

November 30, 2020

via: FedEx and Email

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

The Honorable M. Norman Oliver, MD, MA  
State Health Commissioner  
Virginia Department of Health  
109 Governor Street  
Richmond, VA 23219

Dear Commissioners Piercey and Oliver:

Pursuant to the Terms of Certification (TOC) Addendum 1 and Condition 5 of the Cooperative Agreement (CA), Ballad Health hereby submits the attached report with respect to Fiscal Year 2020.

As always, we welcome any questions or comments that you may have.

Sincerely,



Karen Guske  
SVP, COPA Compliance Officer  
Ballad Health

Cc: Herbert H. Slatery  
Attorney General and Reporter  
State of Tennessee  
  
Janet M. Kleinfelter  
Deputy Attorney General  
State of Tennessee  
  
Judi Knecht, Interim COPA Director  
Tennessee Department of Health

Jeff Ockerman  
Tennessee Department of Health

Larry Fitzgerald  
Tennessee COPA Monitor

Allyson Tysinger  
Senior Assistant Attorney General  
State of Virginia

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

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

Kevin Meyer, COPA Analyst  
Virginia Department of Health

Dennis Barry  
Southwest Virginia Health Authority

Tim Belisle, EVP & General Counsel  
Ballad Health

Marvin Eichorn, EVP & Chief Administrative Officer  
Ballad Health

## Reporting Requirement for Addendum 1

Due November 30, 2020

Submitted pursuant to the Terms of Certification Governing the Certificate of Public Advantage Issued to Ballad Health Pursuant to the Master Affiliation Agreement and Plan of Integration by and between Wellmont Health System and Mountain State Health Alliance Approved on September 19, 2017 and Issued on January 31, 2018 ("TOC") and the Virginia Order and Letter Authorizing a Cooperative Agreement dated October 30, 2017 ("CA").

### CERTIFICATION OF COMPLIANCE WITH THE TOC AND THE CA

Pursuant to section 6.04(a) of the TOC and Conditions 39 and 40 of the CA, the undersigned hereby certify the following report and its attachments are true and correct to the best of his/her knowledge after due inquiry and are accurate and complete.



**Alan Levine**  
Executive Chairman  
Chief Executive Officer  
Ballad Health

11-30-20  
Date



**Lynn Krutak**  
Executive Vice President  
Chief Financial Officer  
Ballad Health

11-30-20  
Date

**Required Deliverables Submission  
November 30, 2020  
Addendum 1  
Annual Report to the Department**

*By November 30, 2019, and by each November 30 thereafter during the COPA Term, the New Health System shall provide a report to the Department to include the following information with respect to the Fiscal Year ended in that calendar year, provided however, that no annual report shall be required if no new contract has been executed during that Fiscal Year.*

- (i) A list of any new Payors which executed Managed Care Contracts for the first time during each fiscal year and a verified certification from the New Health System’s Chief Financial Officer that the pricing for such contracts complies with this Addendum 1; and
- (ii) A summary of all value-based and risk-based payments at the health system level, including a comparison of such payments to the prior Contract Year’s value-based payments.

Payor	Product	Entity	Effective Date
Amerigroup	TennCare	Overmountain Recovery	6/1/2020
BlueCross Blue Shield TN	TennCare	Overmountain Recovery	2/13/2020
Cigna Commercial	Behavioral Health	Ballad Health Medical Associates (TN)	10/24/2019
Cigna Commercial	Behavioral Health	Ballad Health Medical Associates (VA)	10/24/2019
United Behavioral Health	TennCare	Overmountain Recovery	6/1/2020
BlueCross Blue Shield TN	Medicare Advantage CSNP	Ballad Health	1/1/2020
Provider Network of America (PNOA)	Commercial	Ballad Health	2/1/2020
Cigna HealthSpring LOA	Medicare Advantage	Ballad Health	3/10/2020
Cigna Behavioral Health	Behavioral Health	Dickenson County and Russell County Hospitals	5/18/2020
Optum VA CCN	Veterans’ Contract	Ballad Health	5/25/2020
Optum VA CCN	Behavioral Health	Ballad Health	5/25/2020

