Certificate of Public Advantage

Department Annual Report

Covering Fiscal Year 2025: July 1, 2024-June 30, 2025

Tennessee Department of Health | April 2026

TN Department of Health

COPA: Department Annual Report on FY25

Executive Summary

During 2018, the two largest health systems in Northeast Tennessee, Mountain States Health Alliance and Wellmont Health System, were issued a Certificate of Public Advantage (COPA) by the State of Tennessee and allowed to merge under the name, Ballad Health. As part of the COPA, and as a condition of granting the COPA, the Tennessee Department of Health (TDH or the Department) required Ballad Health to reinvest expected savings from the merger in ways that would substantially benefit residents living in the system's geographic service area.

The State required terms and conditions that were set out in the Terms of Certification (TOC), a document governing the COPA. The State is statutorily required to actively supervise the system, and the TOC includes an annual system review. The goals of the COPA process are to protect the interests of the public in the region and the State, and to ensure that the benefits of the merger continue to outweigh the risks associated with a reduction in competition.

This Annual Report presents TDH's Annual Review of the Ballad Health COPA for Fiscal Year (FY) 2025 (July 1, 2024 – June 30, 2025) and includes a review of Ballad Health's performance across multiple health measures.

The Department is required to hold a public hearing every three years. With a hearing held in Blountville, TN, in FY23, none were held in FY25. Public comments on the Ballad Health COPA were accepted year-round through various channels. The Department reviewed all submitted complaints and investigated any that were deemed COPA-related. Complaints that were not related to TDH's COPA supervision were shared with the appropriate regulatory body for review.

Ballad Health submitted its Annual Report for FY25, which is posted on TDH's COPA Reports webpage. Highlights from the Ballad Health Fiscal Year 2025 Annual Report, include:

- Quality and safety performance showing improvement in several areas. Ballad Health improved performance on a majority of COPA Target Quality Measures compared to baseline—particularly in pressure ulcers, postoperative complications, and *C. difficile* infections—while other measures, including certain HAIs, readmissions, and patient-experience indicators, remain areas for continued focus.

- Access performance improving in some measures. Emergency Department wait-time performance improved compared to baseline, and many preventive-screening measures remained above pre-merger levels. Several access indicators continued to present

challenges, including urgent-care availability during nights and weekends and behavioral-health follow-up.

- Charity care and financial performance. Ballad Health provided $65.8 million in charity care in FY25, exceeding the baseline, and reported positive operating and total margins alongside $45.2 million in cost-efficiency savings.

- Workforce investments. Ballad Health reported spending more than $4.8M on workforce career development in FY25, in addition to the $300 million invested in wage and benefit increases since 2022. Further, nursing turnover fell to 12.6% in FY25, which was the lowest since the merger.

- Expansion of behavioral-health and crisis services. The system continued to expand crisis response, outpatient behavioral-health access, school-based supports, and substance-use treatment programs. These efforts included more than 4,000 crisis assessments, significant growth in child and adolescent services, and expanded regional SBIRT screening.

The COPA Monitor's Annual Report confirmed Ballad Health's compliance with pricing, charity care, capital spending, and most monetary commitments under the TOC. The COPA Monitor's Annual Report is posted on TDH's COPA Reports webpage. The Monitor recommended continued attention to behavioral-health investment, public-facing quality performance, and capital reinvestment. TDH reviewed these findings and agreed with the recommendations.

The Department made the following recommendations:

- While TDH acknowledges the improvement achieved in FY25, the Department recommends Ballad Health continue to prioritize quality and safety of care. TDH recommends focusing on national quality ratings to improve the system's quality and safety of care efforts.

- TDH recognizes the importance of continuing to furnish sufficient charity care to community members in need and recommends Ballad Health maintain charity care policies and efforts.

- As TDH acknowledges the significant increase in capital expenditures made by Ballad Health in FY25, the Department recommends Ballad Health continue increasing its investment in its hospitals, other buildings, fixtures, and equipment to ensure it delivers acceptable quality and safety of care.

- Based on community input, TDH recommends Ballad Health continue to engage the community and local stakeholders in its public input process. TDH believes that community engagement improves community satisfaction, encourages transparency and accountability, and effectively addresses the needs and concerns of customers.

Because FY25 is a transition year under the updated TOC, effective January 1, 2025, no numerical Final Score was calculated. TDH instead conducted a narrative review of Ballad Health's performance under each Sub-Index domain and compliance with all applicable TOC requirements. Numerical scoring will resume in FY26 under the COPA Index that was revised in the TOC.

Based on its review of FY25 performance across all required domains, including access, quality, population health, economic, and compliance with the TOC, **TDH determined that the Ballad Health COPA continues to provide a Public Advantage.**

Introduction and Background

The COPA

A Certificate of Public Advantage (COPA) is a written approval issued by the Tennessee Department of Health (TDH) that governs a Cooperative Agreement (such as a merger) between two or more hospitals. The COPA provides a specialized form of state oversight to a system to allow a merger that may otherwise be blocked under federal antitrust laws. This oversight structure is designed to mitigate potential negative impacts that may result from a health system holding a majority share of the regional market, including possible negative impacts on access, quality, pricing, and patient experience. A COPA does not prevent new competitors from entering the service area, nor does it authorize TDH to manage or operate the health system. TDH's role is to enforce regulations, monitor performance, and ultimately, to ensure that a Public Advantage is maintained.

TDH, in consultation with and agreement from the Tennessee Attorney General's Office (AG's Office), has the authority to issue a COPA if the applicants demonstrate that the likely benefits of the proposed Cooperative Agreement outweigh the likely disadvantages of changes in market conditions that are a result of the agreement. This authority is granted under Tennessee's Hospital Cooperation Act of 1993 (Tenn. Code Ann. §§ 68-11-1301 – 1309, as amended in 2015) and implemented through Permanent Rules 1200-38-.01 et seq.

In February 2016, the two largest health systems in Northeast Tennessee, Wellmont Health System and Mountain States Health Alliance, applied for a COPA. The applicants asserted that merging would reduce duplication, improve efficiencies, and generate savings that would allow them to sustain their rural hospitals and fund reinvestments in the services of the system and community, benefiting residents of their Geographic Service Area (GSA).

The combined GSA consists of 10 counties in Northeast Tennessee and 11 counties and two independent cities in Southwest Virginia.[1] This GSA is predominantly a rural area facing significant health, economic, and other challenges that, when combined, present a unique and difficult environment for improving healthcare access, quality, and outcomes.

[1] Carter, Cocke, Green, Hamblen, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington Counties in Tennessee; Buchanan, Dickenson, Grayson, Lee, Russell, Scott, Smyth, Tazewell, Washington, Wise and Wythe Counties in Virginia; and the independent cities of Bristol City and Norton City in Virginia.

the Terms of Certification (TOC) to govern the COPA. The TOC defines Ballad Health's obligations, TDH's regulatory role, and the conditions required to demonstrate ongoing **Public Advantage**.

