

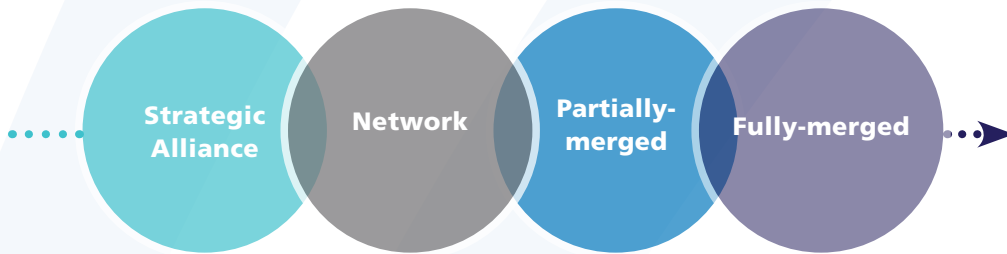


Mergers and Transactions

Veralon’s experts can help your organization examine its ability to stay independent, assess specific partnership opportunities, create the components of a merger or affiliation agreement and implementation plan, complete the due diligence process, and develop plans for a well-integrated post-affiliation or merger organization.

Throughout these engagements, our staff proceeds with great sensitivity to the concerns, loyalties, and deep commitment present as discussions and plans unfold.

TYPE OF AFFILIATION RELATIONSHIP



- Greater interdependence
- Increase in potential financial impact
- Better positioned for value-based payment and population health management

WHY VERALON?

Experience

Veralon has been assisting healthcare providers with mergers, acquisitions, and the details of transactions for more than 20 years. We have the expertise to support you in handling the full gamut of consolidation challenges—both technical and political—with balance and credibility.

Strategic Approach

We don’t dive into transactional details until we have helped the client to evaluate an affiliation against their strategic objectives and market environment. We have no preconceptions as to which type of affiliation is “right,” as this is a function of the client’s situation and goals.

Deep Financial Expertise

We have performed meticulous financial analyses on thousands of projects. When the due diligence process uncovers details of reimbursement, compensation, valuation or transition that have not been fully vetted, we have the skills to surface these issues and address them while keeping the transaction on track.

Skillful Communication

Each type of stakeholder (e.g., board, clinicians, attorneys) speaks their own language, and we are fluent in all of them, allowing us to facilitate development of consensus.



Independence Assessments and Affiliations

If your organization is looking at whether it can continue to be independent or needs to consider a merger or acquisition, Veralon can help. The feasibility of independence ultimately depends on financial performance and access to capital. Our analysis helps bring objectivity to an emotionally-charged decision process.

A Veralon independence assessment will:

- Help board leadership understand requirements for future success, and the challenges of integration
- Provide an accurate assessment of your organization's current and likely future financial position
- Explore paths that may change credit rating and capital availability

If it appears that independence is viable for you, we can assist you in defining the needs an affiliation relationship (rather than a merger) might meet, determining evaluation criteria, and applying those criteria to potential partners. We can support discussions with potential partners, and help develop terms of agreement.

Mergers & Acquisitions

Veralon's work on mergers and acquisitions is results-oriented, helping your organization reach a go/no-go decision and implement it where that is the decision. Whether your organization is seeking to merge with an existing system, or is a system seeking to add a hospital or small health system, we can help. Our services include:

- Facilitating the process: Defining the approach that best meets your needs, creating a criteria-based evaluation process, and facilitating discussions with potential partners.
- Determining merger objectives: Specifying what you want the merger to accomplish and what is non-negotiable
- Evaluating potential partners for merger or acquisition
- Conducting an objective assessment of candidates
- Modeling financial impact: Looking at the merger or acquisition vs. the "go it alone" scenario, as well as comparing the impact of different partners and scenarios against each other
- Implementing the merger or acquisition
- Post-Affiliation integration and restructuring: Moving towards true system integration across a broad spectrum of financial and clinical dimensions, to maximize value for customers

Transaction Support and Due Diligence

Whether you are contemplating acquiring a hospital or merging with another hospital or health system, your organization needs a comprehensive, thorough understanding of that entity. Veralon will support you through the many aspects of due diligence, and keep your transaction on track. Our assessments evaluate:

- Legal, regulatory, accreditation, and risk management status
- Compliance status
- Medical staff organization, leadership, and physician relations, and physician operations
- Financial analysis, including benchmarking; income statement and balance sheet analysis; debt analysis; capital requirements
- Taxation matters
- Reimbursement status
- Operations
- Human resources
- Information technology
- Facilities, property, and equipment
- Business development