

Mergers & Acquisition Impact Assessment



HEALTHCARE



Competitive pressures, healthcare reform and the cost of staying in business are a few of the reasons that healthcare organizations decide to either merge with or acquire another organization or practice. While only the largest transactions make the news, mergers and acquisitions (M&A) of providers such as hospitals, aging services organizations, allied healthcare facilities and physician practices continue to change the healthcare landscape across the U.S. A recent estimate indicated that the number of healthcare service transactions was at a minimum of 940 in 2015, a significant increase from the estimate of 480 in 2010.*

Healthcare organizations involved in M&A activity may acquire an operation outside their traditional scope of service or find themselves providing healthcare services in a new geographic region or area. Even a relatively straightforward transaction results in different policies, procedures, processes, systems and cultures that require diligent management to successfully integrate two entities into one.

Post-transaction assessment

Post-transaction integration will have a significant impact on the success of the new entity. It is critical to use this period to assess the new landscape. Specific potential exposures include, but aren't limited to:

- Inability to manage acquired business and clinical services.
- Increased risk of patient harm due to substandard quality of care.
- High staff turnover.
- Challenges integrating distinct cultures, missions, visions and values.
- Noncompliance with state and federal laws and regulatory requirements.
- Loss of reimbursement.
- Inability to litigate and settle claims.

CNA's experience in collaborating with healthcare organizations and providers across the continuum of care – and across the country – affords us a comprehensive industry view. Our risk control consultants can work with your organization to help identify the risk implications of an M&A transaction from an enterprise-wide perspective. When potential exposures are clearly identified and understood, they can be prioritized and systematically addressed.

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*Irving Levin Associates, April 2016

Ask the right questions

When working with a healthcare organization, CNA risk control consultants will explore potential exposures by posing questions to anticipate and mitigate transition-related risks. Sample questions could include the following:

	Yes	No
Has a post-merger integration plan been developed and implemented?		
Does the post-merger integration plan include cultural alignment to ensure consistent support of mission, vision and values?		
Have enterprise risks identified in the due diligence process been integrated into post-merger strategy?		
Is there a consistent process in place for monitoring, investigating and reporting incidents, occurrences, potentially compensable events and near misses?		
Has a system-wide, chain-of-command process been implemented?		
Has a comprehensive information technology plan been instituted system-wide?		
Are employee surveys used to assess staff morale and degree of cultural integration, as well as to reveal potential quality and patient safety issues?		

CNA offers healthcare organizations and providers value-added consultative services to help them identify and manage their exposures while enhancing patient safety. We offer a host of resources including SORCE® educational programs, claim reports, bulletins and newsletters.

The following publications and tools can assist healthcare organizations in developing an understanding of their new and emerging exposures following a transaction.

- [Aging Services Claim Report 2014: Learning from the Past, Changing for the Future](#)
- ["Enterprise Risk Management: A Strategic Approach to Liability"](#) AlertBulletin® issue 5 2013
- ["Physician Practice Acquisition: Risk Management Considerations"](#) AlertBulletin® issue 3 2014
- [CNA Hospital Professional Liability Claim Report 2015: Stepping up to Quality Healthcare and Patient Safety](#)
- ["Emergency Management Planning: Assessing the Risk, Preparing for Recovery"](#)
- [Privacy and Network Security Primer](#)

Your CNA risk control consultant can provide more detail to help evaluate your specific assessment needs. For more information please call 866-262-0540 or visit www.cna.com/riskcontrol.