The TOC includes an Index and scoring system used to track and evaluate the demonstration of ongoing Public Advantage across four sub-indices:

- Population Health Improvement
- Access to Health Services
- Economic Impact
- Quality of Care (Other)

TDH uses this Index to monitor the system's progress under the Cooperative Agreement and annually determine whether Public Advantage is maintained.

Updates to the Terms of Certification

Updates to the TOC, effective as of January 1, 2025, were made to strengthen oversight, improve transparency, and ensure the merger continues to provide a public benefit for residents of Northeast Tennessee. These changes reflect lessons learned since the COPA was issued in 2018 and incorporate feedback from community members, healthcare providers, and other stakeholders.

The revisions to the TOC include commitments for charity care, patient and provider listening sessions, and the prioritization of quality of care and access. A major component of the TOC update is a redesign of the COPA Index scoring system, which now places greater emphasis on Ballad Health's performance related to healthcare quality and patient safety in the annual evaluations.

Key updates to the scoring framework include:

- Increasing the weight of quality improvements from 20 percent to 40 percent of the overall score.
- Adding metrics that capture the benefits of high-impact population health, behavioral health, and children's health initiatives implemented by Ballad Health.
- Removing measures associated with lagging or unreliable data.
- Utilizing all U.S. Centers for Medicare and Medicaid hospital star measurements.
- Scoring Ballad in the Access Sub-Index for maintaining rural hospitals beyond the original six-year requirement.

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These changes ensure the Index accurately reflects meaningful improvements in care delivery and community benefit.

Since the changes were implemented mid-year, the Fiscal Year 2025 report will evaluate compliance through a narrative review rather than a numerical score, allowing Ballad Health time to gather accurate and complete data under the new requirements, starting in Fiscal Year 2026.

The Department Annual Report

Under Exhibit F of the TOC, TDH must prepare an "Annual Report that incorporates findings from (i) Ballad Health's Periodic Reports, (ii) the COPA Compliance Office Annual Report, (ii) the COPA Monitor Annual Report, (iv) the Access Sub-Index, (v) the Population Health Sub-Index, (vi) the Quality/Other Sub-Index, and (vii) the Economic Sub-Index." The Department's Annual Report must also "include determinations of compliance, the Index scores, the Final Score, the Pass/Fail Grade, and trends relevant to the cognizable benefits and demonstration of public advantage for each Fiscal Year that such information is available."

As the final report in the annual review cycle, the purpose of the Department Annual Report is to report on Ballad Health's compliance with the terms and conditions under which the COPA was granted and on the Department's determination of whether the COPA continues to provide a Public Advantage.

Annual Review

Section 7.02 of the TOC reads:

> Pursuant to Tenn. Code Ann. §68-11-1303(g), the Department shall review, on at least an annual basis, the COPA to determine Public Advantage (the "Annual Review"). The Department shall review whether Public Advantage is demonstrated or not for each Fiscal Year during the COPA Term, in accordance with the procedures and requirements of the COPA Act and these Terms of Certification. This Annual Review shall include, without limitation, the following: (i) the determination of the Final Score and Pass/Fail Grade..., (ii) the COPA Parties' degree of compliance with the Terms and Conditions, ... and any and all COPA Modifications and Corrective Actions occurring prior to such review, and (iii) trends of (Ballad Health's) performance hereunder since the Issue Date and other factors (which may or may not be reflected in the Index) relevant to the Department's determination of the likely benefits and disadvantages of the Affiliation which, as of the time of such determination, can reasonably be expected if the Affiliation is continued.

Comments on / Summary of Public Input

The Rules (available at this link) require the Department to hold a public hearing every three years. A public hearing was held on June 12, 2023, just prior to the 2024 fiscal year. No public hearing was required or held in FY25.

However, in addition to public hearings, TDH accepts and reviews public comments related to the Ballad Health COPA submitted via an online comment form, as well as via phone calls, email, and mail throughout the year, including FY25. Information on how to submit public comments on the impact of the Ballad Health merger can be accessed on TDH's COPA webpage. Potential violations of the TOC should be submitted on TDH's COPA complaint intake form, which can also be accessed on TDH's COPA webpage.

TDH's COPA staff reviews and responds to each comment individually. Generally, all complaints are forwarded to the COPA Compliance Officer to share with department leaders at Ballad Health, who may be able to resolve the complaint. Complaints are also forwarded to the COPA Monitor to review and determine if the complaint should be formally investigated.

Tennessee's Health Facilities Commission conducts investigations of safety concerns at all Tennessee health care facilities. Individuals with a personnel or facility concern that is not a COPA violation are encouraged to submit information to the Health Facilities Commission via the Health Facilities Commission webpage.

While it is not the role of TDH under the TOC to assist or track individual patients who had a negative experience at a Ballad Health facility, TDH is tracking Ballad Health's performance on multiple safety and quality measures, including timely and effective care, infection rates, and patient satisfaction scores at 1) a system level, 2) a statewide level, and 3) each Ballad Health facility. Data on Ballad Health's total patient population are used to monitor trends and track the demonstration of an overall improvement or decline in care quality subsequent to the issuance of the COPA.

A summary of the complaints TDH received related to the COPA during FY25 is not included in this report, as these comments are not subject to public disclosure pursuant to Tenn. Code Ann. § 68-11-1310(a)(7).

Findings on Reports related to Ballad Health's Fiscal Year 2025

The COPA Compliance Office Annual Report

The COPA Compliance Office Annual Report on FY25 is available on TDH's COPA Reports webpage.

Key items:

- The COPA Compliance Office Annual Report was filed in compliance with the Terms of Certification and included required information.
- The list of official correspondence and status of requests listed in the COPA Compliance Office Annual Report appears accurate.

Ballad Health's Periodic Reports

The Ballad Health Quarterly Reports were filed in compliance with the Terms of Certification and included the required information.

The Ballad Health Annual Report on FY25 is available on TDH's COPA Reports webpage.

Key items:

- Quality and safety performance showing improvement in several areas. Ballad Health improved performance on a majority of COPA Target Quality Measures compared with baseline—particularly in pressure ulcers, postoperative complications, and *C. difficile* infections—while other measures, including certain HAIs, readmissions, and patient-experience indicators, remain areas for continued focus.
- Access performance is improving in some measures. Emergency Department wait-time performance improved compared to baseline, and many preventive-screening measures remained above pre-merger levels. Several access indicators continued to present challenges, including urgent-care availability during nights and weekends and behavioral-health follow-up.
- Charity care and financial performance. Ballad Health provided $65.8 million in charity care in FY25, exceeding the baseline, and reported positive operating and total margins alongside $45.2 million in cost-efficiency savings.

- Increased capital spending. Ballad Health's capital spending totaled $128.3 million in FY25, nearly double its $67.3 million budget. Capital expenditures exceeded budgeted levels in both FY24 and FY25, putting the system on track to exceed the 90% spending required for the current three-year capital plan required under Section 3.07(b) of the TOC.

