

HEALTHCARE MERGERS, ACQUISITIONS, AND PARTNERSHIPS: AN INSIDER'S GUIDE TO COMMUNICATION



DAVID JARRARD • IN PARTNERSHIP
WITH GEISINGER HEALTH SYSTEM

HEALTHCARE MERGERS, ACQUISITIONS, AND PARTNERSHIPS

AN INSIDER'S GUIDE TO COMMUNICATION

David Jarrard

In partnership with Geisinger Health System

HealthLeaders^{Media}
A Division of HCPRO

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Healthcare Mergers, Acquisitions, and Partnerships: An Insider's Guide to Communication is published by HealthLeaders Media.

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ISBN: 978-1-61569-249-1

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06/2013

22038

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David Jarrard is a recognized expert in healthcare transaction communications and CEO of Jarrard Phillips Cate & Hancock, Inc., a healthcare public affairs firm that helps hospital leaders use communications and political thinking during times of significant change. With offices in Nashville and Chicago, the firm is among the largest healthcare public affairs firms in the United States.

Over the past 20 years, the professionals at Jarrard Inc. have built and managed more hospital partnership campaigns than any other healthcare public affairs firm in the country. Learn more about the firm at www.jarrardinc.com.

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Acknowledgments

The guide you hold in your hands reflects wisdom gleaned from working closely with board members, executives, and communication leaders at hospitals big and small across the United States over the past 20 years. We are deeply grateful for the opportunity to have worked with them during some of the most important moments in the lives of their hospitals.

The best practices (and frank warnings) found inside were written by a few, but are drawn from the experiences and sharp thinking of the many talented professionals within Jarrard Phillips Cate & Hancock, Inc., and Geisinger Health System. Thank you to all!

Special appreciation goes to contributor, book director, and field marshal Kristen Hayner. Without Kristen's organizational savvy, leadership, and tenaciousness, this guide would simply not exist.

In addition, we greatly acknowledge the vision of Dr. Glenn Steele, who has led Geisinger Health System for more than 12 years. Through his leadership, Geisinger has become a

Acknowledgments

national model for how healthcare is delivered and financed, and has helped define what successful partnerships can be.

Last, thank you, dear reader. We sincerely hope you find this book an invaluable guide for helping you lead your organization through these extraordinary times.

Introduction

If your hospital is pursuing a strategic partnership, we've been where you are.

This guide represents the distilled wisdom of a team of experienced healthcare communications professionals who have helped healthcare organizations across the nation tackle the toughest partnership communications over the last two decades.

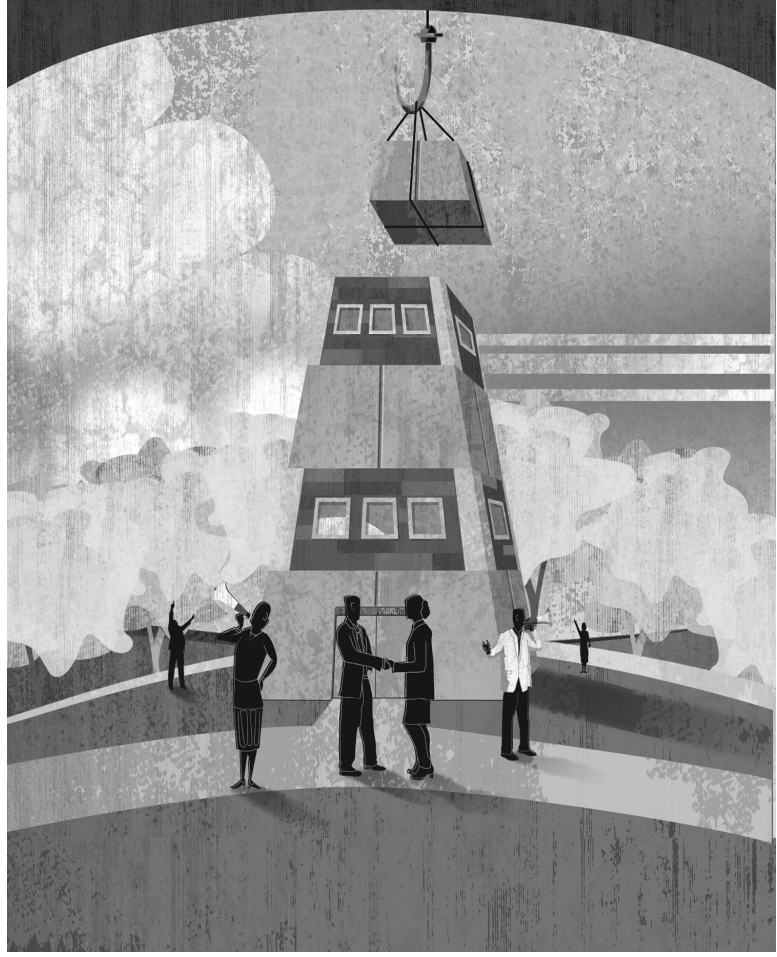
Many healthcare professionals contributed their experience, insights, and technical expertise to this guide. Among these professionals is more than a century of healthcare communication experience. Mergers, acquisitions, joint ventures, alliances, sales ... we've seen them all.

