

# **Change Happens:**

**Managing Your Team During an  
Acquisition, Affiliation, Integration, Merger,  
or Other Similar Upheaval**

**Lessons Still Being Tried and Learned**

"THE KEY TO CHANGE  
IS TO LET GO OF FEAR."



## What's Going On Here?

- Over the last five years, there has been a trending surge in the number of hospital mergers. In 2012, the number of deals was more than twice what it was in 2009 - - and each of those deals likely involved multiple hospitals.
- 2009: 50 (16 For-Profit / 34 Not-For-Profit)
- 2010: 76 (36 For-Profit / 40 Not-For-Profit)
- 2011: 93 (41 For-Profit / 52 Not-For-Profit)
- 2012: 105 (38 For-Profit / 67 Not-For-Profit)
- 2013: 84 (30 For-Profit / 54 Not-For-Profit)
- Booz & Company, a consulting firm, predicts that at least 1,000 of the nation's roughly 5,000 hospitals will likely seek out mergers in the next five to seven years.

## What's Going On Here?

- Despite the smaller number of deals involving hospitals in 2013 compared to 2012, market forces will impel facilities to see out a merger or affiliation partners for many years to come.
- The impetus includes not only mounting financial pressures, but a confluence of powerful collaboration mandates, such as changing bundled-payment or population-management reimbursement models and The Affordable Care Act. The ACA is transforming the economics of health care and pushing a growing number of hospitals into the arms of suitors.

## What's Going On Here?

- Many hospitals may have little choice but to combine given the coming changes in the industry, with most struggling with lower payments from the federal government and declining patient admissions.
- Hospitals are also being confronted with fundamental changes in how they are paid under The ACA and by private insurers. Instead of being paid on volume, rewarded for filling beds and performing more tests and procedures, hospitals are becoming responsible for more of the total cost of a patient's care. As a result, they have an incentive to keep patients healthy - - and out of their facilities.

## What's Going On Here?

- By combining, hospitals can reduce costs in back-office activities like billing and devote more financial resources to investing in expensive electronic medical records systems and physician practices to better follow patients outside the hospital. Under the new state exchanges created by The ACA, consumers will likely be able to tell the difference in hospital prices between markets that have consolidated and those that have not.
- Healthcare consolidation also enables smaller hospitals to establish electronic medical records and offer specialized and expanded services, thereby making it easier to comply with health reform requirements, such as the HITECH Act.
- Merging or affiliating with a larger health system can be an especially attractive option for independent hospitals struggling with weak profits or reimbursement cuts since it can lead to savings on overhead and equipment, but it can also offer enhanced physician recruitment.

## What's Going On Here?

“There isn't an independent hospital out there that is not thinking about this. At the top of everyone's the list is the question, Who should I merge with?”

Gary Ahlquist – Booz & Company

“There are hospitals out there that have been independent for 80 years and they're saying, ‘We're going to be independent for the next 100 years.’ That's going to be a tall order. As other hospitals consolidate and grow around you, whatever niche you had will vaporize.”

Lisa Goldstein- Moody's Investors Service

## And Closer To Home . . .

- The deal garnering the most recent attention in Michigan is the Beaumont Health System, Botsford Health Care and Oakwood Healthcare merger announced in June and completed in September.
- Under the integration, the three legacy organizations will combine into a \$3.8 billion health care organization called Beaumont Health. The system will include eight hospitals and over 153 outpatient sites for hospital services alone.
- In core Revenue Cycle operations alone (Access, HIM, and Billing), the new Beaumont Health has over 1,500 employees with a combined annual spend in excess of \$100,000,000. In April, the executive team of Beaumont Health charged the Revenue Cycle leadership of the three legacy organizations to produce “a detailed projection of financial synergy that can be achieved in a new consolidated Beaumont Health’ and a plan to fully secure that synergy by 2017”. The minimum synergy expectation target given to the Revenue Cycle team was a large number.



# Decision Time For Revenue Cycle Leaders . . .



## Decision Time For Revenue Cycle Leaders . . .

When someone causes your world to be turned upside down, take a deep breathe, hold on tight, enjoy the ride, and learn from the experience!

- Sol Brillar

[boards.wisdom.com](http://boards.wisdom.com)



## Decision Time For Revenue Cycle Leaders . . .

- Am I committed to seeing this integration through to completion?
- Am I committed to contributing?
- Can I contribute value?
- Will I be invited to contribute?

# Managing During Change: Lessons Still Being Tried and Learned

- Who Am I Managing?



# Managing During Change: Lessons Still Being Tried and Learned

- Who Am I Managing?