- Workforce investments. Ballad Health reported spending more than $4.8M on workforce career development in FY25, in addition to the $300 million invested in wage and benefit increases since 2022. Further, nursing turnover fell to 12.6% in FY25, which was the lowest since the merger.

- Ballad Health's FY25 Annual Report included summaries of progress across its six spending plans. Some of the most notable accomplishments under each plan were:

    - Behavioral Health
        - Provided 4,014 crisis assessments and managed 35,053 calls through a Regional Crisis System for youth and adults.
        - Partnered with Frontier Health to provide Intensive Treatment Team services, resulting in a 61% reduction in ED visits and a 59% reduction in inpatient psychiatric hospitalizations among participating individuals.
    - Children's Health
        - Opened six childcare centers since the merger, serving more than 724 children.
        - Continued construction of a 43,000 sq. ft. advanced neonatal intensive care unit (NICU) at Niswonger Children's Hospital in Johnson City, TN.
        - Launched a Pediatric Care Navigation Program to assist medically complex children.
    - HIE
        - Continued to provide data feed to OnePartner.
        - Deployed and operationalized Ballad Health's electronic medical record, (Epic's Community Connect) with ETSU Medical, expanding access to 20 ETSU clinics and advancing development of a community health record.
    - Population Health
        - Expanded Strong Pregnancies and Strong Starts, completing 32,044 cumulative screenings and enrolling over 9,986 families.
        - Increased enrollment in Appalachian Highlands Care Network (a program that connects uninsured patients with free or low-cost clinics, dental services, and preventative care services) to 11,129 individuals, including 4,141 in complex care management.

- HR/GME
    - Supported nearly 300 medical students through over 1,200 rotations in FY25.
    - Assisted in bringing in over $4.6 million in new grants to the region.
- Rural Health
    - Continued recruiting of primary care and specialty providers in rural areas, improving access across key service lines from 62% to 72% since 2018.
    - Launched a tele-neurology platform providing an average of 250 consults per month.

The COPA Monitor Annual Report

The COPA Monitor Annual Report is available on TDH's COPA Reports webpage.

TDH appreciates the diligent work of the COPA Monitor in auditing, investigating, and reporting on findings regularly to TDH and in making written recommendations to TDH.

Findings:

The COPA Monitor Annual Report finds that Ballad Health complied with the pricing limits of Addendum One for FY25 and the various requirements of Article 5 that would have been included in the Economic Sub-Index, if a Final Score were to be calculated in FY25. The Monitor also reports that the Total Charity Care obligations and Facility Maintenance and Capital Expenditure requirements were satisfied for FY25. Finally, regarding direct monetary obligations, the Annual Report finds that Ballad satisfied the Baseline Spending levels and satisfied or exceeded the Monetary Commitments for all spending plans in FY25. It is reported that the Monetary Commitments for two of the six Spending Plans, namely Rural Health Services and Children's Health Services, have been satisfied in full. The Monetary Commitments for three additional Spending Plans – Expanded Access to Healthcare Service, Population Health Services, and Region-wide Health Information Exchange - have a cumulative carry-over as of FY25 end. However, the final Spending Plan for Behavioral Health Services is entering FY26 with a cumulative underspend of $4,080,752. Ballad has underspent in this category in prior years, but the Monitor notes that the cumulative underspend for Behavioral Health Services was reduced in FY25.

The Monitor further reports on employee engagement and physician engagement at Ballad Health and the generally positive results of the surveys he conducted with patients and physicians.

COPA Monitor Recommendations and TDH Responses**:**

- **Ballad Health should ensure that its capital investment is consistent with the industry norms for similar health systems.**

  TDH agrees with this recommendation, to the extent that such industry norms provide adequate physical facilities for the provision of quality care to the citizens of the area.

- **The State should continue to monitor the spend on Behavioral Health Services throughout the remaining ten-year spend period.**

  TDH agrees with this recommendation and expects Ballad Health to increase expenditures in this area to satisfy its Monetary Commitment for Behavioral Health Services within the 10-year period as required by the TOC.

- **Ballad Health should continue to focus on publicly reported ratings of its individual hospitals by various rating organizations.**

  TDH agrees with this recommendation and expects Ballad Health to continue to focus on improved ratings resulting from its efforts to improve quality of care metrics and publicly reported information.

Index Measure Trends

Population Health Sub-Index trends

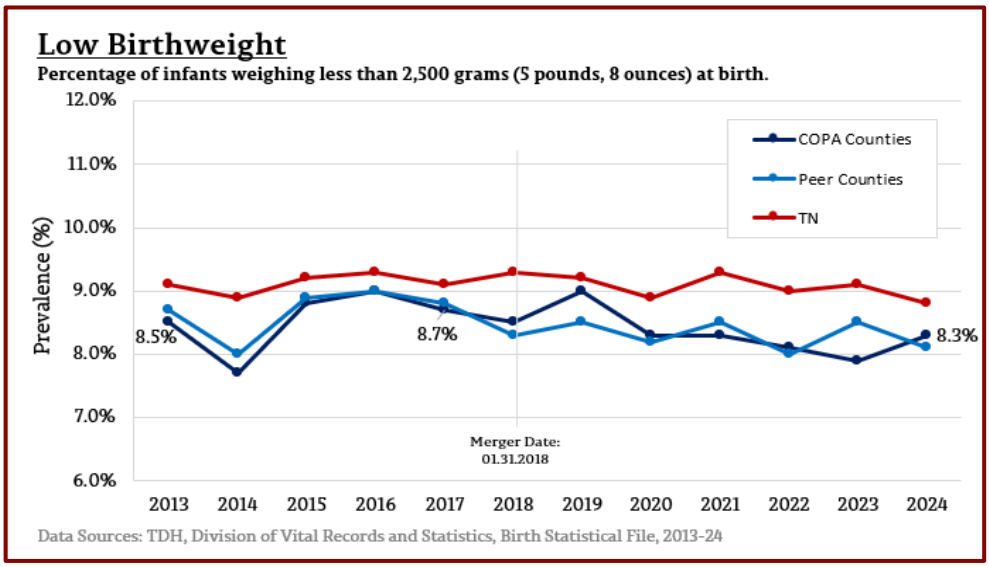
This section depicts data provided by Tennessee data stewards and those contained in public reports. Because FY2025 is a transition year under the updated COPA Index structure, the Population Health section includes a smaller set of trend graphs than in previous years.

While no Population Health Sub-Index score is calculated for FY2025, TDH has continued to monitor all values provided by data stewards and public reports, and these trends informed the Department's assessment of public advantage. Information on current values can be found in Appendices 1 and 2. Prior years' Population Health Reports remain available for readers seeking additional historical context, and can be accessed on TDH's COPA Reports webpage.

