In the Belly of the Beast - Hitting the Target with Mergers & Acquisitions

By Darryl Price
Healthcare Practice Leader
Slalom Consulting

This time we’re focusing on a trend that, by definition, changes industries – mergers and acquisitions.

Like any new relationship, mergers and acquisitions come with great expectations and enthusiasm. They bring the prospect of increased market share, a strengthened core business, expanded product lines, enhanced technologies and, of course, reduced costs—all driven by the power of synergy.

Yet, despite all that synergistic enthusiasm, studies continue to point out that only around 20% of merger and acquisition activity achieves targeted expectations. That is not to say mergers and acquisitions fail, only that they don’t meet expectations. This “missing the target” is consistently attributed to overly enthusiastic expectations, but most often it is due to underestimating the impact of the change on the people and culture.

As a healthcare executive I’ve experienced mergers and acquisitions from the inside, and recently worked with Slalom’s Merger and Acquisition expert, Wendy Kristek, to successfully on-board an acquired healthcare entity.

My take-away from this inside and out perspective is that mergers and acquisitions are more than anything, about managing through a changing relationship. The financial changes, legal changes, cultural changes all morph into a new relationship. How that change is managed determines success.

Here’s some of what I’ve learned from my work with Ms. Kristek.

The Relationship

Mergers and acquisitions are very different from each other. They each have their own set of objectives based on the relationship between the merged and/or acquired companies.

A merger characteristically refers to two companies joining together as peers to become one. This is usually accomplished through the exchange of shares, which lays the foundation for the peer relationship.

Inside This Issue

| In the Belly of the Beast - Hitting the Target with Mergers & Acquisitions | 1 |
| Healthcare Facilities: Tri-Cities Community Health Opens News Energy-smart Center for Affordable Care | 6 |
| Healthcare Administration: Palmdale Regional’s ‘Rounding for Success’ | 8 |
| Career Opportunities | 11 |
**Letter from the Publisher and Editor**

Dear Reader,

The decision to offer certain Washington Healthcare News products and services came from my prior experience as a healthcare Chief Financial Officer. I had learned that providing an online directory of consultants and vendors to the healthcare industry would be attractive because it was so difficult for me to find particular consultants and vendors when I needed them. For example, one of my past companies offered a defined benefit plan to its employees. We needed legal advice and it was difficult to find an attorney that was qualified, reasonably priced and easy to work with.

The Consultant Marketplace, an online directory of consultants and vendors, is available on the Washington Healthcare News web site as well as all other Healthcare News web sites. Visitors can find healthcare attorneys, accountants, ICD-10 experts and many other professionals who focus on the healthcare industry. It is free to our visitors.

Check it out on our web site at wahcnews.com the next time you need a consultant or vendor. Until next month,

_David Peel, Publisher and Editor_

---

**Washington Healthcare News 2012 Editorial Calendar**

<table>
<thead>
<tr>
<th>Month and Year</th>
<th>Theme of Edition</th>
<th>Space Reservation</th>
<th>Distribution Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2012</td>
<td>Hospitals</td>
<td>December 1, 2011</td>
<td>December 26, 2011</td>
</tr>
<tr>
<td>March 2012</td>
<td>Hospitals</td>
<td>February 1, 2012</td>
<td>February 27, 2012</td>
</tr>
<tr>
<td>April 2012</td>
<td>Insurance</td>
<td>March 1, 2012</td>
<td>March 26, 2012</td>
</tr>
<tr>
<td>May 2012</td>
<td>Clinics</td>
<td>April 1, 2012</td>
<td>April 30, 2012</td>
</tr>
<tr>
<td>June 2012</td>
<td>Human Resources</td>
<td>May 1, 2012</td>
<td>May 28, 2012</td>
</tr>
<tr>
<td>July 2012</td>
<td>Hospitals</td>
<td>June 1, 2012</td>
<td>June 25, 2012</td>
</tr>
<tr>
<td>August 2012</td>
<td>Hospitals</td>
<td>July 2, 2012</td>
<td>July 30, 2012</td>
</tr>
<tr>
<td>September 2012</td>
<td>Clinics</td>
<td>August 1, 2012</td>
<td>August 27, 2012</td>
</tr>
<tr>
<td>October 2012</td>
<td>Human Resources</td>
<td>September 3, 2012</td>
<td>September 24, 2012</td>
</tr>
<tr>
<td>November 2012</td>
<td>Hospitals</td>
<td>October 1, 2012</td>
<td>October 29, 2012</td>
</tr>
</tbody>
</table>
Our unique insights for healthcare lead the way.

