

## **Developing a Merger Team**

Well, the first date turned out to be a good one and everyone wants to move forward. The physicians have decided to form a merger committee, participants from the respective medical practices have been selected and everyone is raring to get started. What's next? One of the first things the merger committee needs to do is to implement a merger team. This merger team will be composed of legal counsel and the merger consultant and/or CPA (Certified Public Accountant). One of these team members, usually the merger consultant, will facilitate the entire due diligence and merger process.

This merger team member should be very familiar with medical practice mergers and operations. The merger facilitator not only has the responsibilities for providing a formal structure to the merger negotiations and helping the groups adhere to a defined timeline but he or she will also have the responsibility to ask the difficult questions. A facilitator with experience in health care and specifically, medical practice operations knowledge, will know what questions to ask and will understand potential solutions to some of these difficult issues. Many of the critical issues to be debated and decided over the next few months require an in-depth knowledge of medical practice operations and the internal culture of medical practice groups. The more knowledgeable the facilitator is of this, the smoother the merger process and due diligence will be. It is very common for the potential facilitator to actually attend the first group-to-group meeting and assist the physician leaders with communicating the merger process, due diligence and necessary resources to all the physician members. This also allows the prospective leader of the merger team to be involved in the process from the very beginning. Having this experience on hand will help to eliminate some of the initial questions and concerns, which might arise during this initial meeting.

Sometimes the question is raised: "Should the administrators or office managers serve on the merger committee or merger team?" My experience shows that it is not advisable to place them on either team, although they will play critical roles throughout the process. Merging groups tend to find better solutions when using an objective outside facilitator to assist in this difficult decision making process. Obviously, these key management personnel will have significant input into the entire planning process. They will attend and even help plan certain meetings and make recommendations to the committee and the merger team. It will be vital to keep them informed and included in the entire process. Their approval of the merger plan needs to be gained at every phase of the process. However, it is not advisable for them to be permanent members of either the committee or the merger team. There will be times that the merger team and merger committee will need to address issues which will be hard for the respective administrators to be objective about.

Each merging medical practice should then receive from the merger team a merger planning information request. This type of information is needed for planning, creating, and implementing a successful merger. The process of gathering this information needs to begin as soon as possible after formation of the merger committee.

After the merger team and its responsibilities are established, the committee should set the communication protocol. This protocol needs to outline which documentation will be retained

and who will be responsible for taking meeting minutes. Most importantly, the committee decides what information will be distributed to the physician members and when this distribution will occur. My recommendation is that the actual minutes from the merger committee meetings be finalized, typed and distributed the very next day to all physician members. There may be times when the merger committee needs to go into executive session for very controversial discussions; however, this should be the exception rather than the rule. Also, the minutes of the meeting should only outline the eventual resolutions and agreements rather than documenting all discussions on the issues. It is extremely important that the committee have good communication to all the physician members and that this communication is prioritized for timely receipt by everyone involved in the merger. This will significantly enhance the entire process and increase the chances that the merger will be successful.

Next, the committee needs to set its meeting schedule. In order to keep most mergers on track; it is almost necessary to meet once a week. Initially, it may be feasible to meet every other week for the first few weeks, but soon after that the committee will need to commit to a weekly meeting. Weekly meetings are extremely important to keep the process on task. Remember, the merger process is typically very long and a very difficult grind that requires extensive discussions in order to resolve the many issues that will arise. My experience reveals that many parties harbor the misconception that their merger can be accomplished with just a few meetings and very short timeline. Remember the merger process will take, in most cases, six months and sometimes even a year.

If decisions are going to be made timely and the process moved forward, it will require regular meetings. The merger committee also needs to set the dates and intervals for overall group meetings where all physician members will convene to review the merger process and confirm decisions made by the merger committee. These meetings are extremely important to keep everyone apprised of the progress and decisions as they develop. Commonly, all-physician meetings should occur at four to six week intervals. Initially, they may be staggered a little further apart but when the merger due diligence is nearing completion and compromises are being made, all-physician meetings will need to occur more frequently. Employees and staff should be kept apprised of the discussions. This is best handled by individual clinic meetings to keep them apprised of the progress. It is not necessary to get all staff together for these updates. There will be plenty of rumors and uncertainty throughout all of the respective staff and this must be dealt with proactive communication and inclusion.

Finally, the merger committee will need to meet with legal counsel and the merger facilitator to discuss how and why they want to merge and to discuss and review all of the legal issues to ensure there are no significant issues, which would prohibit the merger from moving forward with the due diligence process. Medical practice mergers are now back in vogue.....if done right, a merger is an excellent strategic move for many physicians now looking at their future.

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