The Grass is Always Greener: Surviving Mergers and Acquisitions, No Matter Your Side of the Fence.

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The Grass is Always Greener: Surviving Mergers and Acquisitions, No Matter Your Side of the Fence

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Chief Academic Officer, LVHN
Session Objectives:

By the conclusion of this session, we’ll be able to:

- List the different types/models of institutional change affecting RMCs
- Describe the effects of these changes on RMCs and their students
- Describe the essential components of a successful merger, with a focus on the student experience
Introduction

- 2016 – “The year of merger mania” in healthcare
- PriceWaterhouseCoopers
What is Driving the change?
Healthcare Change Drivers

- Pursuit of “population health management” or “healthcare company” status
- Transformational change of the day to day delivery system
- Insurance market transformation
- Healthcare as a retail transaction
- Declining inpatient utilization; mixed changes in outpatient services
- Emergence of new competitors
New Paradigms

Old Model

BIG HOSPITAL

New Model

BIG HEALTH SYSTEM

Patients

Outpatient Center

Primary Care

Hospital

Freestanding ER

Home Health

Patients

Patients

Patients

Patients
Examples of Mergers

University Hospitals Merge with Samaritan Regional Health System

UChicago Medicine, Ingalls Health System Merger
Merger Mania: Models of Change

- Medical school with medical school
  - Columbia and Cornell

- Health system acquires medical school
  - Geisinger > TCMC

- Medical school acquires or designates health system as a campus
  - USF > LVHN
  - Baylor > Scott and White

- Health systems merge outside of academic affiliation
  - LVHN (USFHealth) > Pocono (TCMC)
So what’s the effect on RMCs?

- List and then discuss the effects of mergers/acquisitions on RMCs and our students. What issues do RMCs need to consider?

- **Pair** with a peer
- **Share** with your table group
- **Report-out** to the large group
Case Study: A Network is Born...

1899
Allentown Hospital Established

1975
Creation of Trust

1997
LVHN Merger with Muhlenberg

2005
Creation of DOE

2009
LVHN Affiliation with USF

2014
LVHN Merger with Hazleton

2015
LVHN Affiliation with PCOM

2016
Maturation of DOE as “Network Function”

2017
LVHN Merger with Pocono
LVHN Vision

“We will build on our foundation as a premier academic community health system and become an innovative population health leader that creates superior quality and value for our patients and the communities we serve.”
Who We Were...

- Largest academic community hospital in PA
- Largest Level 1 Trauma Center in region
- Certified Comprehensive Stroke Center
- Employees – 9,800
- Medical Staff – 1200+

- Nurses – 2,334
- 163,000 ED visits
- 54,056 admissions
- 981 acute care beds
- 3 hospital campuses
Who We Are

- 8 Campuses
- 1 Children’s Hospital
- 160+ Physician Practices
- 17 Community Clinics
- 16 Health Centers
- 12 ExpressCARE Locations
- 81 Testing and Imaging Locations
- 18,000+ Employees
- 2,005 Physicians
- 834 Advanced Practice Clinicians
- 4,208 Registered Nurses
- 57,272 Admissions
- 212,897 ED Visits
- 1,838 Acute Care Beds
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PCOM

- AtlantiCare
- LVHN
- Aria/ Jefferson
- Pocono
- Conemaugh
- Main Line
- Geisinger Danville
- UPMC Horizon
- Reading
- Einstein
- Mercy
Case Study: Top Issues

- Academic mission
- Students
- DOE
  - Centralized vs facility-based function
- Education partners
  - Types: APCs, MDs, DOs, Nursing
  - Geography
- Faculty
  - Multiple Appointments
- Research
  - IRB
- Communication/governance
- Other issues?
So What Makes for a Successful Collaboration?

- Describe what factors lend to a successful merger, acquisition, or collaboration.
- **Pair** with a peer
- **Share** with your table group
- **Report-out** to the large group
## Case Study: Factors for Successful Collaboration

### Case study – LVHN & USF
- Aligned cultures
- Strong leadership
- Shared clarity of purpose/goals
- Transparency
- Shared accountability
- Use of outside consultants/experts
- Focus on effective change management
- Focus on relationship-building
- “All in” mentality
- Formal, written affiliation agreements

### Case study – LVHN & Hospital Mergers
- Aligned cultures
- Strong leadership
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WHAT’S NEXT?

Questions?

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