Bringing business and technology expertise together.
ship. This is often described as a merging of equals.

An acquisition typically has one company, the buyer, purchasing the assets of another, the seller. The form of payment can include cash, the securities of the buyer, or other assets that are of value to the seller. This is a buy/sell relationship, very different than a peer relationship.

Why Do It

With all of the concerns about meeting expectations, mergers and acquisitions are still the fastest ways to enter a new market, add a new product line, or increase reach to the consumers.

Mergers and acquisitions can also be motivated by the need to transform a firm’s corporate identity. In some cases the purchased company transforms the buyer by charting a new direction or adding significant new capability.

Activity Drivers

Mergers and acquisitions activity is cyclical. It is affected by the state of the economy, the availability of capital and where a particular buyer or seller is in its business cycle. In Slalom’s experience most merger and acquisition activity is driven by a core trend in the client’s industry

a. High Technology – rapid technical change
b. Telecommunications and Banking - fierce competition
c. Aerospace and Defense – federal budget reductions
d. Food and Beverage – changing consumer preferences
e. Healthcare – rising costs

Beating the Odds

To beat the 20% success odds requires a thorough due diligence to offset the synergistic enthusiasm with a dose of reality. That together with a well-planned, thoughtful transition plan to manage the cultural change greatly reduces post integration shocks.

The Changing Healthcare’s Strategy

Merger and acquisition activity is not new to healthcare. The volume and velocity is more heated today, but the main difference is in the strategic assumption.

Healthcare mergers and acquisitions have always been driven by costs. Past activities attacked the costs through economies of scale. The activity was more horizontal – hospitals merging, physicians creating partnerships, pharmacy benefit managers (PBM) buying up other PBMs, etc. This type of activity continues and is especially effective in transactional entities such as PBMs.

The new emerging strategy is vertical integration - integrating hospitals, physician offices, labs, imaging, pharmacy, therapies and medical devices—along a community’s continuum of care.

The focus is on overall costs. It is driven by the assumption that effective management of best practices across a community’s care continuum will enhance the community’s health and reduce overall costs.

This is also the assumption that drives the Accountable Care Organizations (ACOs) strategy.

Connecting entities financially is something mergers and acquisitions do well. Unfortunately, they don’t have a good track record for connecting the people within these entities.

Healthcare, more than any other industry, is literally about people touching people. The success of healthcare merger and acquisition activity depends on how those people touching people are treated through the change. As a recent client told me, merger and acquisition activity is where organizations demonstrate their character.

The strategy for organizing mergers and acquisitions along a community’s continuum of care makes sense. To be blunt, patients have long expected their healthcare community to work together and are often surprised by its fragmentation. This new strategy presents the industry with an opportunity to meet patient’s expectations for seamless care. A well planned and implemented change management program will determine if it beats the odds.

Darryl Price is the Healthcare Practice Leader for Slalom Consulting. With twenty plus years of executive experience in healthcare, Darryl brings a keen understanding of the healthcare business and the technology solutions that drive success. Darryl can be reached at darrylp@Slalom.com.

Wendy Kristek is a Senior Consultant with 15 years experience in mergers and acquisitions, divestitures and public accounting, business process design and implementation, and financial application integrations. She is currently working towards her Law Degree and can be reached at wendyk@Slalom.com.
Looking for design ideas for tomorrow? Visit us today, BCRAdesign.com/healthcare

OUR BREADTH OF EXPERIENCE keeps our clients focused on their mission—providing quality care to their patients. Serving health care clients for over 75 years, we provide sound and practical advice to health care professionals, clinics, and institutions in such areas as labor and employment, risk management, regulatory compliance and licensing, business transaction and litigation services.

FOR MORE INFORMATION CONTACT MARY SPILLANE: 206.628.6656

THE FUTURE OF HEALTHCARE DESIGN IS CHANGING.

LOOKING FOR DESIGN IDEAS FOR TOMORROW?

VISIT US TODAY, BCRAdesign.com/healthcare
Tri-Cities Community Health Opens New Energy-smart Center for Affordable Care

By Nora Haile
Contributing Editor
Washington Healthcare News

Pasco’s newly opened downtown community health clinic came about thanks to a successful $7.4 million Facilities Investment Program grant via the American Recovery and Reinvestment Act (ARRA). According to Diann Kummer, RN, Chief Operating Officer and Chief Nursing Officer for Tri-Cities Community Health (TCCH), the new Minnie Pesina Clinical Services Building has grown from concept to reality just when the community needs it most. The facility houses dental (expanded to 12 offertories) services, behavioral health and chemical dependency, Women, Infant, Children (WIC) and First Step programs, as well as the Call Center, Medical Records and Facilities departments. She credits Peter Theobald with Community Link Consulting for securing the grant.