Findings:

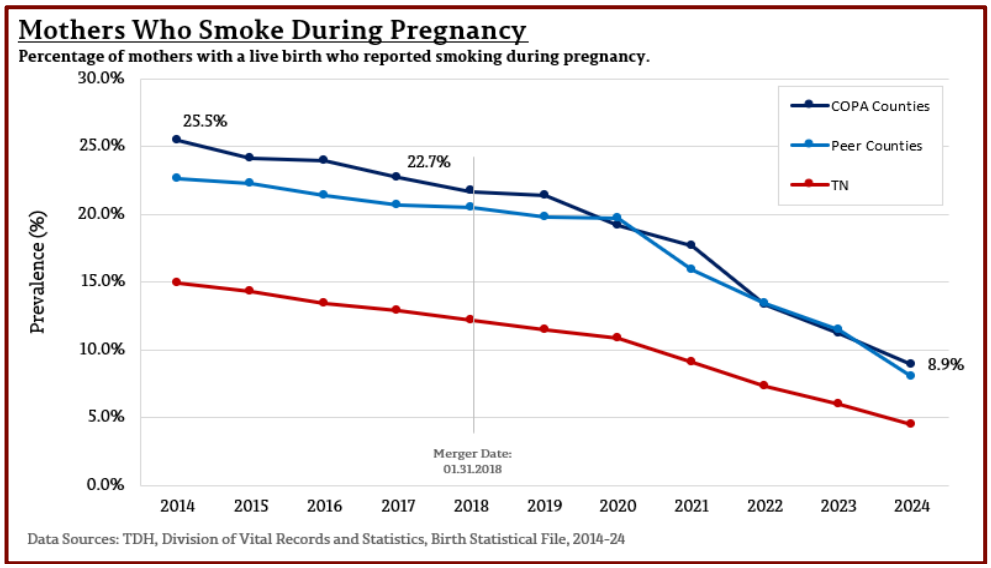
- Healthy Birth indicators:
    - Ballad Health's GSA has seen substantial improvement in several measures related to healthy births, including notable reductions in the percentage of mothers who smoke during pregnancy. However, the percentage of low-birthweight births in the region has only shown modest improvement.
    - Healthy-birth measures are an important indicator of maternal and infant well-being, and improvements in these areas reflect meaningful progress toward Ballad Health's stated long-term population health goals.
- Diseases of despair:
    - Diseases of despair are health conditions linked to feelings of hopelessness and social isolation. COPA measures associated with diseases of despair include drug deaths and suicide deaths. Over the last seven years, drug-related deaths increased with the onset of COVID-19 and then declined for all geographies, while the rate of suicide deaths remained relatively stable.
    - Diseases of despair are of particular concern in Tennessee and the Appalachian region, where longstanding economic hardship, limited access to behavioral-health services, and geographic isolation contribute to higher rates of mental distress and substance-use–related harms.

Population Health Sub-Index trends: **Healthy Births**



Between 2013 and 2024, low-birthweight rates remained relatively stable, showing only modest year-to-year variation. COPA Counties fluctuated in a narrow range around **8–10%** and reached **8.3%** in 2024. Peer Counties followed a similar pattern, generally between **8.1% and 8.9%**, ending at **8.1%**. Tennessee remained slightly higher throughout the period, around **9.0–9.3%** in most years.

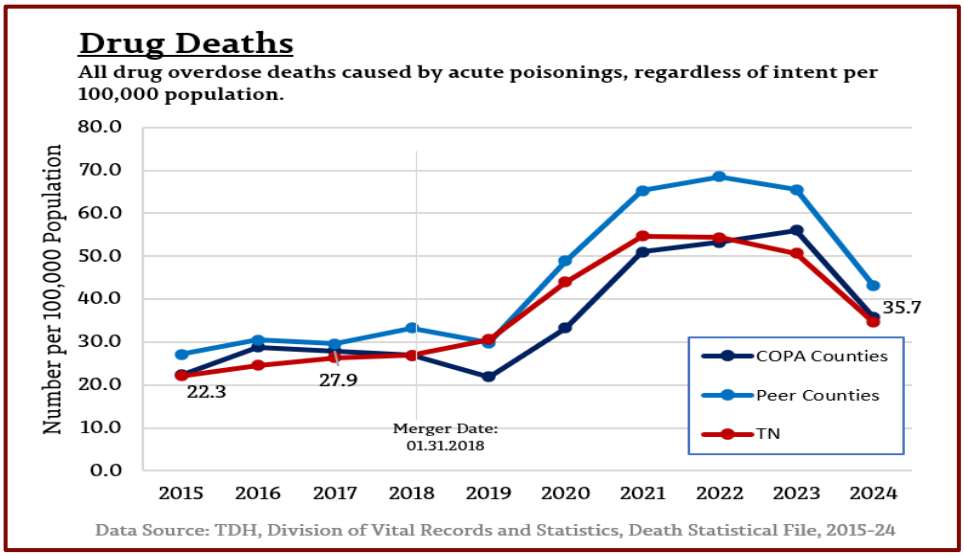
Overall, COPA Counties show a small improvement relative to baseline while maintaining rates comparable to Peer Counties and slightly below the statewide average.



From 2014 to 2024, the percentage of mothers who smoked during pregnancy declined across all three geographies. COPA Counties fell from approximately **25–26% in 2014** to **8.9% in 2024**, representing sustained improvement.

Peer Counties decreased from **22.6%** to **8.0%** over the same period, while Tennessee declined from **14.9%** to **4.5%**.

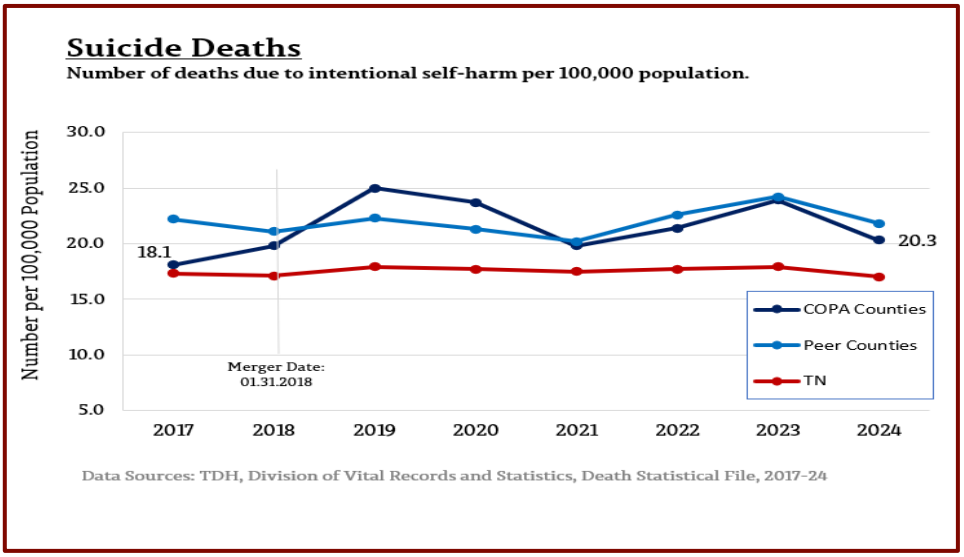
Population Health Sub-Index trends: **Diseases of Despair**



Drug-related mortality rose substantially across all three geographies from 2019 to 2021. COPA Counties' rates remained between **20 to 30 deaths per 100,000 from 2015 to 2019** before increasing to **over 50 per 100,000 between 2020 and 2023**, then declined to **35.7 in 2024**.

