



M&A Considerations; Impacts on IT, Culture, and Care

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HIMSS
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Daughters of Charity
Health System

Daughters of Charity Health System Today

In the fidelity of our Mission and Vincentian Charism, our hospitals are Safety Net hospitals who serve the sick poor in California.



Fiscal Year 2014:

• Number of associates	7,592
• Number of Licensed Beds	1,679
• Number of patients discharged	47,950
• Number of births	9,230
• Number of inpatient surgical cases	10,589
• Number of outpatient surgical cases	14,063
• Number of emergency/ urgent care visits	180,842
• Number of other service encounters	815,827

After almost 40 years..

- ***Change Happens!***

- The late 70' s to mid 80' s
 - Hospitals forming systems
- The late 80' s to mid 90' s
 - Health system expansion
 - acquisition, sale, and closure of acute, specialty and payer organizations
- The late 90' s to mid 00' s
 - Health system expansion, separation, contraction
 - Acquisition, “de-merge”, right-sizing, and joint ventures of acute and ambulatory organizations
- The late 00' s to now
 - Health system alignment
 - Contractual relationships, acute to ambulatory, sale of acute and ambulatory organizations.

Change Happens! so prepare for it

- **Random observations on the topic**
 - Nobody likes change
 - Nobody likes to lose their job
 - Uncertainty can cripple an organization
 - Being prepared is not disloyal
 - Most M&A consultants do not understand the value of IT
 - Most CIO's cannot speak to the strategic value of their organization
 - The other side isn't any better than you; the incumbent doesn't always win
 - It's going to take longer than you think.

Change Happens! What should I do?

- **Decide how you want to influence the outcome**
 - Loyalty to organization
 - Loyalty to team(s)
 - Your career objectives**by being prepared...**

Change Happens! What should I do?

- **Know your organization**
 - Overall clinical and business strengths and weakness, and how IT (including Informatics) supports them
 - IT strengths, challenges, and future plans (no weaknesses)
 - Current IT inventory of all the goodies
 - Hardware, software, networks, staff, projects
 - Detailed understanding of all IT costs including contractual obligations
 - How you compare to other organizations, especially competitors

Change Happens! What should I do?

- **Develop a strategy for each; Acquisition, Merger, JV's, Consolidation or Closure, Sale**
 - Can we expand or contract our technology, applications and processes?
 - Can we integrate with other technologies and applications?
 - Where are the weak points in the organization?
 - Do we have the IT staff/skills to respond?

Change Happens! What should I do?

- **Maintain key documents**

- Overall narrative including a high level application map
- Organization chart and skills matrix
- IT Plan and budgets (capital and operating)
- Board or other management reports, including performance metrics
- Hardware and software inventories
- Network diagrams
- Data center and other facility maps
- Security and compliance reviews
- Outside reports or assessments, including IT specific audit reports
- Meaningful Use status, Health Level status, Leap Frog status
- Contracts inventory and analysis of key agreements for expansion, contraction, transferability, and termination provisions

Develop a Strategy Why?

- “First to the table”
- Look good to the boss (current or future)
- May have greater influence on process and outcome
- May be a motivator for staff
- Should make the process go smoother
- Provides you with clarity
- Allows you to redirect strategy to best fit the expected outcome

What's going to happen when it hits....

- An acquisition - WHEW!
- A merger or JV - ?????
- A consolidation - Okay, I can live with that
- A Sale - OH NO!!!

The whole organization, not just you!

What's going to happen when it hits....

- Consultant hired and/or SWAT team assembled
 - Don't be shy; volunteer; stick your neck out!
- Rumors will fly; calm the masses
- Rally the IT Team
 - Challenge them to show how good and how indispensable they are; jobs are at risk
- Help your fellow executives.

What's going to happen when it hits....

- People will start to leave, and will continue to leave before, during and after.
- Processes may decay; clinical, financial, and administrative.
- Volume and margin may fall
- You may be expected to pick up the pieces and leverage technology to fill in the gaps as key resources leave the organization

What should I do?

***Commit,
or update the resume! (or both)***

I'm in, so now what?

- *Keep a positive attitude*
- Identify your key staff
 - Include in any incentive programs
- Develop a transition plan
- *Keep a positive attitude*
- Take on additional responsibilities
- Deliver results
- *Keep a positive attitude.*
- *Your behavior influences your staff and your moves are watched closely by them*



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Thanks!