

The Business Journal

of Tri-Cities Tennessee and Virginia

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Wise Men

Plus:

The Changing Face of Health Care

and

The \$1 million fundraiser

Todd McReynolds and Kelly Morgan of Frontier Communications

Photo by Tim Cox.

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COVER STORY

Wise Men

Frontier Communications subsidiary Frontier Secure is investing \$10.9 million and creating 500 new jobs in Wise County, Va.

Photo by Tim Cox.

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Features

- 10 Niswonger Classic breaks \$1 million**
The region's most successful regular fundraiser broadens its focus and reaps the benefits to the tune of \$1.3 million.
- 16 The Changing Face of Health Care**
Payment reform is driving unparalleled change at the clinical level and forcing collaboration throughout the "continuum of care."
- 20 Merger news**
Hospital systems aim to answer states' questions this month in quest to have merger application deemed complete, start clock ticking on final decision.
- 21 State approves CON for Kingsport psychiatric facility**
The Tennessee Health Services and Development Agency upheld a ruling granting Strategic Behavioral Health the right to build a 72-bed hospital.
- 22 NETWORKS readies for red carpet event**
Economic development partnership to promote Northeast Tennessee
- 26 The ABCs of getting wine in grocery stores**
After a decade of lobbying and more than two years of maneuvering through bureaucratic red tape, Tennessee grocers are selling wine.
- 28 Eastman boosts Milligan's engineering efforts**
New engineering program adds faculty with support from area chemical company

Departments

- 7 From the Editor
- 8 Guest Column
- 9 FYI
- 29 Trends
- 30 Market Facts
- 32 Awards & Achievements
- 35 Med Briefs
- 38 The Last Word



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Dispatches from Des Moines



The city of Des Moines, Iowa played host to the 2016 Alliance of Area Business Publishers summer conference last month, and this year, for the first time, *The Business Journal of Tri-Cities, TN/VA* attended. Below are a few notes I thought might be

worth sharing from the experience.

- We are entering the second age of silent movies. One presenter told us more than 88 percent of social media users are watching video on their phones, and the number who do so with the volume off is growing rapidly. Lots of users apparently don't want to wear their earbuds or Beats by Dr. Dre headphones while scrolling through their social sites, but do want to watch the video shorts there. So subtitles aren't just for foreign films anymore.
- I went to the Midwest and learned about the South. One decidedly southern presenter (used to work at CNN, now works in Florida) turned me on to *thebittersoutherner.com*. It's a great site for intelligent, thoughtful writing by and about Southerners. I went for five minutes and stayed for 30. Website designers say that sites that make you do that are "sticky."
- Des Moines' slogan for tourism: "Des Moines: Hell Yes." The Greater Des Moines Partnership used the slogan as part of its "Des Moines Embassy" campaign at last year's SXSW. It is an actual part of Des Moines' economic development efforts. The city is far more avant garde than its staid "Midwestern insurance town" reputation would lead one to believe.
- Never thought I'd attend a gay pride parade, but after what had happened in Orlando just hours before, I was very curious how the Des

Moines event would feel. I was eating lunch with a small group of other news people a block away from the parade route, and since our flights out of Des Moines weren't for another few hours, we decided to attend. I was surprised. I had expected mourning. I saw the same celebratory atmosphere I would have anticipated had nothing happened in Florida. At first I thought, "These people don't get it." But then I realized their reaction to terror was what I wished our entire nation's had been since 9/11. As a country, we have changed the way we do so many things because of our fear of terror. We created the TSA, a massive government boondoggle. Conservatives got really afraid of Muslims. Liberals got even more afraid of guns. You know who the people in that parade were afraid of? Nobody. Their attitude was, "We will continue to be who we are and go about our business as usual. We will not be redefined because of someone else's actions or give in to fear." I have to admire the strength of that stand.

- Delta in Atlanta remains Delta in Atlanta. One month after having spent six hours waiting for Delta to replace a broken plane for an ATL-TRI flight, I got to enjoy the following chain of events late Sunday night: Arrived in Atlanta from Des Moines. The plane for our connecting flight was broken. Delta sent us to another plane at another gate. We boarded it and taxied to the runway. We were then told this plane was broken too, and taxied back to the gate. As we sat on the plane at the gate, while repairs were being effected, the pilot had the guts to get on the PA and tell us, "I've had a long day too." One of my fellow passengers muttered, loudly enough for several of us to hear, "Well, we're all real proud of you for hanging in there, chief." A friend texted me, "If you are going to hell, you have to go through Atlanta first." So to sum up the trip: Des Moines? Hell yes. Atlanta? Yes, it was hell. And as always, it's good to be back home.

Tennessee's new workers' compensation law: It's a whole new ballgame

By Gregory K. Haden and Michael L. Forrester. Mr. Haden and Mr. Forrester practice labor and employment law with Hunter, Smith & Davis, LLP. The firm is observing its Centennial Year in 2016

Tennessee enacted its first workers' compensation law nearly 100 years ago. In 1919, Tennessee passed comprehensive legislation, designed to balance the interests of Employees and their Employers by providing injured workers with certain medical benefits and certain indemnity (i.e., lost wage) benefits, while limiting the Employer's overall monetary liability. From time to time thereafter, numerous amendments and revisions were made to the workers' compensation statute to address perceived problems with the law. The intended "fixes" proved to be, in many instances, problematic.

Accordingly, in 2013 and 2014, the Tennessee legislature totally revamped existing workers' compensation law by enacting what has become known as The "New" Workers' Compensation Law of Tennessee. The "New" law applies to on-the-job accidents/injuries occurring on or after July 1, 2014. (For injuries occurring before July 1, 2014, the "Old" Workers' Compensation Law applies.) The "New" law retains certain well-established workers' compensation concepts, such as medical benefits and temporary total disability (TTD) benefits owing to injured workers, maximum medical improvement (MMI), and permanent disability benefits for injured workers with residual permanent impairment. However, the new legislation totally eliminated certain provisions of the "Old" law; selectively "tweaked" other provisions of the "Old" law; and comprehensively enacted new statutory provisions altogether. The "New" Workers' Compensation Law of Tennessee is thus quite different from the "Old" Workers' Compensation Law of Tennessee, both substantively and procedurally.

Substantively, the "New" law:

1. Establishes the Tennessee Bureau of Workers' Compensation (TBWC), with the appointment of Workers' Compensation Judges who hear and decide workers' compensation claims. (Workers' Compensation Judge Brian Addington is the sole Judge trying workers' compensation claims in the 11 counties of Upper East Tennessee.)
2. Defines an on-the-job "injury" as one that "primarily" arises out of and in the course and scope of employment. (The addition of the word "primarily" is very significant, as it means that the employment must have contributed "more than 50%" in causing the injury.)
3. Provides that, in general, an injury by accident "shall not include the aggravation of a pre-existing condition" (unless the aggravation arose "primarily" out of and in the course and scope of employment).
4. Eliminates the former "liberal-construction-in-favor-of-the-injured-Employee" Rule by expressly forbidding a "remedial" interpretation of the Workers' Compensation Law. (I.e., the playing field is now more level.)
5. Provides that the burden of proof is now clearly and squarely on the Employee (except for any affirmative defense raised by the Employer).
6. Clarifies that corporations must be represented by counsel (rather than by their non-attorney HR Managers, etc.).
7. Adopts a new medical proof standard, requiring proof "to a reasonable degree of medical certainty" that the employment caused a claimed disability or a need for medical treatment.
8. Requires that ALL permanent impairment ratings, to any body part, must be converted to a body as a whole (BAW) rating. (I.e., the

- concept of "scheduled members" has been eliminated by the "New" law.)
9. Caps BAW injuries at 450 weeks of permanent partial disability (PPD) benefits.
 10. Provides for two (2) levels of PPD benefits: First, a Level I Benefit that attaches at the time MMI is reached. Second, a Level II Benefit that may be owed, if one or more enhancement factors are triggered (e.g., the Employee becomes unemployed; the Employee is working but at a wage less than the wage he/she was earning at the time of the accident; the Employee is more than 40 years old; the Employee lacks a high school diploma or GED; etc.).

Procedurally, the "New" law:

1. Creates new forms that must be filed with the TBWC. (E.g., the filing of a Petition for Benefit Determination typically starts the workers' compensation process.)
2. Makes mediation (with a workers' compensation specialist) mandatory before a claim can be tried.
3. Requires a filing of a Dispute Certification Notice in the event the claim is not resolved via mediation.
4. Provides for Expedited Hearings (typically addressing medical or TTD issues).
5. States that the Tennessee Rules of Civil Procedure and the Tennessee Rules of Evidence apply to a trial on the merits.
6. Specifies the six (6) documents that must be submitted and approved by the Judge, in the event the Employee and the Employer reach a settlement of the claim.

