Special Report

Merger Operational Integration Checklist

Latham Consulting Group

Make Decisions, Resolve Conflict, Move Forward

Merger Operational Integration Checklist

Note: This checklist was originally prepared for internal use by Latham Consulting Group and needs to be updated for the specifics of the situation it is used for. For each item:

- Assign responsibility for completion.
- Assign a completion date.

PLANNING CONTROL

- Create calendar of events
- Schedule planning session with office managers.
- Set meeting schedules for:
  - Full Board
  - Executive Committee
  - Office Managers
  - Staffs
  - Doctors at each Division

MERGER COMMUNICATION PLAN

- Employee meetings to announce.

MERGER CLOSING

- Assure all due diligence information is provided.
- Resolve any issues coming from due diligence.

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- File for corporate ID number. (Consider creating corporation immediately upon signing letter of intent to allow for filing for Medicare provider numbers).
- File for Medicare provider number.
- File for other provider numbers.
- Have attorneys create needed merger documents and contracts and meet with physicians to review.
- Have physicians sign agreements and make capital contributions.
- Review accounting set-up with accountants.
- Estimate merger start-up expenses:
    - Attorneys, accountants, consultants.
    - Telephones.
    - Computers.
    - Marketing.
    - New facility (if appropriate).
    - Other expenses.
- Prepare financial proformas and determine how start-up costs will be handled.
- Conduct physical inventory of supplies if appropriate.
- Subsequent to merger, meet with accountant to review needed entries.

STAFFING/BENEFITS

- Make fundamental decision on keeping employees and salary situations.
- Identify any "special deals" with employees.
- Obtain an updated list of employees to include name, position, pay rate, hourly/salary.
- Develop revised job descriptions
- Develop staffing requirements.
- Determine which employees will be used in which positions.
- Develop salary administration plan to include salary ranges for jobs and methodology to update salaries.
- Set employee benefits (identify "grandfathered" benefits).
- Create or arrange for creation of updated employee handbook to include uniform policy.
- Develop employee evaluation system.

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- Obtain insurance quotes:
  - Health
  - Disability
  - Dental
  - Other
- Decide on insurance and notify companies:
  - Health
  - Disability
  - Dental
  - Other
- Retirement plan:
  - Review recommendations from attorneys or others.
  - Submit RFPs to companies.
  - Choose plan.
  - Notify companies of decision.
  - Employee meetings to announce.
- Update OSHA roster.
- Review all aspects of OSHA.
- Review job descriptions with office managers to implement.
- Meet with staff members to discuss merger:
  - Overall plans.
  - Benefits/salary ranges.
  - Employee handbook (obtain signature)
  - Uniform policy.
  - Teamwork issues.
  - OSHA Training review.

FACILITIES

- Obtain copies of all existing leases.
- Determine how existing facilities will be utilized and revise plans accordingly.

COMPUTERS

- Develop list of all computer equipment and software and where it is used.
- Make fundamental decision as to which computer system to use.
- Determine future computer needs (any additional terminals, etc).

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- Meet with computer vendor to determine:
    - Any upgrades needed.
    - Any equipment needed.
    - Conversion process required (balance forward or other).
    - Data communication.
    - How patient demographics will be handled.
    - How old balances will be handled.
    - Computer training.
- Order computer equipment/software.
- Set schedule to begin live hookups.
- Set up any additional training.

TELEPHONE

- Make list of all telephone numbers at all locations (include beepers and MD cell phones).
- Identify any telephone contracts (equipment or service).
- Identify systems for answering after hours calls.
- Determine if and how telephone systems will be consolidated and adjust plans as appropriate.
- Obtain contracts for long distance services.
- Obtain contracts for equipment/service.
- Develop telephone answering protocols.
- Implement telephone answering protocols.
- Coordinate yellow page and white page activities.
- If switch over is required:
    - Discuss changes with telephone company at least one month prior to switch over.
    - Seek to switch over on Friday night.
    - Make arrangements to plug old main numbers into rotory.
    - Make answering service aware of changeover.
- Arrange and conduct training for new system.

