



Tell Your Boss Takeaways from **“M&A and the MSP Perspective - The Role of the Medical Staff Professional during Merger and Acquisition Activity”**

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Thesis: Merger and Acquisition (M&A) activity remains robust in the healthcare world as all players, from digital start-ups using AI, to non-profit community hospitals and larger commercial companies try to stay ahead of both patient needs and governmental requirements. Efficiency as well as profitability are driving factors in healthcare M&A. The Medical Staff Professional should participate in all aspects of M&A activities, from early discussions and contract language; the next steps of due diligence support for contracting, accreditation, clinical provider credentialing, risk management and data/technology needs; and data analysis and project management/planning needs for full integration before the final papers are signed. It is to the detriment of an organization to leave these concerns and potential "deal breakers" under-investigated.

Learning Objective#1: Upon completion, attendees should better understand the scope of M&A activity within healthcare over the past 10 years and how it directly impacts MSPs

Key points:

| | |
|---|---|
| <ol style="list-style-type: none"> 1. Analytical Thinking 2. Budget/Finance 3. Legal | <ol style="list-style-type: none"> 4. Evaluation 5. Political Savvy |
|---|---|

Learning Objective#2: Upon completion, attendees will identify the MSPs role within the M&A process and the importance of their role to organizational success and patient safety

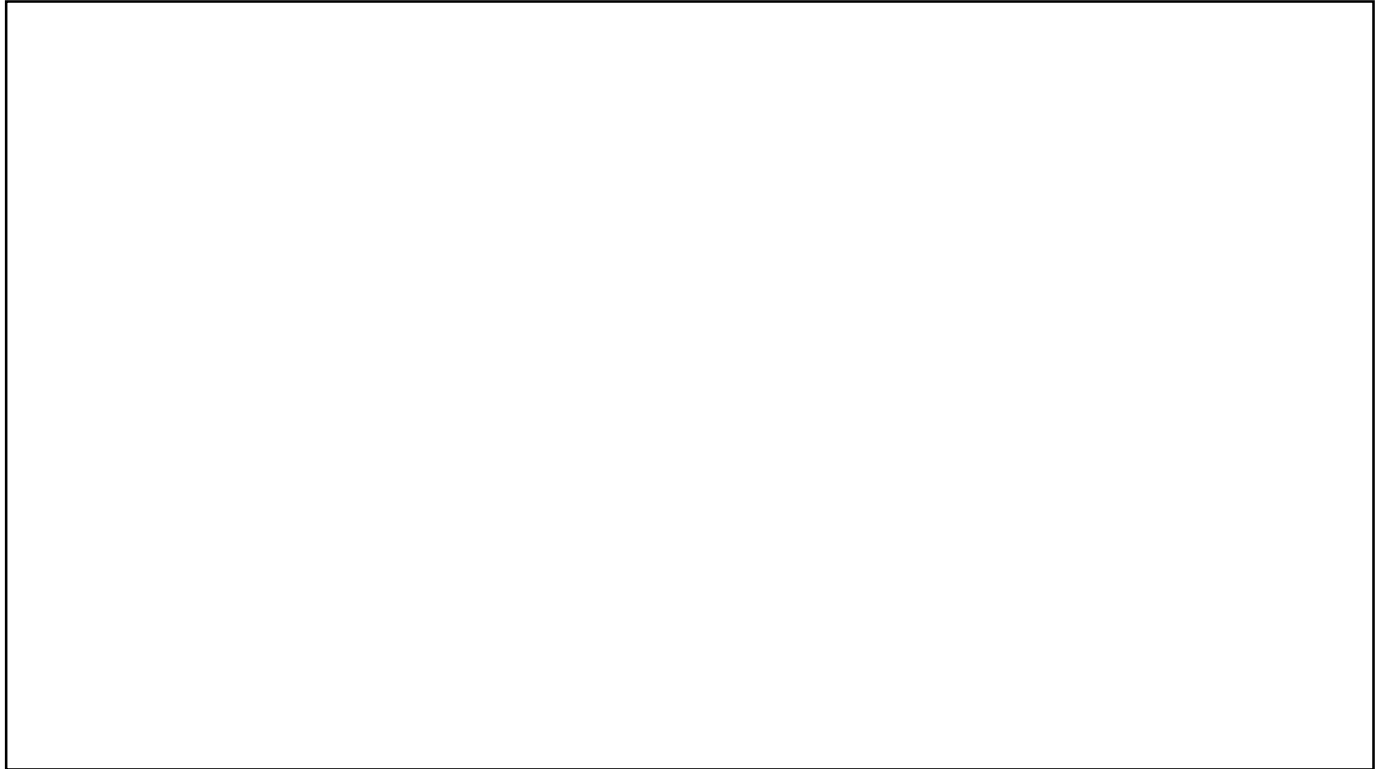
Key points:

| | |
|---|--|
| <ol style="list-style-type: none"> 1. Risk Management 2. Project Management 3. Change Management | <ol style="list-style-type: none"> 4. Confidentiality 5. Contracting |
|---|--|