By and large, the "New" Workers' Compensation Law of Tennessee is more pro-Employer than the former law. Indeed, the "New" law not only maintains the defenses previously available to Employers under the "Old" law, it creates a number of additional defenses, such that there are currently over two (2) dozen defenses which an Employer may potentially assert in response to a workers' compensation claim. The downside, from the Employer's standpoint, is that the "New" Workers' Compensation Law is more complicated than ever, so the prudent Employer would be well served to obtain legal advice at the outset of a claim in order to avoid legal and financial pitfalls down the road. It is, most definitely, a whole new ballgame out there.

The 26 men and women who practice law with Hunter, Smith & Davis, LLP (hsdlaw.com) serve businesses and other clients from the firm's offices in Kingsport and Johnson City. Specialization in most areas of legal practice, including labor and employment law, is not available in the state of Tennessee.



Gregory K. Haden



Michael L. Forrester

Ups & Downs

A quick check of the conventional wisdom on who's going what direction in Tri-Cities business

↑ Bristol Motor Speedway - By the time the final gun sounds to end the East Tennessee State – Western North Carolina football game at Bristol Motor Speedway Sept. 17, Speedway Motorsports should have a pretty good first-blush idea of what the revenue possibilities are for a doin'-more-things-the-way-they-oughtta-be-besides-just-racin' facility in Bristol. In addition to still having one of the most sought-after tickets in NASCAR for the August night race, the track will have hosted two football games and a major concert featuring Kenny Chesney. Barring some major disaster, GM Jerry Caldwell's team will have accomplished a logistical feat just shy of a miracle. Hopefully, they'll make a little money too.



Jerry Caldwell

↑ Mullican Flooring – Life is good for the Johnson City, Tenn.-based flooring company. The company has been working with the Washington County, Tenn., Economic Development Council to bring 200 new jobs and invest roughly \$7.5 million in the process. Should there be a hitch in the giddy-up in Washington County, the company is said to be considering expanding its operations in either Wise County, Va., or at a Kentucky facility that is currently idled. Two out of three of those options would be fine for this region. A down arrow might well be in order here for Washington County if the deal does go south (north?). County leaders haven't helped anyone by criticizing Johnson City over its non-role in the deal.

↑ The Dollar, the refi market (again), US bonds – Thanks Boris. Brexperts tell us the Pound will take a while to recover after the vote in which many people believe “the Kingdom of Britain” declared its independence from both “United” and “Great.” The Brexit had an immediate effect not just on the world stock markets, which had a precipitous drop, but on bonds as well. Take what happened with the Washington County, Tennessee bond issue the week after the Brexit. The county was essentially refinancing an old issue with a rate of 4.44. The new rate realized was 2.44 on the non-taxable portion and 1.44 on the taxable. One longtime local banker we spoke to predicted a possible second refi boom for home mortgages. Those who were holding 30-year mortgages now may go to 15s, while those with 15s may refinance for additional savings.

↓ US exports – The strong dollar means weaker overseas markets for US goods, which, with overproduction from eastern producers already depressing those markets, isn't good news for US manufacturers. And yes, sadly, we're looking at you, coal.

↓ Alpha Natural Resources – Speaking of coal...things appeared to be looking up for Bristol, Va.-based Alpha after it completed the sale of key assets, creating a revenue stream it planned to use to move out of Chapter 11. Then the US Department of Justice stepped in. On June 20, the DOJ announced its opposition to the sale, saying Alpha's plan put significant mine clean-up operations at risk. In court documents, the DOJ stated, “The plan as proposed is not feasible or viable in terms of providing for the completion of environmental reclamation and long-term water treatment.”



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The field for the Niswonger Classic Golf Tournament poses before tee off. Photos courtesy Mountain States Health Alliance



Scott Niswonger and Steve Johnson



Jason Isbell



Bruce Pearl

Niswonger Children’s Hospital Classic raises \$1.3 million

Event’s focus shifts, broadens

By Scott Robertson

2016 will be remembered as a watershed year for the Niswonger Children’s Hospital Classic. The year marked several firsts, including the first time the event has gone over the \$1 million mark in fundraising. “This is by far and away the best year,” said Scott Niswonger, honorary co-chair of the event. “We have raised almost \$1.3 million dollars.”

The new, broader effort

Part of that success is organic, with the tournament growing year-to-year. The year prior to 2015’s \$940,000 event, the tournament generated \$800,000. But a greater part of the success is the

broadening of the event’s focus, said Alan Levine, Mountain States Health Alliance CEO.

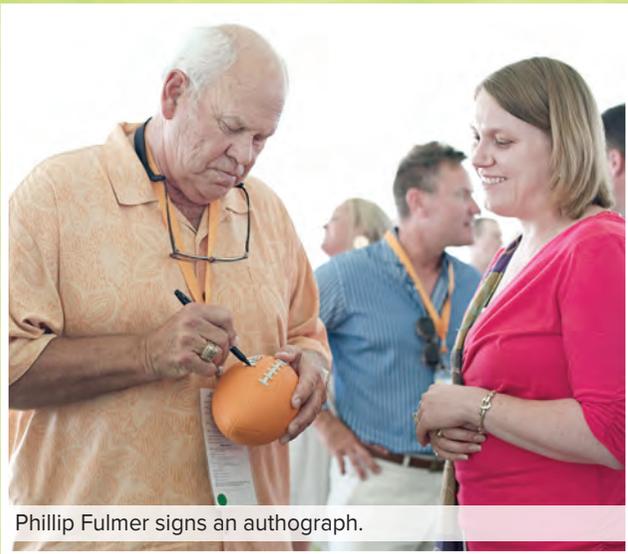
“It’s expensive to play in this tournament and we know that,” Levine said. “There are a lot of people in the region who have wanted to participate but couldn’t afford to. So this year we opened it up to have a weeklong series of events. We have had 100 kids come out for a putt and chip contest. We had a nighttime golf event that was well attended. We had the ETSU kids day. We had a concert at Emory & Henry Friday night. We had the Jason Isbell concert with 2,000 people Saturday. It was the first time ETSU has let their baseball field be used for a concert. We’re finding ways



Alan Levine and Scrubs the Bear



Thomas and Trae Wampler with Bruce Smith



Phillip Fulmer signs an autograph.



Levine, Pearl and Niswonger

to get more awareness about the children’s hospital and get more people involved in it.”

The new guy

In addition to Niswonger and his honorary co-chair, Steve Johnson, coal magnate Jim McGlothlin got involved in 2016, opening The Olde Farm to host the tournament for the first time. McGlothlin, who has been a philanthropist to Southwest Virginia causes for years, and who has played in the tournament in years past, was eager to become a bigger part of the team, Levine said. “With some of the health issues Mr. McGlothlin had last year, he told me on the phone, ‘I went through this and I just can’t imagine a child having to go through it, so I want to do what I can to help.’”

The offer was unprecedented, not just in the history of the Niswonger Classic, but in the history of The Olde Farm as well. “Jim McGlothlin has never let anybody do this at The Olde Farm,” Levine said. “Not only did he want to be helpful, but he opened his black book and said, ‘Whatever you need, we have, and we want to

help you.’ He has become a huge supporter.”

“These three guys (Niswonger, Johnson and McGlothlin) came together this year and said, ‘We really want to do something big,’” Levine said.

The new approach

Regular supporters of the event noticed a change in the feel of this year’s golf tournament. Fewer big-name sports heroes filled out scorecards than in years past. Multi-time attendees including Peyton Manning and Dan Marino were elsewhere this year. In their stead were more PGA and even LPGA professional golfers. The change, Levine said, was intentional and deliberate.

“We’re really trying to evolve the golf tournament. It started as more of a celebrity tournament. We’re really evolving it to become more of a pro-am.”

2016 marked the first time every foursome had a professional PGA golfer. In addition, Levine said, “We have Foxsports.com live-blogging the tournament. Our ultimate goal is to get this tourna-



The tee box at 11 on the Olde Farm course



To the victors go the spoils



The victors: Bill Greer, Bill Greene, Bruce Smith, Roy Harmon, Scrubs, Peter Malnati and Craig Denison



Levine, Maddy King and Andy Dietrich

ment televised so it becomes a destination pro-am tournament that is institutionalized as the premier event for the region.”

The new opportunities

The proposed merger between Mountain States Health Alliance, which operates the Niswonger Children’s Hospital, and Wellmont Health System, will create remarkable new opportunities for the institution the Classic helps fund, according to both Niswonger and Levine.

“I’m certain the merger between Wellmont and Mountain States will take place,” Niswonger said. “The federal government will just get out of the way and let the states do what’s right in order to rationalize health care between all the hospitals. When that occurs, I’m told we’ll have more dismissals of children than Vanderbilt has. Because we’ll have so many additional children to serve, I would see a major expansion of the existing facility almost immediately.”

Levine added specifics to Niswonger’s broader prediction. “As we promised in the application to the state, we will make major

investments in pediatric subspecialties which are critical for a children’s hospital,” Levine said. The funds raised will help hire 10 to 12 new pediatric sub-specialists over the next three to five years.

