

Finding the Right Partner During COVID-19: 3 Considerations for Hospitals

Scott Stuecher, Manager

As hospitals rethink their approach to care delivery during the pandemic, many also are weighing whether partnership is needed. Now is a good time for leaders to consider: What would make an ideal partner?

Even as hospitals [face extreme financial pressure](#) following COVID-19, some independents are finding that their financial standing may not be as dire as they had anticipated. For these organizations, the “doom and gloom” that both their own financial staff and industry experts forecasted has been offset by federal emergency assistance and a rebound in volumes after reopening elective procedures. For these organizations, the prevailing sentiment is, “We’re not out of the woods, but our immediate financial survival is not in jeopardy.”

Meanwhile, large systems that might have been considered an independent’s top suitors prior to the pandemic are experiencing their own financial pain. Depending on the market, new contenders may have emerged that are better suited for partnership. While no independent hospital will come out of COVID-19 on top, financially, partnership might have become a medium-term (as opposed to immediate) strategy for independents that are not distressed. It’s a scenario that buys leaders time to find the right fit.

What should leaders of independent hospitals consider in finding the right partner? Here are three considerations.

Evaluate a potential partner’s ability to navigate a changing healthcare environment. It’s clear that capabilities such as telehealth and [remote monitoring](#) will be vital to healthcare organizations’ success during the pandemic and beyond. A recent [survey](#) shows 76 percent of consumers are interested in using telehealth following the coronavirus outbreak, while 64 percent of providers are more comfortable using telehealth now than before the pandemic. But digital health isn’t the only competitive differentiator for healthcare organizations in a post-COVID environment. So is success under value-based payment models, skill in engaging a remote workforce and the ability to leverage advanced technologies, such as automation and artificial intelligence, to improve



performance. The ideal partner should have a vision for where healthcare is headed and how the organization will skate to where the puck is going to be, not where it has been.

Be strategic in thinking about alignment. Be wary of a less-than-optimal long-term solution to solve a short-term problem. Simply put: Don't mortgage your future with a bad deal just because your organization is struggling financially during COVID-19. One way leaders can ensure they will get the right value from a partnership is to obtain an independent assessment of whether the benefits of partnership will outweigh the short-term costs. During COVID-19 and beyond, strategic benefits could include:

- Increased economies of scale/purchasing power
- Enhanced capacity to grow or develop new services
- Improved access to specialists and sub-specialty services
- More robust technological infrastructure, critical to competing in an era of consumerism

Factor in cultural compatibility. Don't underestimate the importance of shared values, beliefs, and vision for the future. [One in five proposed mergers](#) is abandoned before or during the due diligence phase due to cultural incompatibility, which prevents the organizations from tightly integrating after the deal is over. It can also lead to [breakdowns in productivity and trust](#). One study found that when cultures are mismatched or vastly different, the return on investment can be [millions of dollars lower](#) than anticipated. Take a hard look at each organization's mission, vision and approach to communication and work processes. Carefully consider the extent to which leaders for both organizations could work together to engage employees and ensure a smooth transition. Pinpoint where cultural differences exist, and don't shy away from discussions around ways to overcome them. Keep in mind that the goal is to find complementary cultures, not identical cultures, as the latter does not exist. Initiating these discussions before the due diligence phase will help achieve the right outcome for the long term.

KEEPING THE END GOAL IN SIGHT

The emergence of COVID-19 doesn't change the need to be selective in choosing a partner, no matter the model for affiliation. While distressed hospitals may need to enter into a partnership this year or in early 2021, others likely have time to review their options—possibly 12 to 18 months—as their organizations and those of potential partners stabilize. Exploring the goals for partnership and the range of opportunities available will be key to setting an organization up for success during the pandemic and beyond. ●