Learning Objective#3: Upon completion, attendees will have the ability to share their own successes and experiences with the M&A process and pass along tips for improvement

Key points:

| | |
|--|---|
| <ol style="list-style-type: none"> 1. Process Improvement 2. Medical Staff Professionalism 3. Relationship Building | <ol style="list-style-type: none"> 4. Communications 5. Professional Presence |
|--|---|



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M&A and the MSP Perspective
The Role of the Medical Staff Professional during
Merger and Acquisition Activity

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Disclosures

- I **do not** have relevant financial relationship(s) to disclose.

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How are we rolling today?

- Overview of major healthcare Merger & Acquisition (M&A) activity over the past 10 years
- Discussion of impact that MSPs have on successful M&A activity
- Identify resources to stay informed about current and future M&A activity

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What is M&A Activity?

- Merger & Acquisition Activity is how companies combine assets.
 - Merger – combining two equal entities, usually into a new entity
 - 2015 - \$100 billion merger of H. J. Heinz Co. and The Kraft Foods created a newly merged entity with the name The Kraft Heinz Company.

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What is M&A Activity?

- Merger & Acquisition Activity is how companies combine assets.
 - Acquisition – taking over another or more companies for industry growth/consolidation. The “acquired” or “bought” company is a part of the larger company.
 - 2016 - \$104 billion acquisition by Anheuser-Busch InBev taking over London-based SABMiller. SABMiller is now a business division of Anheuser-Busch InBev.

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Mid-Teens – big deals in healthcare

- 2017 – CVS acquires Aetna for \$69 billion
- 2018 – Cigna acquires Express Scripts for \$67 billion
- 2019 – Unitedhealth Group acquires DaVita Medical Group for \$4.3 billion

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The “WHY” behind M&A Activity

- Economics of Scale
- Economics of Margin
- Economics of Survivability

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Historical Healthcare M&A Activity

United Healthcare Group

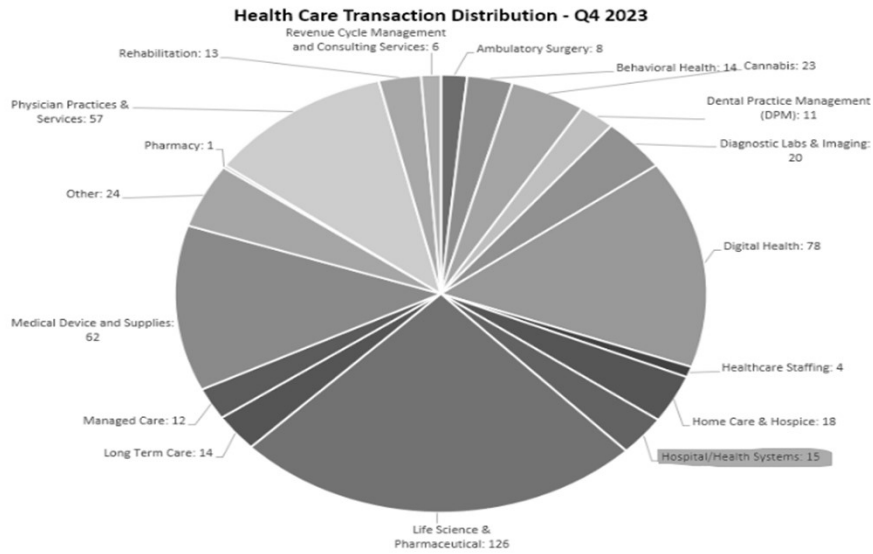
| Acquired on | Acquired Company | Acquisition Price |
|--------------|------------------------|-------------------|
| Apr 10, 2023 | Crystal Run Healthcare | Undisclosed |
| Oct 03, 2022 | Change Healthcare | \$7.8B |
| Jun 18, 2022 | EMIS Health | Undisclosed |
| Jun 17, 2022 | EMIS Group | Undisclosed |
| Mar 29, 2022 | LHC Group | \$5.4B |
| Aug 17, 2021 | PreferredOne | Undisclosed |
| Nov 18, 2020 | MCNA | Undisclosed |
| Sep 29, 2020 | DivvyDOSE | Undisclosed |
| Jun 21, 2019 | Equian | \$3.2B |
| Jun 19, 2019 | PatientsLikeMe | Undisclosed |