Turning that experience into strategies and tips for the nation's hospital and health system communicators is what this guide is all about.

In this time of unprecedented change—marked by more partnerships than ever before—we believe this guide is a much-needed resource as our industry navigates through this era.

Section 1

COMMUNICATING THE BIG DEAL



The Communicator's Guide

You hold in your hands a communicator's guide written specifically for hospital leaders whose organization is partnering with another healthcare system, whether buying, selling, or something in between.

Not a hospital leader? Are you rather leading a health system, group practice, sub-acute care organization, or other healthcare organization? Keep reading—this guide can help you, too. You will specifically be interested in “Partnerships Old and New” later in this section, which highlights how smart communications can aid even the most simple of new arrangements between providers of patient care.

This guide is designed to offer tried-and-true, practical advice for one of the most difficult communications challenges you will ever face.

Communicators often do not get an early seat at the table when transaction work gets under way. This guide will help you jump-start and sustain your efforts as your hospital or healthcare organization faces one of its most critical moments.

Section 1: The Communicator's Guide

The Urgent Language of Today

Merger. Acquisition. Partnership. Joint venture. Affiliation. Collaboration. Alliance. Holding company.

This is the urgent language of healthcare leaders today.

Old rivals are joining forces; community hospitals are welcoming out-of-town partners; not-for-profits are converting to investor-owned facilities; major regional systems are aligning; national systems are acquiring. Some are looking to expand, others to join something larger. Organizations that wouldn't have even dated a few years ago are now getting married.

Experts tell us that big scale and broad scope are essential for success in the swiftly evolving and dramatically changing healthcare marketplace.

However, it's not just about size. It's about caring for your entire population through a system that is more integrated, more complex, more cost-sensitive, and more demanding than ever before. Thoughtful hospital executives and trustees are taking action today to ensure their health systems survive and thrive in this new world.

The result? We're experiencing hospital realignment on an unprecedented scale. Every organization today is a potential partner, buyer, or seller. Consider these statistics:

- According to a 2012 *HealthLeaders Media Intelligence Report*, nearly 80% of healthcare leaders said they would have merger and acquisition deals under way or would be exploring deals over the following 12–18 months.
- Recent figures from Kaufman, Hall & Associates, Inc., an independent management consulting firm based in Skokie, Ill., that provides advisory services and software to hospitals, health systems, and other healthcare entities, show there were 106 hospital transactions announced in 2012, compared to 83 in 2010 and 101 in 2011.

Everybody's playing. This is not merely the story of independent, stand-alone hospitals being targeted as likely partners for bigger systems. Major and regional systems are in the hunt today for true partnerships that will strengthen them for tomorrow's demands. New super-systems and national brands are being born.

Section 1: The Communicator's Guide

In short, if a health system isn't doing it, they're thinking about it. This includes your hospital or provider organization.

A Glimpse of the Future

Partnerships are the future of healthcare delivery.

This includes partnerships between hospitals, between regional health systems, between hospitals and physicians, between providers and insurers, between hospitals and pre- and postacute care facilities. Each brings unique strengths and specialties that span the continuum of care.

When these entities work in true partnership, the result can be a seamless healthcare experience with better quality offered at a better price and through a better experience for patients, staff, and physicians. This requires making structural changes, such as common IT platforms, shared finances, and a host of operational synergies.

But, in a sense, that's the easy part. These partnerships also require a fundamental cultural shift among physicians, nurses, professional and support staff, and the communities they serve.

Section 1: The Communicator's Guide 

It'll be a bumpy ride, but we will get there as an industry—the marketplace, the government, and empowered consumers will drive us there.

As professionals who have dedicated our careers to advancing the delivery of quality healthcare, this shift of tectonic plates affects every one of us, each of our professional colleagues, and the patients whose lives we are called to serve.

This guide will help you contribute to the future we must build together.

