



**STATE OF TENNESSEE  
DEPARTMENT OF HEALTH**  
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NASHVILLE, TENNESSEE 37243

**BILL LEE**  
GOVERNOR

**LISA PIERCEY, MD, MBA, FAAP**  
COMMISSIONER

December 21, 2020

**BY EMAIL TRANSMISSION AND U.S. MAIL**

Mr. Alan Levine  
Executive Chairman, President and  
Chief Executive Officer  
Ballad Health  
400 N. State of Franklin Road  
Johnson City, TN 37604

RE: Request to consolidate OB/GYN services in Kingsport, Tennessee

Dear Mr. Levine:

This letter is in response to Ballad Health's request to permanently consolidate labor and delivery services in Kingsport, Tennessee by moving women and newborn's care from Holston Valley Medical Center (HVMC) to Indian Path Community Hospital (IPCH).

In considering the impact on public advantage of this proposed consolidation, TDH agrees / has determined that the following benefits would be achieved:

- Better coordination of care and increasing volumes for providers and staff will improve outcomes and patient experience and overall **quality**;
- Reducing duplication of technology and **staffing** resources will improve the system's ability to provide efficient and targeted care and reduce the strain that the national nursing shortage (exacerbated by the current pandemic) is having on the region; and
- Healthcare **access** is not be materially impacted by closing a service line that is offered within three miles.

Therefore, the Tennessee Department of Health (TDH) approves Ballad's request to permanently consolidate labor and delivery in the city of Kingsport at Indian Path Community Hospital. This approval also allows for discontinuing labor and delivery services at Holston Valley Medical Center.

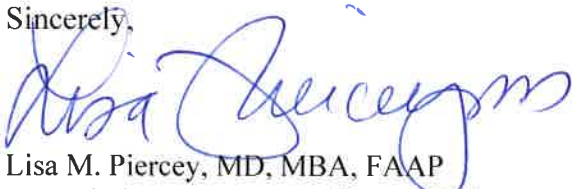
The November 11, 2020 letter requesting approval for the permanent service line change referenced Ballad's spending commitments. To be clear, **the Department's approval of this proposed permanent service line change in no way constitutes an approval of associated expenses counting towards the satisfaction of Ballad's monetary commitments.** As stated in the Terms of Certification (TOC), only new and incremental spending pursuant to the approved 3-year plans, or approved modifications submitted in accordance to the plan modification process set forth in 3.06 (c)

of the TOC, can count towards those 10-year spending commitments. Additionally, as 3-year plans, plan amendments, and related spend must be pre-approved by the Departments of Health in both Tennessee and Virginia, the process for approval laid out by each state must be followed.

We are pleased to approve this request and it is notable that Ballad involved community stakeholders in developing the Women's and Newborn Center in Kingsport proposal. Community outreach and collaboration is always encouraged for such important decisions that impact the region.

The State of Tennessee looks forward to seeing plans, receiving updates as plans are implemented, and ultimately seeing positive outcomes resulting from the Women's and Newborn Center in Kingsport.

Sincerely,



Lisa M. Piercey, MD, MBA, FAAP  
Commissioner, Tennessee Department of Health

**cc:**

Tim Belisle  
EVP & General Counsel, Ballad Health

Karen Guske  
SVP Ballad Health, COPA Compliance Officer

The Honorable Norman Oliver, State Health Commissioner  
Virginia Department of Health

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Virginia Department of Health

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