HCA

| Acquired on | Acquired Company | Acquisition Price |
|--------------|----------------------------------|-------------------|
| Nov 30, 2023 | Trinity Regional Hospital Sachse | \$41M |
| Apr 28, 2022 | BetterMed | Undisclosed |
| Jan 04, 2022 | MD Now Urgent Care | Undisclosed |
| Oct 06, 2021 | asksurgery.com | Undisclosed |
| Jun 01, 2020 | Frisbie Memorial Hospital | Undisclosed |
| Jan 10, 2020 | Valify | Undisclosed |
| Mar 14, 2019 | Galen College | Undisclosed |
| Sep 01, 2018 | North Cypress Medical Center | \$148M |
| Aug 31, 2018 | Mission Health | \$1.5B |

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Healthcare M&A Activity



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Novant's Acquisition of 3 Tenet SC Hospitals

- COMPLETED February 2024
- \$2.4 billion acquisition of three hospitals along with their affiliated physician clinics
- Novant acquired Mount Pleasant, S.C.-based East Cooper Medical Center, Hilton Head (S.C.) Hospital and Hardeeville, S.C.-based Coastal Carolina Hospital

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Jefferson Health merging with Lehigh Valley Health Network (NJ/PA)

- APPROVED August 2024
- Created a 32-hospital, \$14 billion health system throughout eastern Pennsylvania and New Jersey with over 700 care sites.

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<https://www.pexels.com/video/penguins-at-the-zoo-1528489/> Chris J Mitchell

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Let's do Some Polling

QUESTIONS

- Have you been affected by M&A over the past five years?
- Were you asked to participate at any level of this process?
- Was the M&A successfully completed?

ANSWERS

- Yes or No
- Yes or No
- Yes or No or No Idea

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Polling Results/Discussion

- Who in the audience has been affected by M&A over the past five years?
- Were you asked to participate at any level of this process?
- Was the M&A successfully completed?

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Overview of M&A Due Diligence - MSP

- Accreditation/Certification Standards
 - **CMS COPs** (Centers for Medicaid & Medicare Services – Conditions of Participation)
 - **DEEMED ENTITIES** (a sampling)
 - AAAHC (Accreditation Association for Ambulatory Healthcare)
 - ACHC (Accreditation Commission for Healthcare - was HFAP)
 - DNV (Die Norske Veritas)
 - NCQA (National Committee for Quality Assurance)
 - TJC (The Joint Commission)
 - URAC

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Overview of M&A Due Diligence - MSP

- Contacting obligations
 - Provider Enrollment
 - Managed Care
 - Access to Payer Networks
 - Delegated Credentialing

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Overview of M&A Due Diligence - MSP

- Compliance for clinical professional credentialing/privileging
 - Centralized collection/verification (CVO)
 - Bylaws
 - Privilege Forms
 - Clinical Provider Types

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Overview of M&A Due Diligence - MSP

- Clinical professional database needs
 - Software
 - Mobile applications
 - Data sharing across entities
 - Data ownership
 - “Truth” database

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Overview of M&A Due Diligence - MSP

- Medical Staff governance and organizational structure
 - Bylaws
 - Unified Medical Staff
 - Hierarchy
 - Committees/Chairs
 - Membership
 - Rights/Responsibilities

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Let's do Some Polling

QUESTIONS

- If you have been part of a recent M&A, did you find the process successful for the responsibilities of your role?
- Would you be willing to briefly share one of your experiences?

ANSWERS

- Yes or No
- Yes or No or NA

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Polling Results/Discussion

- If you have been part of a recent M&A, did you find the process successful for the responsibilities of your role?
- Would you be willing to briefly share one of your experiences?

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MSPs need to become and stay educated

- NAMSS Educational Opportunities
- Federal Trade Commission
- Your Legal Counsel
- State/Regional Economic Commissions
- Good old team/zoom/slack chat (aka Water Cooler Talk)

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MSPs are critical to successful M&A Activity

- Knowledge of Accreditation/Certification Standards
- Knowledge of entity processes and procedures
- Knowledge of clinical bylaws and procedures
- Knowledge of Medical Staff/Entity organization/hierarchy
- Knowledge of what is still unknown

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More Info?

- <https://www.investopedia.com/>
- <https://tracxn.com/>
- <https://www.modernhealthcare.com/>
- <https://www.beckershospitalreview.com/>
- <https://www.ama-assn.org/>
- <https://www.toptal.com/finance/blog>
- <https://www.ftc.gov/enforcement/merger-review>
- <https://www.toptal.com/finance/mergers-and-acquisitions/cvs-aetna>

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Thank YOU!



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