Peer Counties climbed from **27.1** to nearly **68.5** at their peak, ending at **43.1 in 2024**. Tennessee rose from **22.1** to **54.7** at its peak before falling to **34.6** in 2024.

These trends illustrate a notable surge during the COVID-19 pandemic period and subsequent recovery.



Suicide rates varied over time in all three geographies. In COPA Counties, rates ranged from a low of **18.1 deaths per 100,000 (2015)** to a high of **23.9 (2022)**, then declined to **20.3 in 2024**.

Peer Counties remained mostly within the **20–24 per 100,000** range across the period.

Tennessee's statewide rate stayed comparatively stable, around **16–18 per 100,000**, ending at **17.0 in 2024**. The figure shows modest fluctuations but no sustained long-term upward or downward trend for the region overall.

Access Sub-Index trends

Access Sub-Index trend graphs were generated from values provided in Ballad Health's Data Dictionaries, Annual Reports, and the Department's Access to Health Services Reports. Because FY2025 is a transition year under the revised COPA Index framework, the Access section presents a smaller number of measures and trend graphs than in prior years and focuses on those that remain within the updated Access Sub-Index.

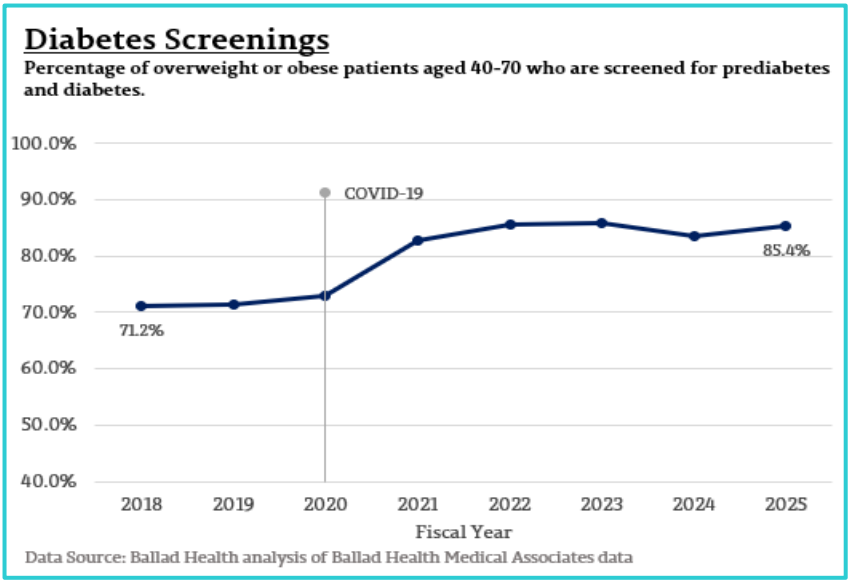
The current years' values reflect data reported in Ballad Health's FY25 Annual Report, accessible via TDH's COPA Reports webpage. Prior years' Access to Health Services Reports remain available for readers seeking additional historical context and can be accessed at TDH's COPA Reports webpage.

Findings:

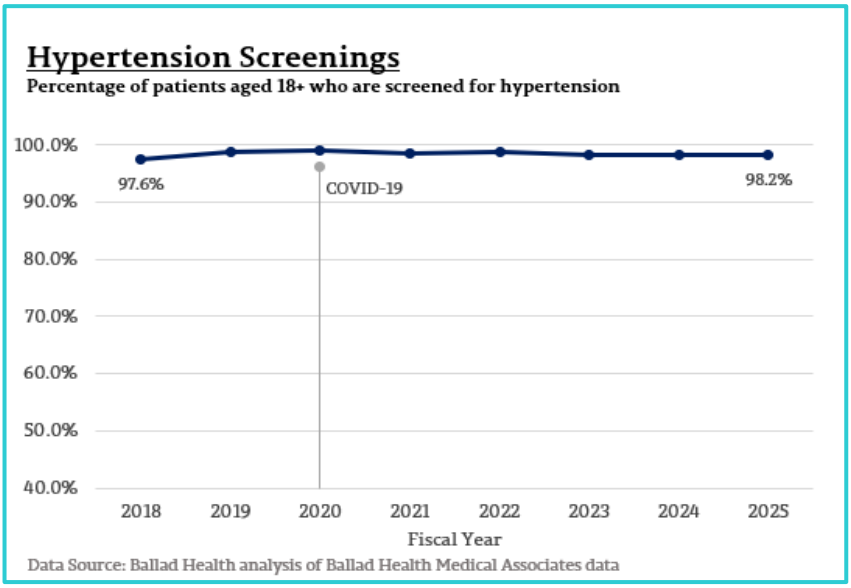
- Screening rates for key preventive services continued to improve over the life of the COPA. Screening for diabetes increased substantially, while hypertension screening rates remained relatively flat but above baseline throughout the post-merger period.
- Preventable hospitalizations declined since the merger, with rates for both older adults and all adults remaining well below pre-COPA levels despite slight increases during the past two years. Overall, the region continues to experience fewer avoidable hospital stays than before the COPA.
- Preventive-care indicators are important measures showing how well the health system is helping residents stay healthy, access timely routine care, and avoid conditions that lead to costly, avoidable inpatient care.

The values for Access Sub-Index measures were reported by Fiscal Year or Calendar Year. Each chart includes a notation indicating the reporting period used.

Access Sub-Index trends: **Prevention measures**

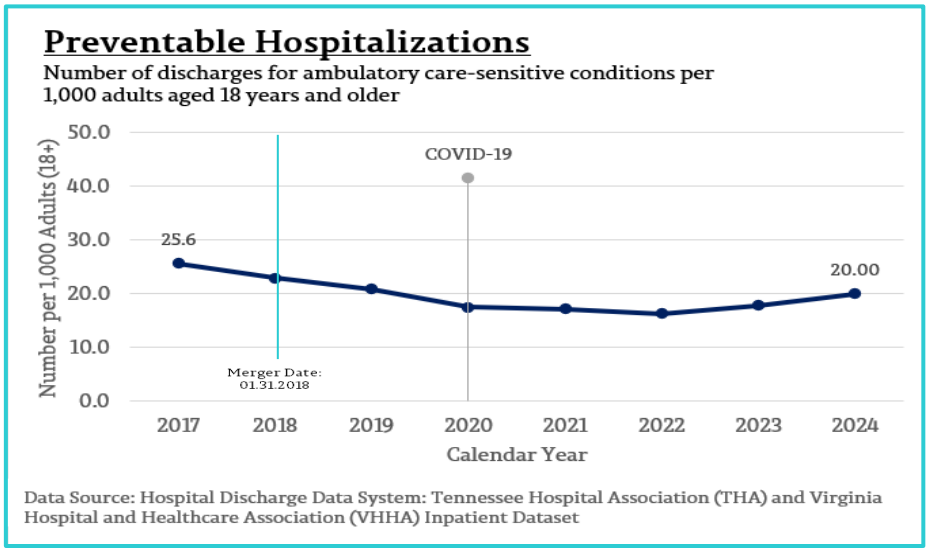


Diabetes screening percentages for Ballad Health Medical Associates patients increased substantially over the period. Rates rose from **71.2% in FY18** to **73.0% in FY20**, followed by a sharp improvement beginning in FY21, reaching **82.9%** and continuing upward to **85.7% in FY22**. Performance peaked at **86.0% in FY23**, dipped slightly to **83.5% in FY24**, and improved again to **85.4% in FY25**.
Overall, diabetes screening improved by more than **14 percentage points** since FY18, with sustained performance above **83%** in the most recent years.