# Managing During Change: Lessons Still Being Tried and Learned

- Who Am I Managing?
  - My Legacy Revenue Cycle Team
  - My Revenue Cycle Integration Team
  - My Legacy Organization Boss
  - My Revenue Cycle Integration Boss
  - Me

## Managing During Change: My Legacy Revenue Cycle Team

- Send clear and consistent messages
- Nothing has changed yet: Expect the same results . . . or better
- Be honest and manage expectations
- Be encouraging
- Use every advantage to improve your Team (and their reputation)

# Managing During Change: My Revenue Cycle Integration Team

- Take advantage of this opportunity
- Be there
- Be professionally honest
- Be an unafraid contributor
- Be open and humble
- Promote your legacy Revenue Cycle Team
- Create your Integration Team network and use it often



## Managing During Change: My Legacy Organization Boss

- Be supportive
- Be open and voice your immediate concerns and future interests
- Be professionally inquisitive

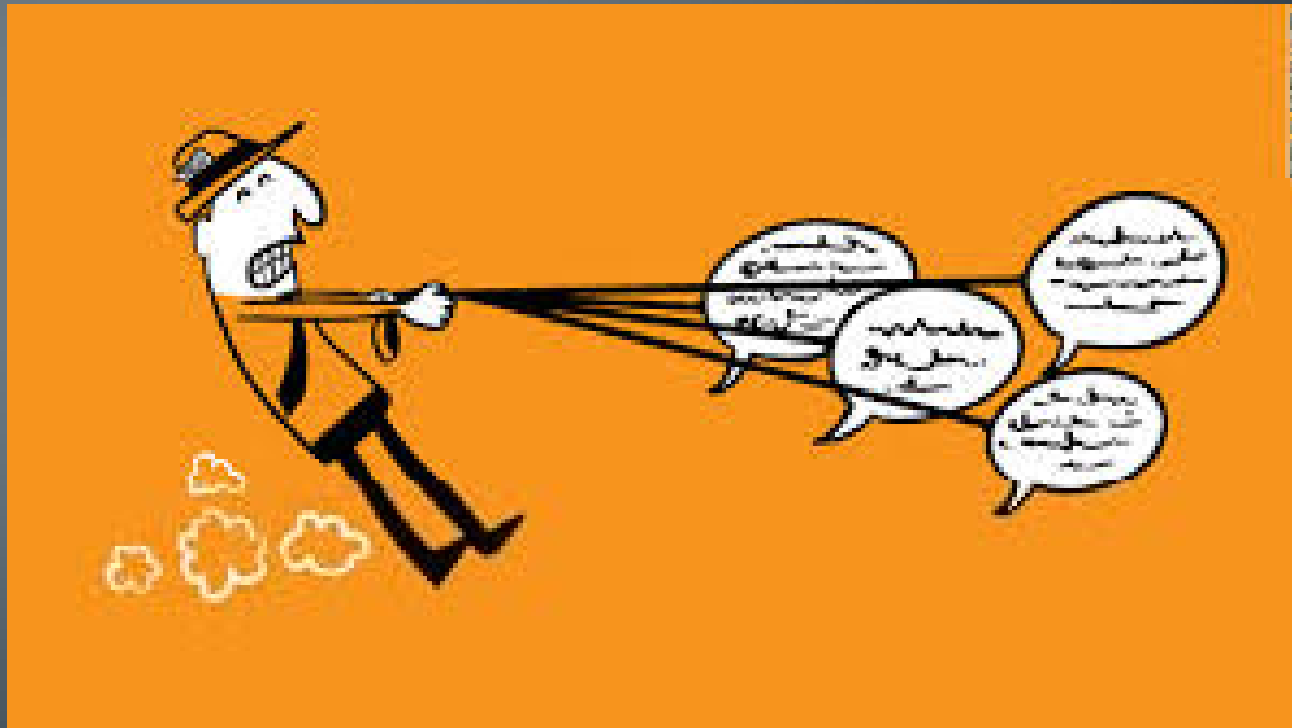
## Managing During Change: My Revenue Cycle Integration Boss

- Accept them as your “co-boss”
- Defer concerns
- Be visible
- Share your legacy Revenue Cycle Team’s results
- Be supportive
- Be professionally inquisitive

# Managing During Change: Me

- Be positive
- Be self-analytical
- Be realistic and prepared
- Be ready
- Be calm

# Managing During Change: Final Thoughts For Now



# Managing During Change: Final Thoughts For Now

**this  
is your  
world.  
shape it or  
someone  
else will.**

**-gary  
low**

Managing During Change:  
Final Thoughts For Now

**"UNLESS YOU  
PUKE, FAINT, OR DIE,  
KEEP GOING"**  
-JILLIAN MICHAELS

# Thank You For Your Help

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