residents of Northeast Tennessee and Southwest Virginia, and we want to do our part to help make that success possible.

Please let my staff know if you have any additional questions or need further clarification.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Alvarado", written in a cursive style.

Ralph Alvarado, MD, FACP
Commissioner

cc: Julie Bennett, Vice President & General Counsel
Ballad Health

Marvin Eichorn, EVP, Chief Administrative Officer
Ballad Health

Karen Seiden, COPA Compliance Officer
Ballad Health

Joe Hilbert, Deputy Commissioner for Governmental and Regulatory Affairs
Virginia Department of Health

Erik Bodin, Office of Licensure and Certification
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