“We’ll put pediatric subspecialty centers in Kingsport and Bristol so we bring accessibility to the subspecialists closer to where people live,” Levine said. “Plus there are \$85 million worth of research efforts we want to invest in. A lot of those relate to issues we’re dealing with for children – addiction, neonatal abstinence syndrome, childhood obesity – the Children’s Resource Center that we have at Niswonger Children’s Hospital is designed around trying to understand the variables that lead to poor health, whether it’s literacy, obesity, inactivity, addiction, tobacco use – we want to study all that and use what we learn to try to help create a healthier next generation and the merger is critical for all that.

“The continued growth of the Classic shows the community is eager to help create a healthier next generation, Levine said. “The legacy of any community is how they treat their children, so the fact that people have stepped up to provide such resources here says a lot.”



Kelly Morgan, Ron McCall, Kenny Gilley, Jonathan Belcher and Todd McReynolds pose with a check representing VCEDA's \$5.6 million loan.
Photos by Scott Robertson

Frontier Secure to bring 500 jobs to Wise County

By Scott Robertson

Frontier Communications subsidiary Frontier Secure announced on June 29 plans to open a customer service call center in Wise County, Va., investing \$10.9 million and creating 500 new jobs in the process. The company has already begun refitting an existing 85,000-square-foot building in the Lonesome Pine Technology Park near the University of Virginia – Wise campus.

The company plans to provide customer service and technical support for small business customer accounting software, according to Kelly Morgan, Frontier Communications senior vice president and general manager for customer care. “We do have a partnership with Intuit and we will be doing some of that work here in Wise. The work being done in Wise will be in-bound customer care work. There won’t be any

outbound calling, no sales calls or anything like that. It’ll be really high quality work.”

Todd McReynolds, assistant vice president for customer care, laid out the company’s timeline for growth. “We plan to have our initial 50 employees start on August 14. We’ll bring about 50 more employees online every month through the end of the year. The goal is to employ 500 people. We are a growing company. If this area proves to be as successful as some others, there’s always the potential to grow beyond that.”

One center in Florida started with 400 employees and now employs more than 1,500 people, Morgan said, indicating the Wise facility would have the opportunity to earn the same growth. “You open up, you do a great job, there’s no reason we wouldn’t come back and do more.”

The company’s choice to locate the facility in Wise made for a great hometown-boy-makes-good story about McReynolds, a native of Wise County. The company had hired a site selection consultant (Site Selection Group out of Dallas) to make sure it opened the center in the best possible location, but McReynolds worked to convince state and local government officials to go the extra mile to ensure the company eventually decided to locate in Wise.

Kenny Gilley, chairman of the Wise County IDA credited McReynolds with constantly calling to see if there weren’t just a little more the county or state could do. “He kept pounding us for a little more money,” Gilley said, “but he’s going to use it well.”

Those efforts ended up with the Virginia Coalfield Economic Development Authority

offering a \$5.6 million loan through the Wise County IDA, in addition to the \$2 million offered by the Virginia Tobacco Revitalization Commission. “The declining coal industry has left a lot of people hurting and we need and appreciate these jobs,” Senator Bill Carrico of the Tobacco Commission said.

“The role of VCEDA is to try to help the economy of the region diversify away from the coal industry,” Ron McCall, VCEDA chairman, said. “We could not find a better example of this than what we have today. It’s our privilege to financially help this project. This is by far the VCEDA project that will hire the most employees in our history.”

For his part, McReynolds credited the county’s two colleges along with local and state officials for stepping up to do what it took to attract the company. “They’re willing to invest in the region and it’s young adults. It means the community finally has something that will help the region retain this top talent, to give our college graduates career paths at a great company.

“Being an economically depressed area that has two colleges with 1,000 graduates a year with little to no opportunity locally upon graduation made it a good fit for us,” McReynolds explained. “We do higher-end customer service work and the community needs its millennial workforce to be successful. It’s a natural fit.”

“There are great people here,” Morgan agreed. “There are people here who can help us take care of our customers, and the number one thing for us is always to put the customer first. So we think this will be a great place for us.”

“This means good paying jobs for people throughout this region,” said Maurice Jones, Virginia secretary of Commerce and Trade. “The company made the wise decision of not going to Kentucky, not going to Tennessee, not going to West Virginia and not going to Connecticut.”

“I’m not sure where that came from,” McReynolds said after the news conference. “We looked at locations in South Carolina, Kansas and Georgia.” Regardless of the other suitors for the business, Frontier Secure’s decision is a victory for Virginia, said Jones.

“Virginia has 200 call centers employing more than 36,000 people.



Mike Curtis will have the facility ready to go live in mid-August.

That produces for the state of Virginia an economic benefit of \$11.8 billion. These call centers or customer service centers, whatever name you choose to give them, are an important component of Virginia’s economy, and 500 jobs is an important component to the economy here.”

Even the lead-up to the opening of the facility is creating positive economic impact for Wise County. Frontier Secure hired Quesenberry’s, out of Big Stone Gap, Va., to manage the refit of the building.

Mike Curtis, who is in charge of the refit for Quesenberry’s, explained some of the efforts being made to attract recent college graduates to work at the facility. “There’s going to be a very nice break room area with large flat screen TVs hooked up to Xbox and PS4 video game systems as well as a pool table, foosball tables and, I think, a ping pong table.”

In the large room where most of the telephone work will be done, sound dampeners in the shapes of clouds will hang from the ceiling. This will create a friendlier, less stressful workspace, while limiting the amount of background noise at the same time. “They’ve put a lot of thought into this,” Curtis said.

Said Morgan, “It will have state of the art training facilities, state of the art workstations. It will be a really nice facility for our employees with a game room, break rooms with a lot of amenities. People will want to come to work there every day.”

“I’m excited,” concluded McReynolds. “It’s a wonderful company and a wonderful opportunity for the region.”



McReynolds



Morgan

Payment reform spurring sea change at clinical level

By Jeff Keeling
Photos by Jeff Keeling

Bill Spears builds his strength at NHC Health Care in Johnson City.

(First in a series)

Bill Spears pedals a specialized exercise bike inside a therapy room bustling with activity at Johnson City's NHC Health Care. The Kingsport resident's arms and legs work in tandem under the watchful eye of a tech. Spears came to NHC from Holston Valley Medical Center, where he had been admitted after a stroke. He wants to go home and stay there, quite naturally, and so he's working hard to do the things that may prevent an avoidable return to the hospital.

"They said I was doing good," Spears says.

"They" are the people at NHC. Along with all the other players in Spears' "continuum of care," from his primary care and specialty physicians to the hospital system itself, they want Spears to stay home as well – barring unavoidable circumstances that require a readmission to the hospital. For the past several years, value-based payments and a

financial brew of carrots and sticks driven by the Centers for Medicare and Medicaid Services (CMS) have begun flipping traditional fee-for-service medicine on its head. The reforms, which come with an alphabet soup of acronyms – "MIPS" and "MACRA" are top-of-mind these days in the provider community, while "MSSP" is kind of old hat – have spurred the creation of accountable care organizations (ACOs) and other collaborations designed to adapt to the changing model.

Talk to the providers who are navigating the changes, and you'll often hear support for the theory that's driving the changes, even as they struggle – along with every other element of the health care sector – to translate the theory into practice.

"This is something we've really tried to work on for patients for years," says Dr. B.J. Smith, who sees patients at NHC through his recently formed company, Integrated Health Transitions. "We want patients to get well and go home, and be able to stay home

and have the best quality of life they can. Previous payment models wouldn't reimburse for those sorts of things. They take a lot of time, and take a lot of effort on the side of the health care system. Previous models weren't designed toward that at all."

The reform theory, in a nutshell, goes like this: Traditional fee-for-service payment models created a segmented care model in which providers were paid "to do things to people." This drove up health care's cost in the U.S. without making the average American healthier than people in advanced economies that have much lower costs of care. Hospitals, physician practices and post-acute care facilities such as NHC did their own thing, billed for it, and focused on volume.

"We've tried to solve a societal problem in a fee-for-service system with really very few governors on it, so we've built systems that are very good at managing care that's critical in nature," says Rich Panek, CEO of State of Franklin Healthcare Associates

(SoFHA). SoFHA is a partner with several other practice groups in a highly successful ACO called Qualable, which puts the practice deeply into value-based payments. “We’ll go ahead and race two helicopters to a car wreck on the highway. If you get in a bad wreck, you want to be in the United States ... but we don’t do very well with preventive and chronic care, because the systems weren’t designed that way.”

One result of the focus on volume, CMS and other payers concluded, was far too many avoidable readmissions, and while that may have been good for business under the fee-for-service model, it was neither sustainable on a macroeconomic level nor the best thing for patients and their families.