Tri-Cities Community Health (formerly known as La Clinica) serves the region’s diverse population well, but their old space proved insufficient for housing the services needed to satisfy growing care demands. “We have multiple service lines and assessments showed a real necessity to expand if we were going to meet our constituents’ needs,” Kummer says. Although originally planning to purchase property and build, she explains, “We looked at viable locations, and financially, it really made more sense to capitalize on something we already owned.”

Facing Court Street in downtown Pasco, the 40,000 sf building (three stories and a basement) fully utilizes the 10,000 sf site footprint. Meier Architecture Engineering’s Renata Presby, AIA, LEED AP, says the Meier team employed state-of-the-art sustainability software and documentation processes. “The project was constructed in only 11 months. BouTen Construction took a tiered approach to the process, which really facilitated the pace.”

Though TCCH did not seek LEED certification, they were committed to incorporating many LEED components into the building design. Aaron Maxey, TCCH Corporate Compliance Officer and Grant Administrator, managed the project alongside Kummer. Speaking to the strong sustainability credentials Meier brought to the table, as well as the construction methods BouTen used, Maxey explains, “We wanted to provide a healthier work and patient environment, as well as be an energy efficient building. We feel very fortunate to have been able to do this.”

To promote the desired measures, Meier used regional and renewable materials and those with low to no VOC to assure top indoor air quality. Double-glazed windows with Low E coatings reduce heat gain as well as decrease cooling loads. The roof also contributes to lower solar heat gain in the building, thanks
to a high solar reflectance index. Even the location is efficient - right on a corner, on major public transportation routes.

The visually appealing building includes a glass curtain wall that invites the outside in, while also blunting the boxy effect typical of rectangular buildings. Of the interior’s warm tones and soft materials, Presby says, “They reflect our region’s vegetation of sage greens, desert yellows and reds. It’s the polar opposite of traditional healthcare facilities’ cold whites.” Each floor’s colors and materials align with the care focus and what best suits the patients and care providers.

For instance, colors and fabrics on the third floor, where children and families come for WIC and First Step services, are soft and cheerful. Skylights bring in natural light. “It really brightens the mood for kids,” Kummer says. “And the parents as well – a very family friendly environment.” By contrast, in Behavioral Health’s second floor offices, patients find somber yet soothing colors, as well as privacy, thanks to carefully selected acoustics and flooring that promote quiet. Every office has a door and shades that maintain patient confidentiality. On the first floor, the main entry opens into a bright and comfortably busy lobby with access to the newly expanded dental offices.

The TCCH Minnie Pesina building hits all the high spots for efficiency, safety and business continuity design. A bilingual, advanced voice evacuation system replaces traditional alarms of disorienting horns and bells. Lights and floor patterning make it easier for patients to navigate the building. Redundant IT functions that allow remote access from another nearby TCCH facility assure co-location functionality. Access to public transit and an adjacent TCCH-owned parking lot makes it easy for patients to get to and from the services they need.

Kummer and Maxey agree that with architectural design excellence and a patient-centered focus, the new building will help catapult their programs. “Patients can get the care they need, regardless of ability to pay. And as the future of healthcare evolves, we’ll be prepared for the changes.”

For more information on Tri-Cities Community Health services, visit http://www.tcc-health.org/.

Nora Haile can be reached at nhaile@healthcarenewssite.com.
Healthcare Administration

Palmdale Regional’s ‘Rounding for Success’

Special from the California Healthcare News (cahcnews.com)

By Julie Montague
Director of Marketing
Palmdale Regional Medical Center

Palmdale Regional Medical Center (PRMC), a spectacular new hospital in Palmdale, CA, opened on December 11, 2010. Prior to the hospital’s opening, Palmdale was the largest city in California without a hospital. Universal Health Services, the parent company from King of Prussia, Pennsylvania, built PRMC and closed the older facility that the staff had previously operated in a neighboring city.

PRMC is a 320,000 square foot hospital featuring all-private, single occupancy rooms. At full build-out, the hospital will provide 239 licensed beds. The current number of licensed beds is 157. Neurosurgery, cardiology (STEMI certified), orthopedics, and bariatrics are primary service lines, but certainly do not complete the comprehensive services offered here. The hospital also offers a surgery center, a telemetry unit, a medical/surgical unit, transfusion-free medicine, a physical therapy program, a wound care program including hyperbarics, an award winning ICU unit, and the largest Emergency Department in the area with 35 treatment bays. A comprehensive radiology department with 2 CT scans, imaging equipment and an MRI are also on-site as well as a full service lab and pharmacy.