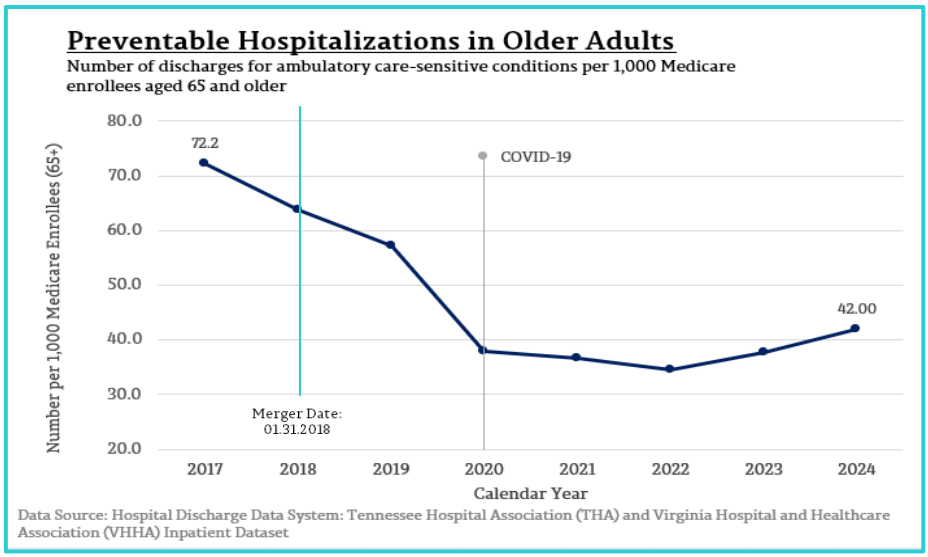


Hypertension screening rates remained consistently high throughout the reporting period. Performance increased from **97.6% in FY18** to **98.9% in FY19** and **99.1% in FY20**, followed by slight year-to-year variation through FY25. Values remained above **98%** in every year, ending at **98.2% in FY24–FY25**. These results indicate strong, sustained compliance with recommended hypertension screening practices across all years shown.

Access Sub-Index trends: **Prevention measures**



Preventable hospitalization rates for adults declined from pre-merger levels. COPA-region adult rates fell from **25.6 per 1,000 in 2017** to **22.9 in 2018**, then continued downward to **20.9 in 2019** and **17.5 in 2020**. A further decline to **17.2 in 2021** was followed by modest increases to **16.3 in 2022**, **17.8 in 2023,** and most recently to **20.0 in 2024**. Across the full period, adult preventable hospitalizations improved by more than **5 points** compared with 2017.



Preventable hospitalization rates among Medicare enrollees aged 65 and older declined from **72.2 per 1,000 in 2017** to **63.8 in 2018 and 57.2 in 2019**, then fell sharply to **37.9 in 2020** and **36.7 in 2021**, reaching the lowest value of **34.6 in 2022**. Subsequent increases brought rates to **37.7 in 2023** and **42.0 in 2024**, but values remained well below pre-merger levels. Overall, older-adult preventable hospitalizations improved by nearly **30 points** from baseline to the post-merger low.

NOTE: Ambulatory Care-Sensitive Conditions are health conditions for which adequate management, treatment, and interventions delivered in the ambulatory care setting can potentially prevent hospitalization.

Quality (Other) Sub-Index trends

Quality (Other) Sub-Index graphs were generated from values contained in the Department's Quality (Other) Reports and Ballad Health's Annual Reports. As with the other COPA Sub-Indices, the Quality (Other) section includes trend data that remain part of the updated Quality (Other) Sub-Index structure. Prior years' Quality (Other) Reports remain available for additional context and can be accessed via TDH's COPA Reports webpage. The most recent year's values are reported in the Ballad Health Annual Report on FY25, which can also be accessed at TDH's COPA Reports webpage.

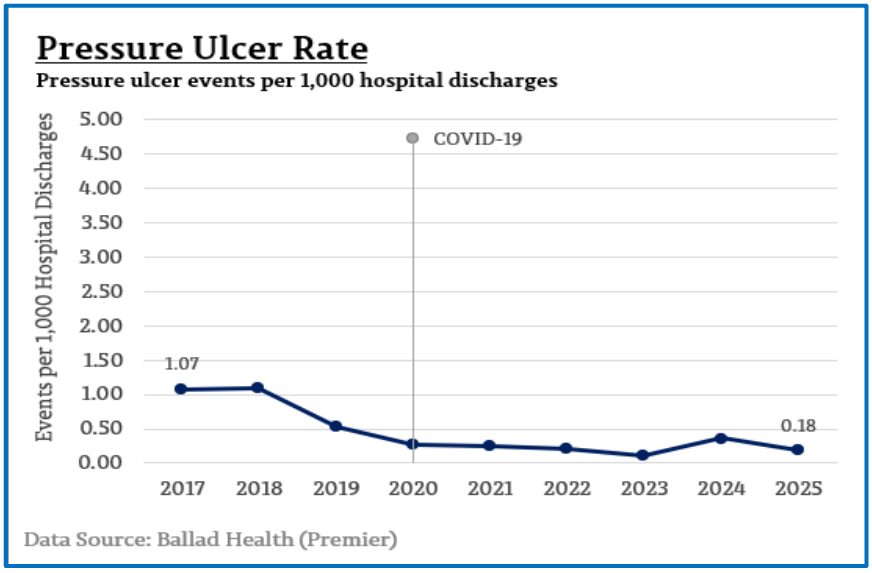
Findings:

- Overall, quality and safety measures have fluctuated within expected ranges at Ballad Health facilities since the merger.

- Patient-experience measures declined in the early years following the merger, with recent stabilization. Communication with nurses and doctors showed partial improvement from FY22 to FY25 but remained below baseline, and willingness-to-recommend scores continued to trend downward.