“Continuity of care throughout the continuum really is the best situation for each and every patient,” says Tyler Williams, NHC Johnson City’s administrator. “When a patient comes in, if they’re here for a couple days, they bounce back to the hospital, they’re there for a couple days, come back here – that’s not an ideal situation. There’s not the oversight and follow through, and that’s just the nature of going through different levels of care.”

Payers, led by CMS, felt a need to start rewarding providers for their ability to keep patients healthier, and do it in settings and using practices that reduced cost. Several years ago, the introduction of MSSP (the Medicare Shared Savings Program) and other newfangled payment models began bringing home to providers that the changes were real. And one of the most important methods for reducing cost was reducing readmissions, since inpatient hospital care is the most expensive link in the healthcare chain.

Readmissions come to the fore

It was right there in black and white. Mountain States Health Alliance reported to bondholders that its January to March quarter saw inpatient admissions decline by 530 (3.4 percent) compared to the same quarter of 2015. Some of that was thanks to a mild flu season, but the first note in the “management discussion” went to the heart of reform:

“Readmissions declined by 240 in the quarter as intensive efforts, which have been made in partnership with physicians and post-acute providers to reduce overall cost of care in alignment with Medicare and Payer value-based purchasing initiative, gain traction.”

Changes at CMS with respect to reimbursement philosophies have been



Tyler Williams

accelerating, with hospital systems getting nicked if they don’t meet certain readmission rate targets. Lower readmission rates mean fewer inpatients, though, and fewer inpatients mean major bottom-line reductions – especially while the payment models remain in transition. MSHA CEO Alan Levine, though, is convinced there will be no turning back from payment reform, especially as it becomes ever easier for payors and consumers to access reliable data about cost and quality.

“When I got into this (industry) as an assistant administrator,” Levine says, “we’d have discussions about, ‘we’re not hitting our admission target. How do we get more admissions?’ There are still large multistate systems that have that philosophy. They think this is just a passing phase. I don’t think it is. The infrastructure of the payment system is changing.”

MSHA COO Marvin Eichorn calls the change at this point “a mixed bag.” MSHA is in year four of a value-based payment model with CMS, and “avoidable readmissions” as determined by the agency incur a 3 percent penalty. “But if you just look at it financially, the penalty is a fraction of how much revenue you lose if you do in fact achieve the lower readmissions,” Eichorn says.

So even as “success” equates to some short-term pain, Levine says MSHA is pushing forward.

“We built into our incentive program this year for all of our executives, and everybody, reduction in readmissions,” Levine says. “It’s a weird business model. We’re incentivizing our own people to destroy our own business.”

Whether it’s the road to destruction or

the journey of disruptive innovation remains to be seen. Regardless, the pressure to reduce readmission rates is not solely impacting hospitals. Williams says NHC’s Johnson City facility had a readmission rate of about 23 percent last year.

Levine says with 45 percent of the variation in total cost of care in the post-acute environment, “that’s where there’s a lot of attention right now.” Williams agrees. “CMS is currently measuring skilled nursing facilities and rehab centers for their readmission rates,” he says. “CMS hasn’t announced, but we expect there will be penalties for skilled nursing facilities, probably sometime in 2018.”

The continuum of care

The hope is that it all comes out in the wash as payment models keep pace sufficiently with the changes providers are making. Those changes are taking place throughout what’s called the continuum of care, from post-acute facilities like NHC to physicians’ groups like SoFHA. Dr. Morris Seligman, MSHA’s chief medical officer, says all are intertwined in efforts to keep patients healthier, make their stays in hospitals and post-acute facilities shorter and more effective, and keep them out of the hospital whenever possible.

“As the local groups become more sophisticated in managing their patients – and they’re incentivized too, through their own ACO and other incentive programs to do a better job of managing and keeping patients out of the hospital – that’s just another piece of the equation,” Seligman says. “And as we get better at developing the local network with post-acute, that’s not only going to affect how long patients are staying (in hospital) waiting to go to post-acute, but better management on the other end is going to affect inpatient (admissions) as well.”

Levine says MSHA is paying a company called Reliant to find patients most likely to end up with readmissions. Reliant uses predictive modeling, and has identified the 45 most likely “Diagnostic Related Groups” to have a readmission within 30 days of discharge. For patients who fit certain parameters, discharge planning begins upon admission. Additionally, because post-acute providers play a major role in readmissions, MSHA has sent a request for proposals to all the region’s post-acute providers asking for their readmission rates and overall cost of care. Levine says the end result will be “a

SEE HEALTHCARE, 18

HEALTHCARE, CONTINUED

small number of facilities that will be in our preferred network.” Wellmont Health System already has implemented its own preferred network of post-acute providers.

While there are plenty of kinks to work out in practice, NHC’s Williams says NHC hasn’t wasted time bemoaning the changes. Hospital systems’ reimbursements already are getting nicked if they don’t meet lower readmission rates and other quality targets, so those systems are demanding accountability from the skilled nursing facilities that provide post-acute care. For the sake of business, and also for the sake of people like Bill Spears, Williams doesn’t want NHC to be left on the outside looking in as hospital systems develop preferred provider networks for post-acute care.

“You can moan and groan about it, or whenever there’s change you can look for an opportunity,” Williams says. “We realize change is coming, and there’s going to be opportunity. What it’s going to do going forward, in my opinion, is those subpar providers – it’s going to be nearly impossible for them to stay in business.”

Number crunching and hand holding – the providers develop their methods

NHC has responded in a variety of ways – all of which require top line expense – to make sure it’s a provider of choice as the reforms continue. Data is crunched like never before to mine information that can inform best practices, and collected for submission to CMS and other payers to prove quality metrics are being reached – a requirement that will only increase as the payment model continues changing and consumers become more savvy.

“You can go to the CMS website (medicare.gov/nursinghomecompare), and it shows all of our data, including our readmission rates,” Williams says.

Even Smith, small as his practice is, must figure out a way to design and build the types of data metrics that are important to payers. “That’s been something that’s very different, but frankly, if I can’t report them and I don’t show I’m complying with these things, they’re going to start adding penalties – taking money away from reimbursement that I otherwise would receive.”

Also at NHC, as well as SoFHA, nurse practitioners, case managers and social workers fill roles in this approach that once might



Dr. B.J. Smith consults with NHC patient Charlotte Lutén

have led observers to scratch their heads and ask, ‘that’s a healthcare job?’ Smith, who currently bills Medicare using a standard payment model but plans to join an ACO, is also helping NHC lower readmissions and length of stay. Time was, a physician would visit NHC once or twice weekly, and a nurse practitioner for another handful of days. Now, Smith is in five days a week, along with two full time nurse practitioners. They’re even helping facilitate policies and procedures to move NHC toward the Holy Grail – better outcomes, accomplished in less time, with fewer readmissions.

“Dr. Smith and his nurse practitioners here at this center, the last three months, their average readmission rate has been right around 5 percent,” Williams says. “His model is proving, at least from my perspective and NHC’s perspective, that it does work.”

The same holds true at SoFHA, where Panek says they track readmission rates per facility for their patients. Dr. Randy Hoover of SoFHA has staffed three nursing homes with a system whereby nurse practitioners see patients each weekday, with additional physician coverage.

“It’s the same model that BJ’s working,” Panek says. “We saw that 2015 readmit rates were higher than we had hoped, so for our patients we wanted to staff the nursing homes at a higher level, and we have had a substantial decrease in readmits doing that.”

Across the therapy room from Spears, Charlotte Lutén is meeting with Smith. Lutén, too, wants to go home and stay there. It is with patients and their families that the rubber truly meets the road as providers deal with reform.

Smith and the nurse practitioners at NHC begin networking with doctors at the hospital before a patient even transitions to post-acute care, Williams says. During the post-acute stay, Smith works closely with staff, teaching them how to recognize dangerous situations or improve on care that’s being delivered. And when patients leave for home, “here are your prescriptions, see you in a couple of weeks, and good luck until then” is no longer standard operating procedure.

“We’re making personal calls to arrange for some sort of transportation, or making sure some follow up is done,” Smith says. “Things that typically the patients were depended on to do. We’re having to go an extra step, to make sure they get medicines when they go home. Oftentimes as physicians, we didn’t try to see, ‘ok, does their insurance pay for this medicine?’ We would just say, ‘this is the best medicine for you,’ not knowing that many times patients don’t fill those medicines if they’re too expensive. We’re having to be more active in those things.”

“Patients want to be well cared for. They don’t want to have unnecessary complications, and if you focus on preventing those things in the first place, patients will appreciate that.”

Note: Several weeks after his therapy session, Bill Spears was “doing great,” according to Smith. He was scheduled to be discharged and sent home the week of July 4.

Next month: How SOFHA and Qualable are having success with the sea change; players speak out on potential reform pitfalls, needed tweaks; Ob/Gyn MD-turned-Congressman Phil Roe weighs in; “bundled payments”(and their importance) explained. 

