

# Tennessee gives hospital monopoly an A grade, even when it reports failure

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A Tennessee agency that is supposed to hold accountable and grade the nation's largest state-sanctioned hospital monopoly awards full credit on dozens of quality-of-care measurements as long as it reports any value—regardless of how its hospitals actually perform.

Ballad Health, a 20-hospital system in northeast Tennessee and southwest Virginia, has received A grades and an annual stamp of approval from the Tennessee Department of Health. This has occurred as Ballad hospitals consistently fall short of performance targets established by the state, according to health department documents.

Because the state's scoring rubric largely ignores the hospitals' performance, only 5% of Ballad's final score is based on actual quality of care, and Ballad has suffered no penalty for failing to meet the state's goals in about 50 areas—including surgery complications, emergency room speed, and patient satisfaction.

"It doesn't make any sense," said Ron Allgood, 75, of Kingsport, Tennessee, who said he had a heart attack in a Ballad ER in 2022 after waiting for three hours with chest pains. "It seems that nobody listens to the patients."

Ballad Health was created six years ago after Tennessee and Virginia lawmakers waived federal anti-monopoly laws so two competing hospital companies could merge.

The monopoly agreement established two [quality measures](#) to compare Ballad's care against the state's baseline expectations: about 17 "target" measures, on which hospitals are expected to improve and their

performance factors into their grade; and more than 50 "monitoring" measures, which Ballad must report, but how the hospitals perform on them is not factored into Ballad's grade.

Ballad has failed to meet the baseline values on 75% or more of all quality measures in recent years—and some are not even close—according to reports the company has submitted to the health department.

Since the merger, Ballad has become the only option for hospital care for most of about 1.1 million residents in a 29-county region at the nexus of Tennessee, Virginia, Kentucky, and North Carolina. Critics are vocal. Protesters rallied outside a Ballad hospital for months. For years, longtime residents like Allgood have alleged Ballad's leadership has diminished the hospitals they've relied on their entire lives.

"It's a shadow of the hospital we used to have," Allgood said.

And yet, every year since the merger, the Tennessee health department has reported that the benefits of the hospital merger outweigh the risks of a monopoly, and that Ballad "continues to provide a Public Advantage." Tennessee has also given Ballad an A grade in every year but two, when the scoring system was suspended due to the COVID-19 pandemic and no grade issued.

The department's latest report, released in May, awarded Ballad 93.6 of 100 possible points, including 15 points just for reporting the monitoring measures. If Tennessee re-scored Ballad based on its performance, its score would drop from 93.6 to about 79.7, based on the scoring rubric described in health department documents. Tennessee considers scores of 85 or higher to be "satisfactory," the documents state.

Larry Fitzgerald, who monitored Ballad for the Tennessee government

before retiring this year, said it was obvious the state's scoring rubric should be changed.

Fitzgerald likened Ballard to a student getting 15 free points on a test for writing any answer.

"Do I think Ballard should be required to show improvement on those measures? Yes, absolutely," Fitzgerald said. "I think any human being you spoke with would give the same answer."

Ballad Health declined to comment. Tennessee Department of Health spokesperson Dean Flener declined an interview request and directed all questions about Ballard to the Tennessee Attorney General's Office, which also has a role in regulating the monopoly. Amy Wilhite, a spokesperson for the AG's office, directed those questions back to the health department and provided documents showing it is the agency responsible for how Ballard is scored.

The Virginia Department of Health, which is also supposed to perform "active supervision" of Ballard as part of the monopoly agreement, has fallen several years behind schedule. Its most recent assessment of the company was for fiscal year 2020, when it found that the benefits of the monopoly "outweigh the disadvantages." Erik Bodin, a Virginia official who oversees the agreement, said more [recent reports](#) are not yet ready to be released.

Ballad Health was formed in 2018 after [state officials](#) approved the nation's biggest so-called Certificate of Public Advantage, or COPA, agreement, allowing a merger of the Tri-Cities region's only two hospital systems—Mountain States Health Alliance and Wellmont Health System. Nationwide, COPAs have been used in about 10 hospital mergers over the past three decades, but none has involved as many hospitals as Ballard's.

The Federal Trade Commission has warned that hospital monopolies lead to increased prices and decreased quality of care. To offset the perils of Ballad's monopoly, officials required the new company to agree to more robust regulation by state health officials and a long list of special conditions, including the state's quality-of-care measurements.

Ballad failed to meet the baseline on about 80% of those quality measures from July 2021 to June 2022, according to a report the company submitted to the health department. The following year, Ballad fell short on about 75% of the quality measures, and some got dramatically worse, another company report shows.

For example, the median time Ballad patients spend in the ER before being admitted to the hospital has risen each year and is now nearly 11 hours, according to the latest Ballad report. That's more than three times what it was when the monopoly began, and more than 2.5 times the state baseline.

And yet Ballad's grade is not lowered by the lack of speed in its ERs.

Fitzgerald, Tennessee's former Ballad monitor, who previously served as an executive in the University of Virginia Health System, said a [hospital](#) company with competitors would have more reason than Ballad to improve its ER speeds.

"When I was at UVA, we monitored this stuff passionately because—and I think this is the key point here—we had competition," Fitzgerald said. "And if we didn't score well, the competition took advantage."

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