**ANNUAL REPORT TO THE DEPARTMENT NOVEMBER 30, 2020 <sup>1,3</sup>**

PAYOR	PRODUCT/PROGRAM	LEGACY SYSTEM	FOCUS	RISK	CY PERFORMANCE <sup>7</sup>	PY PERFORMANCE <sup>7</sup>	TIMEFRAME
<b>Value Based Per COPA Definition</b>							
Anthem <sup>2</sup>	Commercial QHIP	LWHS	Hospital	Upside	\$393,516	\$455,097	2019 vs 2018
BCBST <sup>2</sup>	Commercial -- QCPI	LMSHA/LWHS	Physician	Upside/Downside	\$430,027	\$188,674	2019 vs 2018
<b>Cost of Care Models - Total Spend</b>							
Medicare <sup>5</sup>	FFS / MSSP	LMSHA/LWHS	Physician	Upside	\$5,400,000	\$7,200,000	2019 vs 2018
Humana	Medicare Advantage via LM-MSMG	LMSHA	Physician	Upside/Downside	\$2,336,751	\$2,000,000	2019 vs 2018
Humana	Medicare Advantage via LW-WMA	LWHS	Physician	Upside	\$3,532,648	\$292,000	2019 vs 2018
Humana <sup>6</sup>	Medicare Advantage via LW-TMA	LWHS	Physician	Upside	\$3,840	~\$26,000	2019 vs 2018
United Healthcare	Medicare Advantage via LM-MSMG	LMSHA	Physician	Upside/Downside	\$3,876,653	\$1,900,000	2019 vs 2018
United Healthcare	Medicare Advantage via LW-WMA	LWHS	Physician	Upside	\$2,969,627	\$375,000	2019 vs 2018
<b>Cost of Care Models - Episodic</b>							
State of TN <sup>4</sup>	TennCare / Commercial -- Episodes of Care	LMSHA/LWHS	Physicians/Hospitals	Upside/Downside / Upside	\$105,498	\$49,375	2019 vs 2018
<b>Value Based - Governmental</b>							
Medicare <sup>11</sup>	CMS Readmit Rate	LMSHA/LWHS	Hospital	Downside	(\$4,837,792)	(\$4,322,189)	2020 vs 2019
Medicare <sup>11</sup>	Value Based Program (VBP)	LMSHA/LWHS	Hospital	Upside/Downside	(\$1,072,271)	(\$859,866)	2020 vs 2019
Medicare <sup>11</sup>	HACs	LMSHA/LWHS	Hospital	Downside	(\$2,226,796)	(\$753,815)	2020 vs 2019
Medicare	Oncology Care Model	LWHS	Physicians	Downside	\$462,428	not reported previously	
TennCare	TennStar Program	LMSHA	Physicians		\$38,712	\$8,693	2019 vs 2018
TennCare	TennStar Program	LWHS	Physicians		\$133,411	\$78,669	2019 vs 2018
<b>Value Based -- Negotiated</b>							
Anthem	Commercial QHIP	LMSHA	Hospital	Upside	\$765,793	\$1,062,402	2019 vs 2018
TennCare	BCBST PCMH	LMSHA	Physicians	Upside	\$410,813		
TennCare	United Healthcare PCMH	LMSHA	Physicians	Upside	\$90,241	\$252,000	
BCBST <sup>10</sup>	Commercial -- P4P	LMSHA/LWHS	Hospitals	Upside	\$2,117,808	\$1,963,698	2019 vs 2018
<b>Value Related - Gap Closure/PMPMs for Resource Mgmt</b>							
Anthem	Commercial EPHC	LMSHA	Physician	Upside	\$289,610	\$148,000	2019 vs 2018
TennCare	Amerigroup PCMH	LMSHA	Physicians	Upside	\$96,144	\$156,000	2019 vs 2018
United Healthcare <sup>8</sup>	Medicare - MAPCPi	LMSHA	Physicians	Upside	\$3,930	\$0	New to Program 2019
United Healthcare <sup>8</sup>	Medicare - MAPCPi	LWMA	Physicians	Upside	\$118,780	\$276,940	2019 vs 2018
United Healthcare <sup>8</sup>	Medicare - MAPCPi	LTMA	Physicians	Upside	\$53,360	\$3,060	2019 vs 2018
United Healthcare	Medicare - MCAIP	LWMA	Physicians	Upside	\$127,760		2018 PY paid in 2019 <sup>9</sup>
United Healthcare	Medicare - MCAIP	LTMA	Physicians	Upside	\$32,500		2018 PY paid in 2019 <sup>9</sup>
United Healthcare	Medicare - MCAIP	LMSMG	Physicians	Upside	\$15,300		New to Program 2019
WellCare <sup>6</sup>	Medicare Advantage	LWMA	Physicians	Upside	\$169,880	\$148,492	2019 vs 2018
<b>Total</b>					<b>\$15,838,171</b>	<b>\$10,622,230</b>	

**Notes:**

- List includes all value-type programs; PMPMs, P4P, P4Q, Shared Savings, Full Risk, and MLR models for the most recent and prior year reporting period.
- Denotes program meets A1 definition of Value-Based (no inflators or 100% of inflator at risk)
- If an MLR is involved and contract is with the medical group, its reflected as Physician/Hospital given the impact to both.
- State of TN Episodes of Care: Upside/Downside on TennCare but Upside only for Commercial Episodes. 2020 paid surpluses only; no payable due to COVID relief.
- Program thru Integrated Solutions Health Network (ISHN)
- Program thru Highland Wellmont - Health Network (HWHN)
- Numbers are rounded
- Some additional dollars are still in appeal; awaiting discrepancy reviews
- Monies from PY ("Awaiting Discrepancy" accounted for in CY monies)
- FY19 reported fixed and value based; adjusting this year for just value based. CY20 fixed and value based is \$5,151,325
- CMS program numbers from 2019 revised to reflect 2020 reporting directly from Ballad Health's Reimbursement Department.

**LMSHA** = Legacy Mt States Health Alliance; **LWHS** = Legacy Wellmont Health System; **LMSMG** = Legacy Mt States Medical Group; **LWMA** = Legacy Wellmont Medical Associates; **LTMA** = Legacy Takoma Medical Associates, **BHMA** = Ballad Health Medical Associates & **BH** = Ballad Health