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MSHA-Wellmont merger: Systems compiling answers, expecting more questions

By Jeff Keeling

Wellmont Health System and Mountain States Health Alliance officials are doing what they can to get the clock ticking on their applications to merge, nearly five months after they filed those requests in Tennessee and Virginia. At issue are questions and requests that followed the Tennessee Department of Health (DOH) and Southwest Virginia Health Authority's (SVHA) initial perusal of the systems' applications for a Certificate of Public Advantage (COPA) in Tennessee and Cooperative Agreement in Virginia.

"I would say we're probably within two weeks of getting them the answers," MSHA Senior Vice President Tony Keck told the *Business Journal* June 24, referring to both entities. DOH sent the systems one request for information March 28 and a second April 22 (for a story on the April 22 letter and other merger-related stories, see web urls in the box on this page).

In Tennessee, the state will determine whether the application is complete, which will begin a final 120-day review process. Because the COPA and Cooperative Agreement provide "state action immunity" from federal antitrust action, officials on both sides of the state line want the applications enhanced so they are air tight in explaining at least two things: how the merger's benefits will outweigh the disadvantages caused by reduction in competition, and how the agreements' structure will allow the state to actively supervise a merged system and hold it accountable for delivering on its promises.

"We've had a fair amount of conversation with (DOH officials) back and forth just to help us interpret some of those questions," Keck said. He said he, his Wellmont counterpart Todd Norris, and MSHA and Wellmont CEOs Alan Levine and Bart Hove met with DOH officials in Nashville in May, "to sit down and talk through what they were looking for on some of them.

"We're trying to answer them with the amount of specificity that they need so that we don't need a set of follow up questions from them," Keck said. "That's not a good



Tony Keck

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use of their time or ours. Through the lawyers or when we went down and met with them, we've spent some time trying to really understand what type of responses they want. We want it to be right."

DOH apparently isn't ready to wrap up its questioning and start the 120-day clock ticking, even if the pending answers are satisfactory. "They just hired a couple consultants a week or two ago, and they told us to expect an additional round of questions from the consultants sometime in July," Keck said. "We'll be ready for that."

That additional delay may not matter much, because the Virginia review period – once that application is deemed complete – is 150 business days. In Southwest Virginia, the SHVA's five working groups met multiple times in April and May, ulti-

mately producing a 68-question document they submitted to the hospital systems May 27. The questions are separated by category – access; quality; "cost to payers, employers and patients, revenue assumptions, and the economics of the merger;" competition; labor force; commitments and metrics for measuring success; and other. (See the entire document at bjournal.com/68mergerquestions).

SVHA Chairman Terry Kilgore, the Virginia delegate who sponsored the Virginia law enabling the cooperative agreement, said in late June the full board would meet at some point after the systems submit their answers and members have time to digest those. The Virginia 150-business-day clock won't start ticking until the SHVA deems the application complete.

Keck said the systems are on a similar timeline for answering the Virginia questions.

"A lot of them overlap in terms of the questions, so some of it is just making sure the two documents match up in terms of how we answer," he said. "Some of it we had to collect new data and do new analysis, some of it we just had to assemble information that already existed, and some of it they asked questions we hadn't necessarily thought about in the way they asked, so we had to have some additional policy conversations."

On both sides of the border, Keck said, the process hasn't been quick. Nor has it been inexpensive. DOH's letters asking for more information are copied to Richard Cowart, the attorney who chairs Baker Donelson's Health Law/Government Relations and Public Policy Department, and to Richard Lodge, the practice leader at Bass Berry and Sims' Government Advocacy and Public Policy Group. In its reports to bondholders through three quarters of the fiscal 2016 year, MSHA attributed \$1.4 million in expenses to the merger. Wellmont referenced purchased services for the year climbing by \$8.7 million, "primarily due to potential merger expenses." ■

Tennessee grants CON for 72-bed Strategic Behavioral Health facility

Mountain States Health Alliance considering challenge in Chancery Court

By Scott Robertson

The Tennessee Health Services and Development Agency upheld an administrative judge's ruling June 22 authorizing a Certificate of Need for Strategic Behavioral Health's (SBH) proposed \$11.7 million, 72-bed psychiatric hospital in Kingsport.

SBH founder and president Jim Shaheen said in a written statement, "We are extremely pleased by the decision to allow a new hospital in Kingsport. Without a doubt, the facility will have a tremendous impact on the local community, which has struggled with limited treatment options for citizens with psychiatric or substance abuse issues. SBH looks forward to collaborating with health systems and providers throughout the region to better identify and serve these patients, helping to reduce the burden on area emergency rooms and ensure a

better standard of care."

Jim Cristoffersen, general counsel for the THSDA said the agency adopted the administrative judge's initial order in its entirety on a 5-4 vote after several hours of discussion strictly limited to the record developed before the administrative judge.

"The agency's decision has been made," Cristoffersen said. "It can be appealed to the Chancery Court of Davidson County, and then from there to the Tennessee Court of Appeals."

Mountain States Health Alliance, which already operates Woodridge Hospital in the region, may make use of that appellate process. After the vote by the agency, MSHA released a statement saying, "Our position has not changed. We believe the facility proposed by SBH

would cause harm to the region's safety net behavioral health provider, Woodridge Hospital, making it more difficult for people who are uninsured or underinsured to access the care they need.

"Mountain States recognizes the need for safety net access as well as community-based services that can help reduce the need for inpatient hospitalization. Our ability to continue providing those services would be severely impacted by the proposed SBH facility, resulting in a negative impact on the region. We are currently reviewing our options and are prepared to exercise all the rights afforded in law to ensure the proper consideration of the impact to Woodridge and the subsequent impact on access for the poor and those who most need the services." 

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NETWORKS

readies for red carpet event

By Scott Robertson

The Core Group of planners meets to discuss logistics of the Red Carpet Tour. Photos by Scott Robertson

The economic development game is all about connections. Communities hire economic development professionals to connect with site selection consultants who connect with the companies that can bring jobs back to the communities. The broader a community's circle of connections grows, the greater the likelihood that one of those connections will bring that community the jobs and capital investment it seeks.

With those principles in mind, NETWORKS Sullivan Partnership has been working to grow its Red Carpet Tour event for the last few years, bringing site selection consultants into the county to see its assets firsthand. The event has brought in consultants from around the country, including two who have already been instrumental in bringing a new employer (Agero) and almost 600 jobs to the county.

But it's not just the connections between the economic developers and the site selectors that can make a difference in a community's future, says Clay Walker, CEO of NETWORKS Sullivan County. It's also the connections between economic developers themselves. Just so, it's not only one county that can convince an employer to select a particular site, it's a region.

So when NETWORKS hosts site selectors for this year's Red Carpet Tour August 18-21, the Tennessee Economic Partnership (TEP) will get top billing. Save the date cards that have been sent to site selectors already refer to this year's event as the TEP Red Carpet Tour. "We are members of the TEP and we commit \$10,000 a year," Walker said. "You have to be at that level of participation – in fact, I think it's gone up to \$10,500 – to be eligible to host a red carpet tour. And we receive a grant from the TEP.

"The TEP is part of Team Tennessee that you hear Commissioner Boyd talk about," Walker said. "TEP is the marketing arm of the state. That gives us credibility as this is a Team Tennessee event. That resonates with our consultants. This isn't just one community trying to get consultants into town. This raises your profile."

"Other partners we recruit because they work leads on projects include the NETVRIDA," Walker said. "They give us money. They help us plan. They attend the event. TVA gives us money and they are present as well."

Along those lines, the Knoxville Chamber, which has taken part in the

NETWORKS Red Carpet Tour before, has ratcheted its partnership up. "They are going to put some money into it," Walker said. "They are going to have a representative from Oak Ridge National Laboratory to speak to the consultants about ORNL as an asset to all of East Tennessee. It really has more of a regional flavor. That's great, because we are seen as a regional leader – not only through site location consultants, but through the Tennessee Department of Economic Development, TVA, AEP and other economic development organizations throughout the state."

"Having the Knoxville Chamber take part is a big deal," Walker said. "That organization is a high-profile economic development entity. That will raise our profile and how we're seen with site selection consultants in general."

That cooperative feel isn't just something that's being marketed to interested parties outside the region. Michael Parker, executive project manager for the event, said the core team that gets the lion's share of the advance groundwork done is an eight-member group with two members

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Clay Walker

NETWORKS, CONTINUED

representing Kingsport and two members representing Bristol.

“Tom Anderson is the economic development director for Bristol,” Parker said. “April Eads is a senior account manager for Bristol Tennessee Essential Services. Lynn Tully is development services director for Kingsport and Corey Shepherd is a business development specialist for the city of Kingsport as well.” Those four individuals meet regularly with Walker, Parker, Brian Ritz and Dana Glenn from NETWORKS as the main “boots on the ground” team.