Further strategic business development is underway. The hospital is preparing to become a ‘Center of Excellence’ in the areas of stroke, chest pain and bariatrics. It also plans to provide additional varied services in the future including working toward further COE’s and certifications.

Enter “Rounding for Success”!
PRMC started this program to better connect upper management and directors to staff and patients.

Rounding is simply a great tool of communication. Upper management and directors visit the units daily to speak briefly with staff members to ensure they are receiving the proper tools they need to do their jobs and to ensure they are being listened to. Staff members are also given the opportunity to voice any concerns they may have, or to convey positive comments that might help to motivate and inspire others.

Upper management and directors also round daily on patients. Patients who have been “in-house” for at least 2 days are briefly visited. The intent is to inquire if the patient has been satisfied with their treatment from staff members, whether they have any concerns to share, or whether anything is inoperative or needs repair in their room. The patient is also given the opportunity to recognize any staff member that may have

Please see> Rounding, P10
Legal strategies for the healthcare challenges ahead.

Your healthcare business is operating in an increasingly complex environment. Miller Nash’s team of healthcare attorneys has the knowledge and depth of experience to successfully address the unprecedented challenges and expanding responsibilities you face.

To read about healthcare legal developments, visit our blog at www.healthlawinsights.com.
Poor pathology puts patients at risk. Is it time for a second opinion about your lab choice?

Patients matter. Results matter. Choice matters. See why at cellnetix.com or call 1.866.236.8296

MISDIAGNOSED

Poor pathology puts patients at risk. Is it time for a second opinion about your lab choice?

Patients matter. Results matter. Choice matters. See why at cellnetix.com or call 1.866.236.8296

<MISDIAGNOSED>

stood out as particularly helpful or caring. Many times it is the patient’s family that speaks for their loved one. This helps to contribute yet another aspect of communication to ensure the patient has as pleasant a stay as possible in a hospital setting.

Through this patient rounding, although the majority of the comments are positive, the opportunity is given to solve a minor issue before it becomes a major one. Sometimes a family member simply needs someone to listen to their concerns about their loved one. Or they need something changed – a room closer to the nurses’ station to make them feel more comfortable when they need to leave their loved one to take a break or leave the hospital for an errand. The patient also might have simple questions they need answered that may have come up during their stay.

Whatever the case, rounding provides the opportunity to take better care of staff and patients and to resolve issues quickly.

Directors are involved in rounding in their own units/areas, but not exclusively. Many directors often ‘round’ in areas not under their direct jurisdiction. This provides further opportunity for communication between departments and fresh eyes on possible areas that require improvement.

Upper management’s involvement is key to this program’s success. As the CEO, COO, CFO and CNO walk the hallways, talk to staff and patients, and become involved in day to day unit operations on a more personal level, a sense of community is provided. Additionally, this personal involvement shows sincere concern for any issues that need to be addressed and allows them to be resolved more quickly and efficiently.

“Rounding for Success” has indeed been very successful! The hospital’s patient and employee satisfaction scores are consistently high and the goal is to continue to improve communication wherever possible.

A comment often heard from staff, patients and their families is “This is a great thing you do. It shows you care.”

Julie Montague is the Director of Marketing at Palmdale Regional Medical Center. Visit her hospital’s web site at palmdaleregional.com.
Career Opportunities

Kennewick General Hospital

Director – Critical Care Services
(Kennewick, WA)

Kennewick General Hospital is one of Southeast Washington’s fastest growing hospitals serving the Tri-City and surrounding area. Responsible for overall department operations of critical care services, including the units of ICU, PCI, Cath Lab and Cardiac Monitoring Center. Provide supervisory oversight of staff. Consult with staff, physicians and Chief Nursing Officer on nursing issues/concerns and interpretation of hospital policies to ensure the highest level of patient care and customer service. Maintains performance improvement activities within the department and participates in COI activities. Prepares and monitors unit budgets. Position requires occasional after hours and weekend work.

Minimum Qualifications: Associates Degree or equivalent from two-year college (or equivalent combination of education and experience). Five years comparable nursing experience of which three have been at a nursing leadership level. AHA HCP (BLS for healthcare providers), ACLS, PALS. Washington State RN license. BSN strongly preferred.

