

Reprinted from *Medical Practice Improvement News*

By **Reed Tinsley, CPA**

Physician CPA, Healthcare Consultant, Certified Valuation Analyst, Author, Speaker

## **Medical Practice Improvement News: Prevent Merger Mishaps with Careful Planning**

So you've decided to enter into a merger. First of all, congratulations for taking control of your future and addressing a changing healthcare environment in a proactive manner. You've obviously completed tireless hours of feasibility analysis and chosen your partners with the utmost care. But your work is far from over. Beyond this groundwork is the intensive task of planning how to merge. You have to work out what's going to happen when you switch the lights on in the new group. You are going to have to plan how the new group is going to answer the phone, how to handle medical records, billing, employee benefits, pick your vendor relationships, and day-to-day operations, just to name a few.

Although a consultant or merger facilitator can help groups with such decisions, consider forming a committee or work group—or several for a large merger—that will meet regularly for at least six months before the expected go-live date. Work group members should include administrators, managers, physicians, and perhaps some staff members. These individuals are charged with analyzing each practice's employee manuals, processes, and finances to arrive at uniform policies and procedures that make the most of each practice's strengths. For example, the committee may discover that practice A has the highest collection percentage and decide to adopt its process for revenue cycle management.

Even assuming the participating practices have well-matched cultures and values—essential to merger success—this part of the merger process is time-consuming and arduous. Although committee members may find it grueling, physician and staff member involvement in this work is essential to their accepting the subsequent changes.

### Handle staffing issues early and honestly

Some of the thorniest territory relates to staffing, especially when it comes to deciding managers' and administrators' roles in the new practice. Problems often arise when physicians avoid the subject until after the merger is effective. Physicians often don't want to deal with these hard decisions so a lot of times they say, "We'll work it out," and it usually doesn't work. Conversely, some doctors insist up front that the office manager from their original group will oversee the entire practice. One of the hardest decisions in any merger is picking who will be the administrator for the new group.

Another hard decision is finalizing the overall group organizational chart. Physicians find it hard to have to lay off any of their staff members but often there is a duplication of job duties when physicians merge their practices. This part of the merger process is very delicate because you try not to cause any hard feelings. Unfortunately, hard decisions are going to have to be made with regards to staffing before the merger goes live.

### Anticipate potential problem areas

Before problems can arise, create solutions to anticipated challenges. These might include the following:

- Developing a fair on-call schedule
- Implementing a de-merger clause
- Setting up a new retirement plan
- Impact the merger may have on referral sources
- Deciding who will be the managing physician for the new group
- Was there sufficient training on the selected medical billing and EMR systems

These are just to name a few but proper planning during the merger process will allow you to address the many challenges of merging multiple practices in to one cohesive entity.

### Commit to the merger

Mergers are often compared to marriages. The first step to success is choosing one's partner carefully. If you think you're going to change your partner after you get married, good luck. Realize that there will be difficulties, and you'll need to communicate, compromise, and improvise to make the merger work the best that you can. However with proper commitment, you'll create a new group practice that others will be begging to get in to.

*Reed Tinsley, CPA is a Houston-based CPA, Certified Valuation Analyst, and Certified Healthcare Business Consultant. He works closely with physicians, medical groups, and other healthcare entities with managed care contracting issues, operational and financial management, strategic planning, and growth strategies. His entire practice is concentrated in the health care industry. Please visit [www.rtacpa.com](http://www.rtacpa.com)*