

# Checklist: Discussing Onboarding Issues Before Closing a Physician Practice Acquisition

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Many of the reasons why physician practice acquisitions come apart after the deals are finalized fall under the category of “operational incompatibility.” Too often, the team that negotiates the deal is not the same team that is charged with operationalizing the deal. As a result, potential administrative and management problems — from physician appointment schedules to clinical quality expectations — fly under the radar only to emerge later as points of contention.



Understandably, a primary focus during negotiations is financial. However, as my colleague Jessica Stack discusses in a [related Veralon blog](#), a thorough due diligence process goes beyond fair market value and setting a purchase price. Key operational issues that contribute to the long-term success of an acquired practice also need to be researched and discussed.

By involving an onboarding team *during* negotiations, hospitals can ensure that this process goes smoothly and all stones are unturned. Typically, the hospital’s team includes representatives from finance, credentialing/payer contracting, information technology, practice operations, and medical staff marketing.

There’s no magic bullet to operational success. These arrangements can be complex and multi-faceted. Thus, a broad-based, comprehensive assessment approach that touches on the myriad of administrative and management issues that may arise after acquiring a practice is needed.

Onboarding teams can use the following checklist as a starting point for assessing a practice and holding key discussions with physicians and practice managers:

✓ **Assess the practice's payer arrangements to identify potential billing issues as well as transition tasks that will need to be completed.**

- Does the practice have any contracts with payers that the hospital has a problematic history with (e.g., billing difficulties)?
- What patients will need to re-select a provider after a payer contract is assumed by the hospital and the provider is re-credentialed? This issue arises most frequently with primary care providers.

✓ **Complete an honest three-year profit and loss projection due to patients changing providers after the acquisition.**

- This is especially relevant if physicians are moving their practices to a new location, which often leads to patient losses. However, patients may switch providers for various other reasons after a practice is acquired, including insurance changes or a preferred affiliation with another hospital.
- Create a plan for maintaining the physician's current patients and ramping up for new patients. Thoroughly document where new patients may come from.

✓ **Establish internal marketing expectations.**

- How often and how much time does the hospital expect employed physicians to spend building relationships with other physicians on the medical staff and in the community? For instance, hospitals may have regular physician meet-and-greet events or communitywide physician meetings.

✓ **Establish physician expectations regarding their control over schedules and patient appointment slots.**

- Some independent physicians may be used to having considerable control over their own schedules, from how long they typically spend with patients during appointments to how much time they block off for various commitments (e.g., teaching, administrative tasks) and personal time.
- Discussing these issues can also prove helpful to determining appropriate physician compensation, which is discussed in more detail by my colleague Stu Schaff in a [related Veralon blog](#).

✓ **Establish call coverage guidelines and quality expectations.**

- Explain the hospital's guidelines and/or negotiate expectations.
- Physician compensation is also tied to this step.

- ✓ **Set a strict credentialing documentation timeline and expectations.**
  - Establish start date contingent on documentation milestones.
  - Determine potential delayed start date in the event payer credentialing not achieved.
- ✓ **Interview all the employees at the practice (e.g., practice manager, nurses, billing clerk) and assess suitability for the hospital's employment environment.**
  - Ensure employees can comply with hospital standards, such as using the electronic health record (EHR) — and what happens post-employment if these employees do not meet expectations.
  - Switching to hospital employment often includes a compensation increase.
- ✓ **Discuss and review expectations regarding use of system specialists and services.**
  - This is a very important but difficult conversation to have with physicians who are ethically and legally bound to refer patients to any provider they choose.
  - Hospital leaders might approach these conversations by setting patient-centered expectations. For instance, physicians might be encouraged to refer within the health system to promote clinical integration and care coordination.
- ✓ **Perform a clinical quality review, if possible, to identify areas for improvement and discussion.**
  - In addition to assessing performance against quality and efficiency metrics, the hospital will want to determine if physicians in the practice follow peer-recognized or evidence-based guidelines.
  - How these reviews are conducted may vary. It may involve a conversation with a physician leader(s) at the practice and/or include chart review.
  - This discussion might also dovetail into a related conversation about how the hospital tracks physician performance (e.g., via a report card) and ties performance to compensation.
- ✓ **Discuss issues related to advanced practice providers (APPs), including nurse practitioners and physician assistants.**
  - Share the hospital's current and envisioned use of APPs.
  - Determine the physicians' willingness to supervise APPs and take on a leadership role in managing staff.

✓ **Review expectations regarding EHR use.**

- Consider rolling physician adoption and use of the hospital's EHR system into an early performance bonus.

✓ **Discuss budgeting and purchasing expectations.**

- Ensure the physicians understand that hospital employment means the practice becomes a cost center with an annual budget.
- Purchases of new equipment or hiring of additional staff will need to be approved via hospital budgetary and purchasing processes. ●