As June drew to a close, Parker was chasing down consultants to get attendance confirmations. Invitations to the top two tiers of consultants had already been sent out, and a couple of selectors had already confirmed their plans to attend. “Our target list of consultants has about 30 on it,” Parker said. “From that we usually start with about 10. Then we take 10 more and 10 more until we get our final number between eight and 12. Consultants are allowed to bring a plus-one. We take care of all their travel and accommodations. We do all their airfare. We purchase all their stuff.”

Each invitation arrives at the office of the site selector in a box that also contains a small plastic race helmet, emblematic of the Bristol Motor Speedway, which will be hosting the August night race the weekend of the tour.



Michael Parker

“You have to do little things like that because the top consultants could spend their time every week going to somebody’s red carpet event,” Walker said. “You have to stand out and bring some value.”

“When we send these invitations out,” Walker continued, “we send them to 25 or 30 consultants that we target knowing we won’t get half of them. But almost all of them, whether they can make it or they can’t make it or they don’t want to make it, will call us. Now our per unit cost on those invitations is about \$37. I’d write checks for \$37 all day long to have five-minute conversations with consultants. So even for those that don’t come, the fact that we’re having this event – and I know that’s hard to touch and feel and quantify – there’s benefit. You have to have faith in the process.

“One thing too that I think is very important for people to know,” Walker said, “is the business part of the agenda – Friday is a business day when they learn about our product. The top site location consultant will not come to your event just to have a party. They ask to see the agenda before they commit to coming. When they see that they will learn about the region and the state, that’s what brings their attention in. Having a fun event obviously is a key part of it, but they’re not going to come just for the event. They’re working. They want to take away knowledge, and that’s why we want them to be here.”

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Wine arrives in Tennessee grocery stores, despite bureaucratic challenges

By Scott Robertson

If Tennessee's grocers thought they'd made it past the final challenge when the governor signed a bill two years ago allowing them to sell wine, they were mistaken. Seven years of cajoling legislators and battling the liquor store lobby, it turns out, were merely the first steps in a process that, grocers say, has become more onerous than by rights it should have been.

"We've had two years of anticipation and the state has had two years to get ready," said Steve Smith, CEO of K-VA-T Food Stores, parent company of Food City. "But it has certainly been a challenge moving forward to get wine in the stores."

Knoxville-based grocer, Bill Weigel, has been a bit more direct in his assessment of the situation, recently telling *The Tennessean*, "It's a nightmare."

The biggest problem has been the Tennessee Alcoholic Beverage Commission's

handling of the process. The law allows grocers to sell wine, but the ABC never said it would make it easy for them to do so.

Despite having known since March 2014 that wine sales would be legal in grocery stores on July 1, 2016, the ABC never created an online system for accepting applications, and only began accepting paper applications from grocers in January.

In mid-March, ABC Executive Director Keith Bell resigned via email without explanation. Bell was replaced on an interim basis by Assistant Director Gina Winfree, who left for a private sector job a few weeks later. On May 24, Clayton Byrd, an attorney in the comptroller's office took the post. But by that time, according to Smith, the ABC staff had completely turned over.

Terry Creaturo, Kroger Mid-Atlantic wine consultant, said the new individuals she worked with in Nashville were

handicapped by a failing bureaucracy. "In all my interaction with Tennessee ABC, they always responded quickly and answered my questions when they could. The challenge was that they were still putting it together. So sometimes we asked questions they didn't have answers for yet. That was challenging. Once they figured out what they were going to do on their side, then we were fine. We're good little soldiers who fall in line and get our stuff done and get it in."

In the meantime, as the clock ticked toward the July 1 legal sale date, since the ABC had put no automated system in place to handle the mountain of application data required from each grocer, the work all had to be done by hand, on paper. "It's been an interesting bureaucracy to deal with," Smith said.

For example, grocers knew they



Steve Smith Photo by Sweet Snaps Photography



Terry Creaturo Photo by Scott Robertson

would have to train and certify the managers and clerks who would be selling wine as part of the state's Responsible Vendor Training effort. But they had to wait to find out what form that training would take. "The guidelines for that were not part of the process at the very beginning," Creaturo said. "Those came in from the state later in the process. We've been involved in meeting those criteria since that time.

"All of our cashiers that are going to be checking out wine were certified," Creaturo said. "But before we could do that, somebody in the state had to be certified to teach those classes. Then we sent our people in to learn how to teach that class so we would have certified trainers on board. That allowed us to train the cashiers."

In a process in which time was becoming more of a factor with each passing day, the training was time-consuming, Smith said. "Literally thousands of our employees have gone through certification tests. That involved two-hour classes. Managers are more extensive than that."

Once the training was complete, the grocers then had to fill out the paperwork certifying that fact as part of the application process. That paperwork had to be delivered to the ABC, Creaturo said, along with checks to the state. "There's a charge for the application, of course. There's a charge for the class to train the trainers, and there's a charge for each individual certification."

By the time June rolled around, Smith was taking no chances. Rather than trusting to any other process, Food City was boxing up the paperwork and delivering it, along with the necessary checks, to the ABC in Nashville in person. "We just feel the best way to do it is to hand-deliver it," he said.

All the while, grocers were taking all the necessary steps to handle the private sector

realities of adding wine to their retail offerings.

"For more than a year, we've been deciding what has to go into the stores, finding out if there was a distributor in the state who had it, and if there wasn't, finding a distributor to bring those products out," Creaturo said. "Then it was about pricing and processing. It was about everybody's costs at the back door, making sure we had everything in place. For us, everything scans. Everything has to go through some sort of data system where it has the correct cost at the back door so it will have the correct retail out front. That takes a lot of data input, so that's been a large part of the process in the last couple of months."

That's in addition to the preparation of wine aisles in each individual store, Smith said. "The average supermarket has about 2,500 linear feet and we have gone in and carved out on average about 80 to 100 linear feet for wine. You don't just go into one aisle and say, 'I'm going to move everything in this aisle and that's the way it's going to lay out. You have to move many things around the whole store and adjust your shelves accordingly. So we have had five teams of people doing that for six months in those 69 stores."

But the details of distribution and store management haven't been a challenge, Smith said. Grocers know how to do their jobs, and they're confident that in the long term, the aggravations of 2016 will lead to greater profitability.

"We have been selling wine in Virginia and Georgia," Smith said. "And Kroger is one of the largest purveyors of wine in the country, along with Walmart. Selling wine is nothing new to our companies. It's just that the process to work with the state of Tennessee has been new. And I think all the retailers would say, 'Whew, I'm glad this is almost over.'" 

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Eastman assists growing Milligan engineering program

By Sarah Colson

The Eastman Foundation has made a \$250,000 commitment to Milligan College's new engineering program. Milligan President Dr. Bill Greer announced recently the college would be adding the Eastman name to its mechanical engineering design lab.

"Eastman has been incredibly supportive in the development and launching of our engineering program, and this gift and partnership is tremendous," said Greer. "We look forward to the day when we will see interns, co-op students, and professional engineers from Milligan working at Eastman."

Milligan's engineering program is a four-year program offered from the Milligan campus in Northeast Tennessee. It is the only such program within a two-hour radius of the Tri-Cities. With mechanical and electrical engineering majors, Milligan's program is designed to offer a well-rounded, competitive engineering education in the context of the Christian liberal arts.

"I applaud Milligan for coming up with an approach uniquely designed to incorporate various disciplines of learning in a way that will produce problem solvers, innovators, and thinkers with expertise in their particular field of engineering," said David Golden, senior vice president, chief legal and sustainability officer and corporate secretary at Eastman. Golden also serves as the President of the Eastman Foundation. "Milligan has a history of producing well-balanced, successful graduates, and we look forward to continuing to work with them as they bring innovative solutions to the world's problems."

"Milligan produces service-minded scholars who also make quality employees," said Mark Cox, senior vice president, chief manufacturing, supply chain, and engineering officer at Eastman. "The Milligan engineering program will be a resource for recruiting these types of individuals in engineering roles." Cox also said he has been impressed with the program's curriculum, new facilities, and the faculty being assembled to lead and instruct students.

Program Director Greg Harrell is a University of Tennessee and Virginia Tech grad who serves as the lead technical advisor for the United Nations and the U.S. Department of Energy. Last month the college announced West Point professor and Navy

veteran David Hampton would join the engineering faculty in fall 2017.

Milligan's engineering program starts in August and will have 100 students when fully enrolled.

"Now more than ever, our world needs young leaders who are strong in the science, technology, engineering, arts, and math (STEAM) disciplines," said Greer. "Milligan is well-positioned to meet this need by educating men and women who have dedicated their lives to service through their understanding of the application of science to improving the human condition."

Milligan continues to grow the engineering faculty. In addition to Hongyou Lu, a faculty member dedicated to engineering accreditation and engineering projects, the college has also hired Hampton, a mechanical engineer. Hampton has spent the last decade teaching at West Point. His skill set centers around machine design, strength of materials and vibration. He has worked with NASA, Cambridge, and U.S. Army Research.