A Road Map for Communications

Hospital partnership communications are a tremendous challenge. The task requires a different way of working and thinking. If you have never been down this road before, it can be like driving at night without headlights.

Think of this guide as a map that can take you safely through your initial communications strategy to the closing press conference and all the way through the post-close campaign. It includes tips, recommended tools, and warning signs, all offered to help you stay on track along the way. For additional updated resources, visit www.partnershipcommunications.com.

How to Use This Guide

This guide includes several key sections that—when put together—can help your partnership's communication strategy and build your plan.

Section 1: The Communicator's Guide

Each section blends high-level strategy with practiced, in-the-trenches advice and to-dos that will help any hospital communicator and leadership team communicate well.

This first section includes an overview of key components of the book and how they fit together to create your plan. A critical piece of this is acknowledging that, while partnerships are taking on new and innovative forms, the communication principles remain the same. So whether you find yourself in a traditional merger of two in-market competitors or creating a relationship between a provider and insurance organization, this guide is a resource to you.

See "Partnerships Old and New" later in this section for more on this idea. It's really about thinking of our industry in terms of a new sense of "we" (who we are together as an industry) acquiring to expand out, not just bring facilities and services into an insular fold.

Next, we dive deep into the terminology and step-by-step overview of traditional deal terms and how a traditional hospital merger works. Every partnership is unique, of course, and the rules will vary depending on state laws and regulatory oversight. But, in general, this overview will give you a sense of structure and a timeline around which you can begin to build your plan.

We include an expanded glossary of critical deal terms at the end of this book.

Then we discuss how to think about partnership communications. Partnership communications require a holistic communications effort. Everything and everyone matters because everyone and everything in your hospital is affected by this defining event. We offer a model for approaching your plan.

Finally, we turn to the heart of this guide: the rules. These are 10 road-tested rules for making partnership communications successful. Each rule offers:

- **The Big Idea:** a discussion of the rule, why it matters, and what can happen when the rule is violated
- **Take Action:** a practical next step and the key component to help you get there

Next, we round out the book with attention to some specific issues you're likely to face in your partnership communications planning. This starts with a discussion about digital media, helps you troubleshoot specific scenarios, and then discusses what to do after the papers are signed. Last, we

Section 1: The Communicator's Guide

address steps to take in the event your partnership fails to go through even after the announcement.

In each case, it's important to remember that every health system partnership faces its own unique situations. In Section 3, "Troubleshooting: What to Do When ...," you will find specific pointers for managing some common yet incredibly challenging scenarios. These include:

- Faith-based to secular conversion
- Not-for-profit to investor-owned conversion
- Name change
- Antitrust concerns
- Public referendum
- Facility repurposing

Although you can use the rules as a foundation to your communications plans, you may need to finely tailor your work to your organization's specific needs.

At the end of the book, you'll find case studies of real partnerships that took place throughout the country over

the past 10 years. In each case, leaders dealt with multiple issues throughout the life of the partnership, and used communications to help their organization succeed.

Put together, the information in this guide will provide you with a platform for building your initial communications plan and practical advice to help you move through the process.

Every day, our landscape is changing. You'll find the authors' latest observations on these transformational changes, thoughts on navigating them, new rules, and other commentary on our website, www.partnership-communications.com.

HEALTHCARE MERGERS, ACQUISITIONS, AND PARTNERSHIPS: AN INSIDER'S GUIDE TO COMMUNICATION

**David Jarrard • In partnership
with Geisinger Health System**

With the majority of healthcare leaders considering a partnership of some kind in the near future—yes, that means your hospital or health system—don't be caught flat-footed or behind the eight ball when it comes to creating a smart strategy to communicate the news with the audiences who can make or break your deal. Whether it's your first experience with a partnership, or you're completing your 10th deal, this guide offers practical "rules" to build a communications plan that attracts and maintains positive momentum from planning to post-close, helps you identify your most critical audiences and messages, and even works to manage the failure of a deal. Case studies and expert advice from deal brokers offer additional, valuable insight.

Tried-and-true advice from experts whose experience spans the country and the spectrum of healthcare, this book will help you:

- Gain a broader understanding of the foundational elements of a healthcare partnership and what they mean for communicating the deal
- Leverage the political strength your hospital already possesses to mobilize advocates and neutralize opposition
- Ask the right questions, identify critical audiences, build messages that resonate, and troubleshoot challenging scenarios
- Turn practical steps into an executable plan for your partnership communications—even post-deal, or if the deal sours

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ISBN: 978-1-61569-249-1



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