MEDICAL RECORDS

- Determine system used at each location.
- Develop standardized formats.
- Determine how to handle duplicate records, both manually and in computers system.

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- Arrange for any off-site storage needs.
- Purge if necessary.

MEDICAL SUPPLIES

- Set up inventory control ordering systems.
- Assign responsibility for maintaining inventories and ordering supplies.
- Obtain vendor contracts.

FINANCIAL

- Develop budget for combined entity.
- Have CPA:
  - Develop chart of accounts.
  - Arrange for all appropriate licenses.
  - Set up methods for divisional/physician income distribution.
  - Set up methods to deal with Stark issues as part of the income distribution system.
  - Make recommendations for internal control.
- Develop list of all vendors.
- Combine all accounts payable.
- Write all vendors and inform them of changes.
- Set up payroll (internally or service)
- Obtain proposals from banks for services.
- Notify banks of decision.
- Contact chosen bank to:
  - Set up new accounts.
  - Order new checks, etc.
  - Order credit cards.
  - Set up line of credit.
  - Review all loans and change banks if needed.
- Develop purchasing control system.
- Meet with office managers to review purchasing control system.
- Determine if internal bookkeeper is needed.

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INSURANCE

- Develop list of all insurance policies/amounts at all locations:
  - Health/life/dental/disability for employees.
  - Malpractice.
  - Business insurance packages.
  - Employee fidelity.
  - Workers compensation.
  - Disability overhead.
  - Business interruption.
  - Life.
  - Automobile - including on-owner liability coverage.
- Develop census roster for all employees and spouses.
- Obtain proposals:
  - Health/life/dental/disability for employees.
  - Malpractice.
  - Business insurance packages.
  - Disability overhead.
  - Life.
  - Other.
- Notify companies of decision.
- Schedule employee meetings with insurance companies to discuss changes and complete paperwork.

FEES/BILLING

- Obtain all current fee schedules and policies/procedures.
- Obtain lists of all current contracts.
- Develop new fee schedule.
- Review and update all financial policies and procedures.
- Meet with office managers and staffs to implement new policies and procedures.
- Develop combined list of contracts for each office to use.
- Notify all insurance companies of change.
- Develop new encounter form.
- Enter new fee schedules in computer.
- Notify patients of merger with message on bills.
- Determine how cash will be posted (against old accounts or new accounts).

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- Send a fax to each payor at least six weeks before the start date of the new practice and inform the payor that the merger will be taking place, the new group's name and federal identification number, and the name of the physicians (or practices) participating in the merger and their current identification numbers.
- One week before the merger, call at least 20 of the most commonly billed payors. Make sure the group has been properly set up in the payor's computer systems.

PROCEDURES

- Obtain copies of all current policies and procedures.
- Review and update all policies and procedures.
- Develop new policies and procedures manual. Include:
    - Telephone protocol.
    - Patient acceptance.
    - Patient scheduling.
    - Work-ins.
    - Patient check-in and registration.
    - Patient flow.
    - Patient check-out.
    - Billing.
    - Insurance filing.
    - Collections process and timetable.
    - Medical record protocols.
- Review policies and procedures with managers and appropriate personnel.

FORMS/PRINTING

- Develop list and obtain copies of all forms used at all locations.
- Obtain bids and choose vendors.
- Order new forms.

MARKETING

- Determine marketing needs.
- Establish budget.
- Contact marketing firms for proposals.
- Notify marketing firms of decision.

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- Revise all brochures and related materials.
- Develop mailing lists for announcements.
- Order new signs.
- Create "panel cards" to be handed out by physicians and front desk.
- Develop announcement ads for newspapers.
- Develop ad schedules for area newspapers.
- Develop press release.
- Mail announcements.
- Begin handing out panel cards.
- Run ads in area newspapers.
- Send out press release.

As you might expect, our knowledge in this area is based on the fact that Latham Consulting Group has provided **Merger Facilitation Services** to many medical groups. If we can provide assistance or answer any questions you might have, please contact us at 704/365-8889.

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