

Expanding Medical Foundation Successfully Integrates Specialty Physician Practices



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Introduction

Health care organizations seeking to broaden their integrated delivery system and market share are increasingly doing so by acquiring independent physician practices. Independent providers are facing financial pressures due to a shift to value-based reimbursement, rising overhead costs, and an increasingly complex health delivery system. As a result, providers are receptive to acquisitions enabling their practices to better align with hospital services, improve clinical integration, and accrue greater leverage in risk contract negotiations with payors.

A major California medical foundation of primary care and specialist physicians was acquiring two specialty physician practices. Through these acquisitions, the foundation could strengthen its market presence in multiple key strategic locations, augment existing clinical capabilities, enhance responsiveness to patient service demands and support future expansion efforts. The foundation engaged Freed Associates (Freed) to oversee the concurrent integration of these practices because of tight timing and a high degree of project complexity.

Problem to Solve

The foundation's overarching concern was to ensure a seamless integration of both physician practices by minimizing interruption to daily patient flow, while maintaining the high standard of service delivery that the practices' patients depend on. With client input, Freed identified the following five objectives:

1. **Assess current state operations** – evaluate all current operational aspects of the two practices
2. **Convene integration team** – assemble a team of functional and technical experts responsible for executing the plan
3. **Implement robust communications** – institute a communication approach effectively engaging, supporting, and informing stakeholders at all levels throughout the process
4. **Integrate operations and cultures** – ensure a fair and consistent blending of operations and cultures
5. **Coordinate efforts for on-time closings** – due to legal and contractual deadlines, ensure participants are on target to meet transaction closing dates

Strategy and Tactics

1. **Assess current state operations** – Freed oversaw a gap analysis of both physician practices to evaluate all aspects of their operations including physical layout, IT infrastructure and systems (including data conversion needs), medical records, operational workflows, staffing ratios, payor mix, and clinical considerations. The integration team participated in a series of information-gathering events including site walk-throughs, workflow observations, physician and staff interviews, and documentation reviews. These findings served as inputs to create an overall integration plan with key milestones and dependencies that Freed tracked across work streams.
2. **Convene an integration team** – Freed assembled a single cross-functional project team consisting of clinical managers, credentialing specialists, compensation analysts, IT analysts, and facilities development experts. Functional leads would be responsible for executing their respective tasks and activities according to the integration plan. Since the project team was overseeing the acquisition of two physician practices with near-identical integration schedules, the team was able to consolidate and manage multiple shared milestones and deliverables, enabling efficiencies and fluidity. This proved particularly effective for integration needs such as credentialing, payor enrollment and EHR training.
3. **Implement robust communications** – Communication from foundation leadership to the integration team established the strategic value and priority of the initiatives, while external communication to the physician practices reiterated the organization's commitment to the transitions. The same messaging was carried throughout the integration process through structured progress meetings with the physician practices' principal

physicians and practice administrators. This two-way communication, which included soliciting input on key decisions built awareness and trust among physicians and their staff members.

4. Integrate operations and cultures – The foundation’s operations managers, who would ultimately manage each physician practice, were assigned to the clinics to observe administrative and clinical workflows and preserve the core competencies and cultural strengths of each practice. This enabled the operations managers to gain first-hand insight into each practice’s cultural norms and nuances and flag any operations or processes that might adversely impact care delivery or be incongruent with the parent foundation’s organizational structure. By building relationships with practice administrators, the operations managers emerged as trusted partners to align cultural values with the new operational structure, workflows, and technology. This was reinforced through robust personnel training and onboarding addressing several areas, including job roles and responsibilities.

5. Ensure on-time closings – It was imperative that all acquisition-related events – especially those related to clinical operations – meet the target closing dates with zero downtime. It was not an option to temporarily close either practice during the acquisition period. Freed managed and synchronized efforts across multiple work streams to ensure on-time delivery of non-negotiable critical path activities, including access to legacy clinical records, IT infrastructure installation, and EHR training.

Following the integration of these practices, Freed gathered feedback from all functional leads and held two lessons learned sessions with the integration team, to identify areas for improvement and adopt best practices for future acquisitions. Freed and the entire team examined each issue that arose during the process, discussed recommendations for future changes, and assigned owners to carry the recommendations forward.

Results and Conclusion

The medical foundation successfully closed the transactions on schedule and integrated the physician practices with zero clinical downtime. Proactive planning and execution of the acquisition strategy up-front set the path to full engagement and collaboration of all parties. The newly acquired practices experienced minimal disruption during the transition and continued to provide high-quality patient care.

Given the future likelihood of the foundation acquiring additional independent physician practices in strategic markets, and the strong competition for such practices, it was imperative for the foundation to gain a high level of physician and patient satisfaction with these initial acquisitions. By gaining a systematic and repeatable approach to practice acquisition, the foundation now has a competitive advantage for its future acquisition bidding and practice integrations.