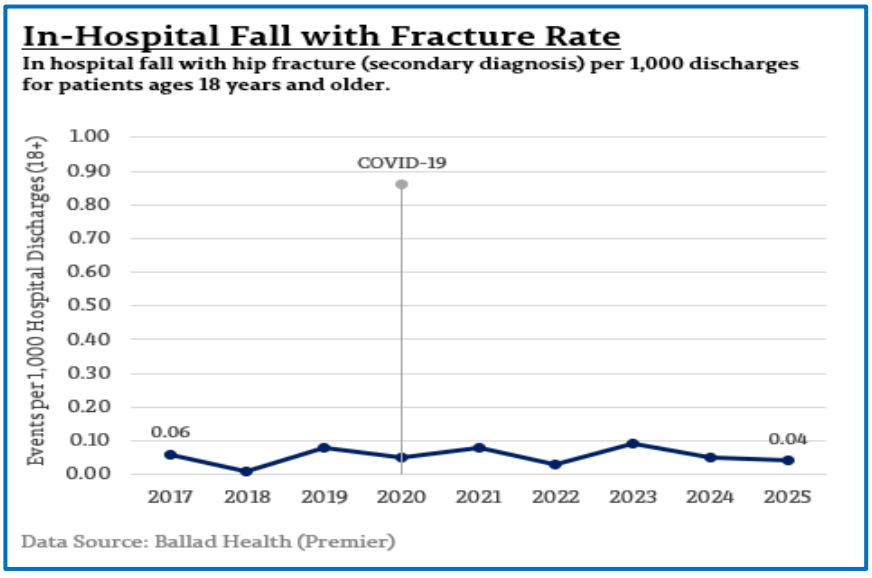
- Quality and patient-safety measures are important because they provide insight into how reliably the health system delivers safe, effective care. Monitoring these indicators helps TDH evaluate system performance, identify emerging concerns, and assess whether care quality is maintained or improved over time under the COPA.

Quality (Other) Sub-Index trends: Patient safety indicators



Pressure ulcer rates declined across the period shown. Rates dropped from a baseline of **1.07 in 2017** to **0.53 in 2019**, then fell further after the onset of COVID-19, reaching **0.24 in 2021** and **0.20 in 2022**. The lowest value occurs in **2023 (0.10)** before rising to **0.36 in 2024** and declining again to **0.18 in 2025**.

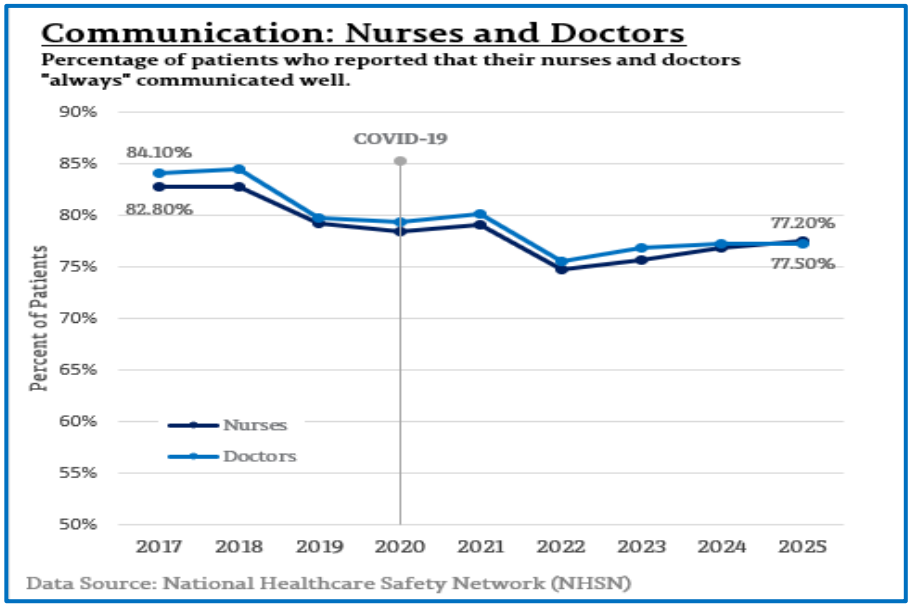
Overall, pressure ulcer rates improved by more than **80 percent** from the pre-merger level, with sustained reductions across most post-merger years.



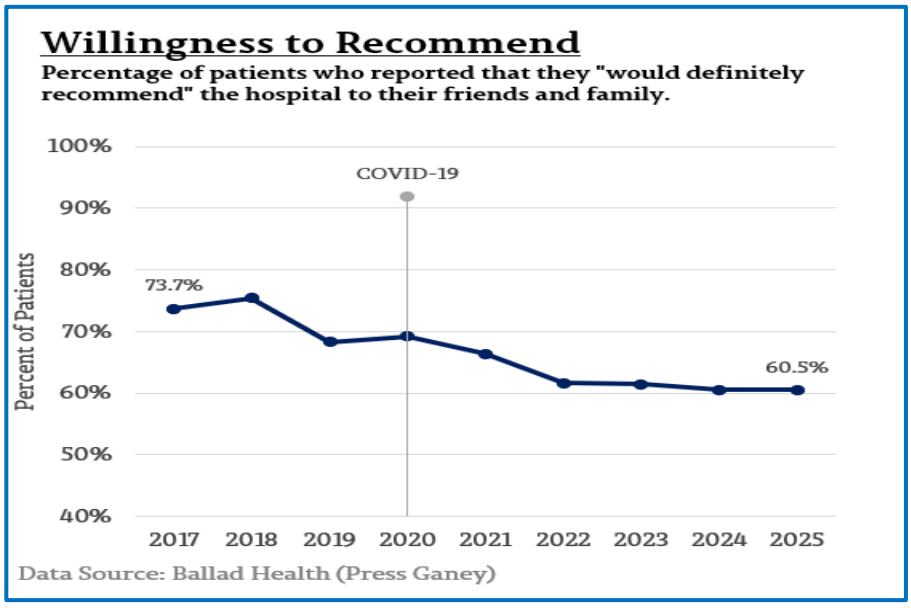
In-hospital fall-with-fracture rates fluctuated at low levels across the reporting period. Values began at **0.06 in 2017**, declined to **0.01 in 2018**, and varied between **0.05 and 0.09** through subsequent years. Rates reached **0.03 in 2022**, rose to **0.09 in 2023**, and then fall again to **0.05 in 2024** and **0.04 in 2025**.

Despite year-to-year variation, the measure remains low throughout the period, with no sustained upward or downward trend.

Quality (Other) Sub-Index trends: Patient Satisfaction



Patient-reported communication with nurses decreased from **82.8% in 2017** to **78.5% in 2020**, then dropped further to **74.7% in 2021** before improvement to **77.5% in 2025**.
Communication with doctors showed a similar pattern, declining from **84.1% in 2017** to **79.4% in 2020** and **75.6% in 2021**, then rising to **77.2% by 2024–2025**.
The trends indicate overall decreases during the period with modest gains in recent years.