The first electrical engineer named to the faculty is Jeff Giesey, most recently the associate dean for academics at Ohio University's Russ College of Engineering. His hiring was announced by Harrell at the June meeting of the Washington County Economic Development Council. "What we are doing is choosing faculty that have specific skill sets and are very experienced and very accomplished in their fields," Harrell said. "This ensures that from the first class to the last class, our students get a quality education."

The Milligan engineering majors have been reviewed and approved by the college's regional accreditor, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). Milligan also will seek accreditation from ABET,

whose accreditation standards the college's engineering program has been designed to meet. In addition, Milligan's engineering faculty includes experienced and seasoned academicians who have been core faculty members in ABET-accredited programs. Local industry leaders already are endorsing the program and ready to offer internships and co-ops, as well as hire Milligan engineering graduates. More information on ABET accreditation can be found on the ABET web site at abet.org. 



Greg Harrell



Hongyou Lu



David Hampton

NETAR: Home sales continue record-setting pace in May

Six hundred thirty four single-family home sales closed in May. That's the highest monthly volume since 2008 when the Northeast Tennessee Association of Realtors® began collecting data for the Trends Report. May was the fourth month to see double-digit sales increases this year. But while local sales are moving at a blistering pace the regional average price trend isn't keeping pace. The May-to-May increase was flat at 0.7 percent, and the year-to-date price has dropped to 2 percent.

It's softer because while the lower price market tiers saw increases, the upper end of the market is struggling. Last year's annual average price increase was 3 percent. May's average sales price in Northeast Tennessee was \$164,755 compared to \$163,689 last year. The overall inventory is 13 percent lower than May last year. The average home sold in May was on the market for 146 days compared to 168 last year.

HOME SALES

 MAY 2016  APRIL 2016  MAY 2015

JOHNSON CITY

 **121**
Average Price
\$189,318

 **59**
Average Price
\$210,954

 **86**
Average Price
\$227,814

KINGSPORT

 **69**
Average Price
\$155,690

 **46**
Average Price
\$139,931

 **59**
Average Price
\$185,931

BRISTOL, TN

 **27**
Average Price
\$147,731

 **27**
Average Price
\$181,238

 **32**
Average Price
\$149,592

BRISTOL, VA

 **14**
Average Price
\$140,539

 **13**
Average Price
\$116,716

 **12**
Average Price
\$163,785

ELIZABETHTON

 **22**
Average Price
\$113,766

 **10**
Average Price
\$156,719

 **8**
Average Price
\$111,900

GREENEVILLE

 **21**
Average Price
\$175,394

 **16**
Average Price
\$124,706

 **12**
Average Price
\$117,183

ERWIN/UNICOI

 **18**
Average Price
\$145,732

 **16**
Average Price
\$166,416

 **9**
Average Price
\$124,744

NOTE: NETAR counts city sales as those made in a city's high school zone. City data is included in county totals.

If you make \$50,000 a year in Kingsport...



...you would need to make the salaries shown in the graphic above in order to live an equivalent lifestyle in the competing markets mentioned. The data show that the long-standing truism of lower MSA salaries being offset by lower costs of living in the Tri-Cities, TN/VA markets remains in place. The data is for the Kingsport MSA only, with data for the Johnson City MSA currently unavailable, but believed to be very similar. The data is sourced from the website *salary.com* as of late June, 2016.

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Mattern & Craig recognizes two newly-licensed professionals

Mattern & Craig Engineers Surveyors recently announced new licensure for two of its professionals.

Megan Allphin recently passed the Professional Engineering exam and is now a licensed engineer in the State of Tennessee. Tim Caldwell recently passed the necessary exam and is now registered as a licensed Professional Land Surveyor (PLS) by the State of Tennessee.

Allphin has been with the firm for five years and is in the transportation group in the firm's Kingsport office. She is a civil engineering graduate of Tennessee Tech. A native of Greeneville, Tenn., Allphin and her husband Jimmy live in Kingsport.

Caldwell has been with Mattern & Craig for more than 16 years. He has experience as both a land surveyor and field crew manager. He heads up the Roanoke surveying department. Caldwell received an Associate of Applied Science degree in Construction Technology from Virginia Western Community College. In addition to his recent licensure in Tennessee, Caldwell is also a licensed surveyor in both North Carolina and Virginia.



Megan Allphin



Tim Caldwell

Tickle receives national award

The Boy Scouts of America recently recognized 13 top volunteers with the organization's highest commendation, the Silver Buffalo Award, during the BSA's national annual meeting. The award has been given annually since 1926 to civic-minded men and women for their invaluable contributions and service to youth. Bristol resident, John Tickle, was among the most recent to receive this honor.

The Silver Buffalo is awarded to individuals who give noteworthy and extraordinary service to youth; the service must be national in scope and can be independent of, or directly through, the Boy Scouts of America. Candidates for this award must be nominated based on a significant period of national service to a youth agency or in actions affecting youth.

Lord Baden-Powell, the founder of the worldwide scouting movement, received the first Silver Buffalo Award. Other notable recipients include 14 U.S. presidents, Microsoft co-founder Bill Gates, ExxonMobil Chairman and Chief Executive Officer Rex W. Tillerson, race car driver Jeff Gordon, and former Secretary of State Colin Powell.

Tickle's life might best be summed up in four familiar words: "A Scout is loyal." He has worked tirelessly to support charitable causes in his home region. He is proud of never ordering layoffs at his company, Strongwell Corporation. At the national level, Tickle is partnering with the BSA to establish the John D. Tickle National Leadership and Training Center at the Summit Bechtel Reserve. When completed, this facility will offer innova-

tive, "Scout-centric" training, including National Camping School, Wood Badge, and other courses that give adult volunteers the tools they need to provide life changing programs back home.

Tickle was also the driving force behind the Composite Materials merit badge. Introduced in 2006, this badge has introduced thousands of Scouts to the composites industry and related professions. At the local level, Tickle is a former president and 32-year board member of the Sequoyah Council. The Sequoyah Council is the largest youth serving organization in Northeast Tennessee and Southwest Virginia, serving thousands of youth each year. A Distinguished Eagle Scout, Tickle is a recipient of the Silver Beaver award. In 2012, he received the BSA's Heroism Award for using CPR — at age 69 — to save the life of a heart attack victim. He has been honored by groups including the United Way, the National Society of Fundraising Executives, the Bristol Chamber of Commerce and the American Composites Manufacturers Association for his community and industry leadership. Tickle holds a Bachelor of Science degree from the University of Tennessee.

Northeast State named service provider for adult education services

Northeast State Community College has been named a new Tennessee service provider for adult education services. The College is one of eight service providers announced by the Tennessee Department of Labor and Workforce Development (TDLWD) to coordinate adult education programs in each of the state's 95 counties



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today. Northeast State was awarded a \$798,000 grant to oversee delivery of the program.

Debbie Tabor, who currently oversees the Sullivan County Adult Education program, has been selected to lead the effort. Northeast State will serve District 1 which includes Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington counties.

According to College officials, District 1 has a population of more than 40,000 who might benefit from adult education services. Northeast State's plan, developed from input of current program providers, is to serve the adult learners who are deficient in basic skills and those who lack their high school diploma or equivalency. Ultimately, the program will help adults to complete a high school education, transition to postsecondary education and training, and obtain employment.

Currently, Tennessee has 40 adult education service delivery areas, each with a separate entity overseeing the program in its respective part of the state.

On July 1, TDLWD restructured those service delivery areas into eight districts. During fiscal year 2015-2016 the state of Tennessee paid \$3.15 million in administrative costs associated with the adult education program. The realignment to eight districts will reduce those administrative costs by \$2.1 million in fiscal year 2016-2017.

The Department will take the money once spent on overhead costs and nearly double the number of full-time instructors across the state, increasing the figure from 35 to 62 instructors.

SoFHA places bronze in National Healthcare Advertising competition

State of Franklin Healthcare Associates (SoFHA), a physician-owned and operated healthcare group serving the Tri-Cities, was recently named a bronze winner in the 33rd Healthcare Advertising Awards, a national competition sponsored by Healthcare Marketing Report.

The healthcare system was recognized for the outstanding look and messaging of its current website – *sofha.net* – which was created last year by Hillhouse Graphic Design, LLC, an advertising agency based in Kingsport, Tenn.

With nearly 4,000 healthcare organizations competing, SoFHA was one of only 274 to garner a bronze award. Winners were selected by a national panel of judges based on creativity, quality, message effectiveness, consumer appeal, graphic design and overall impact.

The Healthcare Advertising Awards program is the oldest and largest such competition in the country and is sponsored annually by Healthcare Marketing Report, one of three publications disseminated by HMR Publications Group. Based in Marietta, Ga., the group focuses on news and information related to the higher education and healthcare marketing fields.