Kennewick General Hospital
Human Resources
Kennewick, WA 99336
509.586.5650
Apply online at
www.kennewickgeneral.com

Practice Advisor
(UW Physicians)

OR Manager-110004968: The Surgery manager is responsible for the administration and supervision of designated personnel in the operating room. The manager is responsible for promoting a cooperative staff effort to support the highest quality of patient care. The Surgery Manager is responsible for the allocation and completion of assigned functions in the daily operations of the surgery schedule. In addition, is responsible for the effective utilization of staffing and the facility through the daily surgery scheduling and distribution of cases in the absence of the Operating Room Scheduling Coordinator.

To apply and learn more visit http://www.sahpendleton.org/career-opportunities.html

Practice Advisor
(UW Physicians) (Seattle, WA)

UW Physicians (UWP) has an immediate opening for a Practice Advisor.

The Practice Advisor works in collaboration with UWP’s key partners to provide practice analysis as it relates to member physicians’ practices, participates in enterprise-wide quality and performance improvement initiatives and serves as the interface between the physicians and UWP’s medical center partners.

Qualifications:
- Bachelor’s degree required, preferably in business, mathematics, industrial engineering, health administration, or other relevant process oriented or analytical discipline; Master’s degree in Business or Health Administration, preferred;
- Two years experience working with physician billing and reimbursement and/ or medical clinic management;
- Professional medical coding certification helpful.

Application Process:
- To view a full job description or to apply, visit our Career Page website at: http://uwmedicine.washington.edu/Global/Employment/UW-Physicians/Pages/default.aspx
- UW Physicians – Equal Opportunity Employer

Assistant Chief Nursing Officer
(Kennewick, WA)

Kennewick General Hospital is one of Southeast Washington’s fastest growing hospitals serving the Tri-City and surrounding area. The Assistant CNO has operational and functional responsibility for a group of patient care areas and/or special projects or initiatives. He/she assists the CNO in executive-level management of resources, strategic planning and development of policies and procedures which ensure congruence with the mission of KGH. Overall goals for this position include developing the role of department directors, facilitating service line development strategies, advancing the effectiveness of nursing unit based councils and inpatient care delivery models, and achieving national recognition for nursing excellence. 

Minimum Requirements:
- Master’s degree, 5+ years progressive nursing leadership experience, Nurse Executive certification (desired), WA State RN licensure within 4 months.

Kennewick General Hospital
Human Resources
Kennewick, WA 99336
509.586.5650
Apply online at
www.kennewickgeneral.com

To apply and learn more visit http://www.sahpendleton.org/career-opportunities.html

St. Anthony Hospital

Director of Physician Clinics-1100016167: This position is responsible for the general supervision of physician’s practices and direct supervision of program personnel as well as all activities related to the Physician’s Practices. These duties are carried out in collaboration with the Department Medical Director. The Practice Manager is responsible for maintaining quality service, financial stability, public relations and widening the base of the program. This position requires a high level of management expertise and excellent communication and interpersonal skills. This individual must be able to communicate effectively with the treatment team, as well as collaborate with the Medical Director and staff Physicians who are primarily responsible to direct the treatment.

OR Manager-110004968: The Surgery manager is responsible for the administration and supervision of designated personnel in the operating room. The manager is responsible for promoting a cooperative staff effort to support the highest quality of patient care. The Surgery Manager is responsible for the allocation and completion of assigned functions in the daily operations of the surgery schedule. In addition, is responsible for the effective utilization of staffing and the facility through the daily surgery scheduling and distribution of cases in the absence of the Operating Room Scheduling Coordinator.

To apply and learn more visit http://www.sahpendleton.org/career-opportunities.html

Deputy CEO
(Fresno, CA)

Clinica Sierra Vista is seeking a Deputy CEO who will be responsible for all operations in Fresno County. If you are a proven leader who is seeking a challenging career then this opportunity may be for you.

Responsibilities:
- Responsible for executive leadership and performance of all medical, dental and behavioral health services, and numerous health education and clinical-support programs.
- Your qualifications should include strong management skills and experience (10+ years), program planning and evaluation, budgeting, and HR management, along with an advanced degree in business, health or nonprofit administration. FQHC experience preferred.

Send Resume to:
Contact info:
Linda.Bayless@clinicasierravista.org or fax a resume to 661-324-4153

www.sahpendleton.org/career-opportunities.html

www.kennewickgeneral.com
Over 44,000 healthcare leaders receive Healthcare News publications each month. As a healthcare organization, doesn’t it make sense to target recruiting efforts to the people most qualified to fill your jobs?

To learn about ways the Washington Healthcare News can help recruit your new leaders contact David Peel at 425-577-1334 or dpeel@wahcnews.com