Patient willingness to recommend the hospital declined from pre-merger levels and has remained below baseline in recent years. Rates fell from **73.7% in 2017** to **68.3% in 2019**, with further decreases to **66.4% in 2021**, **61.6% in 2022**, and **61.4% in 2023**. Values remained at **60.5% in both 2024 and 2025**.
The long-term pattern reflects an overall decline of more than **13 percentage points** since 2017.

Department's Recommendations

- While TDH acknowledges the improvement achieved in FY25, the Department recommends Ballad Health continue to prioritize quality and safety of care. TDH recommends focusing on national quality ratings to improve the system's quality and safety of care efforts.

- TDH recognizes the importance of continuing to furnish sufficient charity care to community members in need and recommends Ballad Health maintain current charity care policies and efforts.

- As TDH acknowledges the significant increase in capital expenditures made by Ballad Health in FY25, the Department recommends Ballad Health continue investing in its hospitals, other buildings, fixtures, and equipment to ensure it delivers acceptable quality and safety of care.

- Based on community input, TDH encourages Ballad Health to engage the community and local stakeholders in its public input process. TDH believes that community engagement improves community satisfaction, encourages transparency and accountability, and effectively addresses the needs and concerns of customers.

Conclusion

TDH originally granted the Certificate of Public Advantage (COPA) in recognition of the significant and persistent challenges facing the region's health care system. These challenges included longstanding economic and geographic barriers, widening health disparities, and the increasing vulnerability of small rural hospitals to closure due to low volume, low reimbursement, and workforce recruitment difficulties.

The Department's goals in granting the COPA, more than eight years ago, were to protect the public from outcomes that may be associated with monopolies, including increased prices and decreased access and quality of care, while allowing the merger to address some of the challenges in the region. Additionally, the COPA guaranteed monetary commitments from Ballad Health aimed at improving the health and well-being of the region and improving services, access, and quality.

Current (FY25) Findings:

For FY25, the Department reviewed Ballad Health's performance across all required domains, including access, quality, financial, workforce, and population health. TDH also considered the COPA Monitor's independent analyses regarding Ballad Health's compliance with the Terms of Certification and the Economic Sub-Index for the reporting period ending June 30, 2025. TDH accepted the Monitor's findings. **After reviewing this information, the Department determined the Ballad Health COPA has continued to provide a Public Advantage for Northeast Tennessee.** This determination is inclusive of a composite of improvements as well as ongoing concerns across access, quality and safety, workforce, capital adequacy, charity care, and population health.

Concerns the Department observed and weighed:

- **Behavioral Health investment remains cumulatively under target.** While the annual spend increased, the COPA Monitor and TDH noted a cumulative underspend in the Behavioral Health Plan entering FY26 (approximately $4.08M) and recommended continued attention so Ballad Health fulfills the 10-year commitment.

- **Quality and patient-experience performance remain uneven.** Although improvements were observed in some clinical quality indicators, system-wide performance on several measures—such as certain hospital-acquired infections, postoperative complications, and patient-experience scores—continued to fall short of baselines or showed inconsistent year-to-year progress, underscoring the need for continued focused improvement efforts.

- **Sustained capital reinvestment is needed to ensure long-term system integrity.** While FY25 capital spending increased significantly, replacing aging infrastructure and clinical equipment across the system requires multiyear, industry-standard investment levels. Capital spending has been added as a metric within the Economic Sub-Index of the Updated TOC.

In light of these concerns, TDH has directed Ballad Health to maintain priority attention on behavioral health investment, advance system-wide quality and patient-experience improvements, and sustain capital reinvestment, while continuing to promote transparency through public reporting and listening sessions under the revised TOC.

Benefits and achievements the Department observed and weighed:

- **Rural hospital access preserved and strengthened.** Residents' proximity to EDs and acute care hospitals increased after the merger (including the reopened hospital in Lee County, VA), helping maintain timely access for rural communities—a core COPA objective that the updated TOC memorializes.

- **Expanded support for uninsured residents.** Enrollment in the Appalachian Highlands Care Network continued to grow in FY25, connecting uninsured individuals with free or low-cost clinics, care management, and community-based resources—helping reduce preventable hospitalizations and improving access to needed care across the region.

- **Charity care sustained above baseline.** Ballad Health reported $65.8M in charity care in FY25 alongside continued Appalachian Highlands Care Network growth, consistent with TOC commitments and monitored by TDH and the COPA Monitor.

- **Workforce stability improved.** Nursing turnover fell to 12.6% (lowest since the merger) and nursing hours per patient increased, indicating progress against national workforce headwinds that have impacted quality and patient experience nationally.

- **Capital investment increased.** Ballad Health nearly doubled its FY25 capital spend (~$128.3M) versus budget and exceeded budget in consecutive years—positive momentum TDH will continue to benchmark against industry norms to ensure quality and safety.

Under the Fifth Amended and Restated TOC, TDH increased the weight of quality and safety in the COPA Index, formalized rural-hospital commitments, and affirmed ongoing charity-care standards. TDH will resume numerical scoring in FY26.

Appendix 1:

Population Health Sub-Index Data Table

Measure Definition	TN Data Source	2025 COPA Counties Value
Low birthweight (*Percentage of infants weighing less than 2,500 grams (5 pounds, 8 ounces) at birth*.)	TDH, Division of Vital Records and Statistics, Birth Statistical File, 2024	8.3%
Mothers who smoke during pregnancy (*Percentage of mothers with live birth who report smoking during pregnancy.)*	TDH, Division of Vital Records and Statistics, Birth Statistical File, 2024	8.9%
Suicide deaths (*Number of deaths due to intentional self-harm per 100,000 population*.)	TDH, Division of Vital Records and Statistics, Death Statistical File, 2024	20.3
Drug deaths (All drug overdose deaths caused by acute poisonings, regardless of intent per 100,000 population.)	TDH, Division of Vital Records and Statistics, Death Statistical File, 2024	35.7

Appendix 2:

Population Health Sub-Index Data Notes

Vital Statistics – Death data:

Crude rates were used for the TN COPA Region, TN Peer Counties region, and the state of Tennessee.

Rates calculated based on total population counts from the Tennessee Population Estimates Program, 2024, TDH, Division of Population Health Assessment.

ICD-10 Coding for Tennessee Mortality Data, 2023

Underlying Cause of Death	ICD-10 Codes or UCD Group Codes Used
Suicide	UCD Group Codes 105 and 106
All Drug Overdoses	ICD-10 codes for underlying cause of death: X40-X44, X60-X64, X85, Y10-Y14

Premature deaths are deaths occurring before age 75. Rate is the death rate per 100,000 people for the population age 0 to 74 years old.

Death Data acknowledgment: Death data were provided by TDH, Division of Vital Records and Statistics.

Vital Statistics – Birth data:

Rates calculated based on total population counts from the Tennessee population estimates program, 2024, Tennessee Department of Health, division of Population Health Assessment.

Birth Data acknowledgement: Birth data were provided by TDH, Division of Vital Records and Statistics.

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