Founded in 1998, SoFHA is a patient-centered system of 10 medical practices, most of which are located in Johnson City.

In addition, the group also provides the first “call-ahead,” walk-in clinic in the area. SoFHA adheres to the patient-centered model of healthcare service with patient-physician partnering and

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**AWARDS & ACHIEVEMENTS,
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preventive measures - key components in achieving long-term better health for patients.

Food City honored for health initiatives

Recently, the Produce for Better Health Foundation recognized the top six registered dietitians within the industry during their annual convention in Scottsdale, Ariz. Elizabeth Hall, registered dietitian for Food City received one of the 2015 Supermarket Dietitian of the Year awards. The candidates were selected from hundreds of nominations submitted by supermarket chains throughout the industry.

“I am honored to work for a company that not only values meeting customers’ needs, but empowers them to make better decisions about nutrition and health. Thanks to the overwhelming support from our corporate departments, store

managers, and CEO, Steve Smith, we hope to continue promoting the efforts of Produce for Better Health and the Fruits and Veggies – More Matters brand through store programs and events in our communities,” said Hall.

Food City also received a Retail Champion Award in recognition of their outstanding marketing and advertising support of the Fruits & Veggies – More Matters program. Lori Hamilton, Food City’s director of Healthy Initiatives received the award on behalf of the company.

“We are honored to receive this recognition and award. It’s a team effort, as we work with our associates and community members to focus on the many benefits of fruits and vegetables. We strive to promote fresh, frozen and canned, as all are great sources to incorporate into our diet,” said Hamilton. **BJ**



Elizabeth Hall, Food City dietitian

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Wellmont launches Gatton-supported cardiac rehab center

Wellmont Health System recently announced the launch of the Bill Gatton Center for Advanced Cardiac Rehab, an initiative bolstered by a \$1 million donation from the businessman and philanthropist.

At a news conference June 14, Wellmont officials joined Gatton and community leaders to unveil the progressive center at The Heart Center, 2050 Meadowview Parkway. This is the first of several centers to be developed by Wellmont across the region, each of which will be named for Gatton.

The program teaches patients about improving their way of life by blending exercise with knowledge of healthy lifestyles and computer-based learning opportunities.

The Bill Gatton center is an official Pritikin ICR (Intensive Cardiac Rehabilitation) location, one of only 13 such sites in the nation and the sole one in the region. Pritikin is a nationally recognized company that trained heart institute physicians and staff members so they can introduce this comprehensive program to the region.

When patients enroll in this program through a referral from their heart institute cardiologist, they participate in as many as 72 rehabilitation sessions. That is twice as many as a traditional cardiac rehabilitation program, with the additional 36 sessions providing the valuable education patients need to make lifestyle adjustments that will serve them well in the long run. Medicare covers all 72 sessions of the Pritikin program for patients with qualifying conditions.

Gatton has been a heart institute patient and views this gift to



Bill Gatton, second from the right, presents a \$1 million check to, left to right, Dr. Jerry Blackwell, president of the Wellmont CVA Heart Institute; Bart Hove, president and CEO of Wellmont Health System; and Todd Norris, Wellmont's senior vice president for system advancement and Wellmont Foundation's president. Photo courtesy Wellmont Health System.

Wellmont Foundation as a way to thank his cardiology team, led by Thomas Bulle, M.D. He is well-known for his generosity, having also served as a major supporter of the College of Pharmacy at East

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MED BRIEFS, CONTINUED

Tennessee State University, the College of Business at the University of Kentucky and the Academy of Mathematics and Science at Western Kentucky University, all of which bear his name.

“Having experienced such wonderful care from this group of physicians, I recognized the value of supporting Wellmont’s heart program,” Gatton said. “I am convinced this investment will enhance the great care the heart institute delivers and have a positive impact on our region. Today, the heart institute continues to move forward with the development of another innovative way to strengthen the lives of its patients, just as it has improved mine.”

The next planned location for the Bill Gatton Center will be on the campus of Bristol Regional Medical Center. The medical director there will be David Beckner, M.D., while the cardiologist in that role in Kingsport is John Bertuso, M.D., both of whom practice with the heart institute. Those two physicians, plus others in this new cardiac rehabilitation initiative, spent time with members of the Pritikin team learning the ins and outs of the program.

Ashley Judd to keynote Frontier Health Foundation Gala

Golden Globe and Emmy-nominated actress, Ashley Judd has been named the keynote speaker for the Frontier Health Foundation inaugural gala, STIGMA STOPS NOW, Nov. 4, 2016. The event is scheduled to take place at the Millennium Center in Johnson City.

Judd has traveled around the world visiting grassroots



Ashley Judd

programs on varying issues that focus on poverty alleviation, mental health, maternal health, child survival, human rights, family planning and social justice.

“Not only is she an extraordinary and celebrated actress, she is a tremendous voice for mental health awareness and ending social stigma,” said Joy McCray, Frontier Health Foundation director.

A live Stigma Stops Now pre-Gala presentation will be held at East Tennessee State University for students and community members.

The Frontier Health Foundation serves to help promote sustainability of mental health, addiction and intellectual disabilities services for individuals in the region.

The Frontier Health Foundation is a nonprofit corporation that exists to help promote sustainability of the highest quality mental health, addiction and intellectual disabilities services for individuals in our region. Established in 1957, Frontier Health is a 501 (c)(3) not-for-profit organization serving more than 50,000 individuals each year by providing behavioral health, mental health, substance abuse, co-occurring, intellectual and developmental disabilities, recovery and vocational rehabilitation services.

The Foundation is organized exclusively for charitable, educational and scientific purposes. **BJ**

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GOP health care alternative:

Patient-centered, market-based reform

By Congressman Phil Roe



Editor's note: Republicans released a 37-page policy paper June 22 outlining a legislative plan to repeal and replace the Affordable Care Act (Obamacare), and reform Medicare and Medicaid. Tennessee's First District Congressman, Dr. Phil Roe (R-Johnson City) played an instrumental role in the crafting of the GOP plan. Roe's column on the new plan is below.

Last week, as part of House Republicans' ongoing effort to present bold, real solutions for some of the most pressing issues our country is facing to the American people, the Health Care Task Force rolled out a better way to reform the American health care system. As you know, before coming to Congress, I spent my career caring for patients as an OBGYN. Treating patients isn't political – I never once saw a Republican or Democrat disease while practicing medicine – and health care reform shouldn't be political either. It's clear the president's health care law isn't working, and Americans deserve to know what Republicans in Congress can do to replace it.

My Republican colleagues and I knew there were problems with our health care system long before passage of the Affordable Care Act, and that's why I've encouraged our conference to rally around a health care proposal that will lower costs, improve quality and expand access. Nothing frustrates me more than when people say Republicans have no ideas for health care reform – especially considering House Republicans introduced more than 400 individual bills to improve health care, including more than one comprehensive repeal and replace package. This framework proves we can repeal Obamacare and replace it with patient-centered, market-based health care reform.

I participated in every one of the Health Care Task Force meetings, and I'm proud of the final product. This framework incorporates many members' ideas, including my own, and will eliminate uncertainty in health care and make it easier for patients to see their doctor, afford the cost of their care and receive the highest-quality care available. It preserves the relationship between patient and doctor, and gets the federal

government out of health care decisions. This proposal also acknowledges the importance of investing in medical research and finding cures for diseases, something I've strongly advocated for since coming to Congress. Unlike the Affordable Care Act, this plan will truly help struggling American families at a time when they need it most.

This plan has at least 48 ideas for comprehensive health care reform, and repeals more than \$1 trillion in tax increases that were included in the president's health care law. The proposal was developed from five main principles:

1. It fully repeals Obamacare;
2. It provides all Americans with more choices, lower costs and greater flexibility;
3. It provides important protections for patients with pre-existing conditions;
4. It encourages innovation in health care; and
5. It stops Obamacare's raid on Medicare to protect and preserve it for future generations.

I am also pleased the package includes many of the recommendations I made in my comprehensive health care reform bill, the American Health Care Reform Act. For example, one of the main components of my bill is to allow patients to purchase health insurance across state lines. I believe this will spur competition by giving individuals and families more options for insurance, and, in turn, lower the cost of health insurance. Additionally, my bill would expand health savings accounts so patients can shop like consumers in any other market, giving them the purchasing power and ability to find care to fit their cost and quality needs. Both of these principles were included in the task force proposal.

I believe this proposal represents the kind of forward thinking we need in health care. While we can and should take steps to lower the cost of care and expand access, the American health care system is still the best in the world. Still, too many patients have trouble affording the cost of their care and accessing the services they need. The reality is that the president's health care law did nothing to address the high cost of health care, and our plan would expand access, lower costs and give the American people the health care options they deserve. You can read the plan in full at better.gov and follow the conversation on social media by using the hashtag [#BetterWay](https://twitter.com/BetterWay). 



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