



**STATE OF TENNESSEE
DEPARTMENT OF HEALTH**

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NASHVILLE, TN 37243

BILL LEE
GOVERNOR

RALPH ALVARADO, MD, FACP
COMMISSIONER

March 11, 2025

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 waiver of notice period for proposed Long Term Care and Assisted Living Facilities transaction ("LTC Transaction")

Mr. Levine,

The Tennessee Department of Health ("TDH") has been made aware of Ballad's desire to effect the LTC Transaction as early as September 2023 when Ballad formally notified TDH under certain provisions of the Fourth Amended and Restated Terms of Certification dated July 1, 2023 ("TOC") of a pending transaction to divest a majority stake in its ownership in all of its skilled nursing, long term care and assisted living facilities in Ballad's geographic service area and transfer day-to-day operational management of the facilities to the new majority owner. Ballad subsequently withdrew that request, but Ballad notified TDH of the LTC Transaction by letter dated January 14, 2025. Subsequently, by letter dated February 7, 2025, Ballad has now requested that TDH waive the required notice period to permit an earlier closing of the LTC Transaction. I have reviewed your request along with the recommendation of the Tennessee Certificate of Public Advantage ("COPA") Monitor.

Further, section 3.08(d)(ii) of the TOC requires Ballad to give TDH sixty (60) days advance notice of any 'material reduction in workforce during the COPA term....' Your January 12, 2025 letter states that all employees of the facilities will be offered jobs with the buying entity or with Ballad in its other operations.

Generally, section 4.03(c)(i) of the TOC requires Ballad to give TDH ninety (90) days prior notice of "any proposed deletion or repurposing of ... any such facility [sic], including by means of ...divesting an interest in, or terminating, materially modifying or creating a

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joint venture with respect to... such facility [sic]..." Your February 7, 2025 letter states that Ballad desires to move as quickly as possible on the LTC Transaction due to market conditions.

In reliance upon the representations you have made in your letters, and based upon the recommendation of the COPA Monitor, I believe that the LTC Transaction may retain or increase important services to the community, preserving quality and maintaining access to post-acute and long-term care services in the region. Therefore, **I consent to your request to enter into the LTC Transaction as soon as the date of this letter. I hereby waive the notice periods under sections 3.08(d)(ii) and 4.03(c)(i) of the TOC for good cause.** Please note, as a condition of this consent and waiver, I am requesting that the COPA Monitor review the Ballad Severance Policy required by section 3.08(d)(ii) of the TOC and the actual results of the plan to either place Ballad employees currently working in skilled nursing, long term care and assisted living facilities with the buying entity or with Ballad in its other operations. This report should be included in the regular Annual Report of the COPA Monitor, which covers the time period for the LTC Transaction.

Thank you for proactively finding solutions to problems that threaten the continuation of quality care delivery. Maintaining access to these important health services is imperative to the residents of Northeast Tennessee and Southwest Virginia.

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", with a long horizontal flourish extending to the right.

Ralph Alvarado, MD, FACP
Commissioner

cc: Julie Bennett, Chief Legal Officer
Ballad Health

Marvin Eichorn, EVP, Chief Administrative Officer
Ballad Health

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Karen Seiden, COPA Compliance Officer
Ballad Health

Karen Shelton, MD, Commissioner
Virginia Department of Health

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

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

Kevin Meyer
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Kevin M. Kreutz, Deputy Attorney General
State of Tennessee

JW Randolph, MPH, Deputy Commissioner Health Strategy and Regulation
Tennessee Department of Health

Elizabeth Jones, Director, Health Planning
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