

October 14, 2016

VIA ELECTRONIC MAIL

Southwest Virginia Health Authority
c/o The Honorable Terry Kilgore, Chairman
851 French Moore Jr. Boulevard, Suite 178
Abingdon, VA 24210
comments@SWVAhealthauthority.net

Dear Authority Members:

In support of our Application for a Letter Authorizing a Cooperative Agreement, please find attached a response to public comments received by the Southwest Virginia Health Authority during the recently concluded public comment period.

We are aware of the many letters and statements submitted for the record to the Authority by a variety of business, government and community leaders who, upon their own conclusions, support approval of the cooperative agreement application. These individuals represent companies, municipalities, consumers, employees and families directly affected by this decision. That they have taken the time to educate themselves on the proposal, and have engaged with you, speaks volumes about the level of community interest in this endeavor. It also speaks to the transparency and inclusiveness of the process.

The region of Southwest Virginia and Northeast Tennessee served by Mountain States and Wellmont has unique health care, societal and economic challenges not faced by other regions of the Commonwealth or most areas of the nation. The Virginia General Assembly and Governor knew this when they voted to establish the Southwest Virginia Health Authority and when they overwhelmingly enacted the cooperative agreement statute in 2015.

A few examples of commentary which speak to these issues came from local residents who offer their own educated view of the situation:

*With the financial pressure of federal cuts, decreasing inpatient volumes and a declining economy in Southwest Virginia, the future of Russell County Medical Center could be in jeopardy. However, the proposed merger of Mountain States Health Alliance and Wellmont Health System gives me hope that we have found an **innovative, local solution** to address some of our challenges.... I am encouraged about the holistic approach this integrated health care system will*

take to caring for the people of our region. Healthcare is changing and we have to change with it... This focus on population health can dramatically change not just the health of our region for the good, but the economics of our region. A healthier population is a more successful population.... I strongly encourage you to approve this [merger] and allow us to move forward to improve the health of our patients.¹

Norman L. Rexrode, Jr., MD

Lebanon, Virginia

Valley Emergency Physicians

Independent, 35-Year Rural Hospital Emergency Department Physician

I have heard, and understand in theory, concerns that have been raised by a few regarding reduced competition. As an employer who provides a self-funded insurance plan for our full-time employees, we appreciate efforts to keep quality healthcare affordable. However, as you know the proper evaluation to be made is not will there be less competition, but whether the benefits likely to result from a proposed cooperative agreement outweigh the disadvantages likely to result from that reduced competition. It is here, looking at the benefits to be considered, including affordability, where I believe the scales tip clearly in favor of a carefully structured, and appropriately regulated, cooperative agreement.²

Martin L. Kent

Bristol, Virginia

The United Company

President/Chief Operating Officer

As we have been transparent throughout this process, we do think it is important to respond to recent objections raised by the staff of the Federal Trade Commission in the September 30, 2016 letter they submitted to you. We appreciate the FTC staff's recognition of your role, and we agree with them that this is an important decision for the Commonwealth to make. We view their commentary as an opportunity to ensure the record reflects the facts relevant to Southwest Virginia and the law in Virginia. Because their comments were largely speculative and unsupported, and in some instances denied the Authority the full information in context, we attempt to provide arguments to support, for the record, why what we propose is consistent with Virginia law, which was intended to permit reduction of competition in favor of collaboration to achieve the goals of the Authority.

The Authority has been responsible and thorough in its review, and we believe our commitments reflect the priorities of the Authority.

¹ Letter to Southwest Virginia Health Authority received September 29, 2016, emphasis added.

² Letter of Support dated November 11, 2015, included in the Virginia Application for a Letter Authorizing Cooperative Agreement

Thank you for your diligence and work on this issue. We look forward to completing the process and commencing our work.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alan Levine". The signature is fluid and cursive, with the first name being more prominent.

Alan Levine, President and CEO
Mountain States Health Alliance

A handwritten signature in blue ink, appearing to read "Bart Hove". The signature is fluid and cursive, with the first name being more prominent.

Bart Hove, President and CEO
Wellmont Health System