Affiliations: The Importance of Communication and Community Involvement

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Presentation Overview

- Affiliation Process General Overview
- Affiliation Process Questions/Rationale
- Defining Affiliation Criteria/Objectives
- Developing your Communications Plan
- Community Involvement
- Documenting the Process
ACQUISITION

The Discovery That You’re No Longer a Big Fish in a Small Pond, or Even a Small Fish in a Big Pond, but a Small Fish in a Big Fish.
Affiliation Process General Overview

- Step by step process with clearly stated objectives, and specific timelines enables affiliation decisions from a position of strength.
  - Potential Affiliation Partners should:
    - Understand the decision structure
    - Not worry about wasting resources with their participation in process
    - Appreciate the objectives of the process
    - Know they will have to earn the right to be your partner
  - Stakeholders should:
    - Recognize that the decision process is objective
    - Understand the purpose
    - Have timeline expectations
    - Enable Leadership to make the best possible decision
Affiliation Process General Overview

- Typical Affiliation Process Steps

  - Comprehensive Data Analysis
  - Stakeholder Interviews
  - Strategic Options Review
  - Development of Affiliation Criteria
  - Candidate Identification
  - Preparation of Descriptive Memorandum/RFP
  - Non-Disclosure Agreement
  - Site Visits
  - Evaluation of Proposals
  - Candidate Finalist Selection
  - Memorandum of Understanding or Letter of Intent
  - Due Diligence
  - Negotiation of Definitive Agreements
  - Transition Planning
  - Regulatory Approval
  - Management of the Closing Process
Any hospital considering an affiliation should ask themselves these questions prior to seeking a partner:

- Why are you considering affiliation or merger?
- What do you need or want out of an affiliation?
- What elements are you willing to cede to a partner or demand to retain?
- What are the constraints to an affiliation?

The Big Questions:
- With Whom?
- How do we enforce our commitments to the Community?
Clearly defined Affiliation Criteria are the first and most important step in a good decision process. These objectives should:

- Be developed collaboratively with hospital stakeholders, medical staff, community leaders, and even, if appropriate, the community at large
- Be the focus of the entire decision process
- Serve as the screening and selection criteria for candidates
- Guide evaluations of and negotiations with affiliation partners
- These Affiliation Criteria also serve as the framework for communicating the rationale for and terms of an affiliation to all the key stakeholders
Defining Affiliation Criteria & Objectives

- Should be based on an Strategic Options Analysis of the hospital’s current situation:
  - Strategic Positioning
  - Operating Performance
  - Capital Needs and Capacity
  - Governance & Management
  - Medical Staff Needs
  - Facility Needs
  - IT Needs
- Should also be based on Subjective analysis of Community interviews with:
  - Board Members
  - Hospital leadership
  - Community leaders
  - Medical Staff
  - Community at large (if appropriate)
Examples of Community Objectives:

- Improve access to local care
- Improve measurable levels of clinical care and patient satisfaction
- Access to capital
- Enhance recruitment of physicians
- Upgrade hospital medical facility and equipment
- Commitment to employees
- Governance and local control
- Commitment to the community
CHANGE

When the Winds of Change Blow Hard Enough,
the Most Trivial of Things can turn into Deadly Projectiles.
Developing your Communications Plan

- Establish Your Goals
  - Examples:
    - Build positive relationships with internal hospital audiences, especially employees and physicians
    - Foster community confidence in affiliation partner and in the future of the hospital under new leadership
    - Diffuse any negative initiatives related to new affiliation structure
Developing your Communications Plan

- Define Target Audiences
  - Hospital Internal Audiences
    - Hospital managers (CEO, CFO, CNO, COO, VPs, & Department Heads)
    - Employees
    - Medical Executive Committee
    - Medical Staff
    - Auxiliary
    - Hospital Board and/or Hospital Authority
    - Foundation Board
  - External Audiences
    - Local Media
    - Elected Officials
    - Community Leaders
    - Community at large
Developing your Communications Plan

- When and What to Communicate:
  - Communications too early can raise issues for which you do not have answers
  - Communications too late can raise concerns about the process
  - Communications are also governed by the need for confidentiality during sensitive negotiations
  - Each situation different, but good rules of thumb:
    - Communicate early in the process that the hospital is updating its strategic plan to respond to changes in the industry
    - Upon choosing to seek an affiliation, communicate that the hospital is seeking proposals from larger organizations for an affiliation
    - Upon signing an MOU, begin open and full communications with all stakeholders, with detailed terms and timetable
    - Maintain regular communications on the process
Developing your Communications Plan

- Affiliation Communications Plan Messages and Key Questions
  - Hospital & Partner should articulate general informative message about new partnership
  - Mission & Vision statement about new partnership
  - New partnership commitment to the community
  - Address impact of changes on employees
  - Offer open communication with hospital employees
- Develop Questions and Answers for new partnership
  - Examples:
    - Hospital has incurred operating losses
    - What are the terms of the specific deal
    - Timeframe of completion of transaction
    - Will there be a continued commitment to indigent care?
    - How will employee benefits packages change?
Developing your Communications Plan

- Communications Activities Examples:
  - Email from hospital board to internal audiences announcing decision along with news release and fact sheet about new partner
  - Internal “Town Hall” meetings
  - Hospital news release and local media outreach
  - Meetings with hospital executive team and department managers
  - Meet and greet hospital tours with new partner’s leadership team
  - Introductory meeting with County Government leaders
  - Personal meetings between hospital leadership, new partners and community leaders
  - Medical Executive Committee meeting with new partner leadership
Developing your Communications Plan

- Preparation and response to public hearings (if needed)
  - Review transcripts from previous hearings to anticipate issues to be addressed
  - Identify and cultivate spokespersons and prepare for public hearing
  - Community and support outreach, including letters to the editor and/or ads, letters, and meetings with key supporters and politicians
  - Media outreach by hospital
- State Attorney General Approval (if needed)
  - Internal communication
  - Media response as required
  - Partner/hospital press release regarding approval and executive of purchase/affiliation agreement
- Affiliation Completion
  - Internal communication and celebratory activities
  - Joint news release
Developing your Communications Plan

- Develop Timeline & Calendar of Events for Communications Plan

- Develop Press Releases in collaboration with new partner
  - Include rationale for affiliation
  - Include brief description of the decision process
  - Include quotes from local leaders
    - Hospital board chair
    - Senior leadership of new partner
  - Include brief details of overall value of transaction/affiliation
  - Include “About our hospital” in press release
  - Include “About our new partner” in press release
Community Involvement

- Involve the Community from the outset of the decision process
  - Have regular communication sessions with Community leaders, Civic Groups
  - Affiliation Criteria and Objectives Development
    - Community leaders
    - Civic Groups
    - Public forums
    - Individual interviews with community leaders and community members
      - Advertise in newspaper
      - Hospital newsletter
      - Hospital website
Control your communication channels

- Require interested affiliation candidates sign a non-disclosure agreement
- Have open communication with hospital stakeholders as appropriate to the process
- Make sure the hospital employees have a clear understanding of affiliation goals at the beginning of the decision process
- Press releases & press interviews where appropriate
Documenting the Affiliation Decision Process

- **Strategic Planning Process**
  - Options analysis
  - Rationale to seek a partner
- **Development of Objectives**
  - Objective analysis
  - Subjective analysis
- **Candidate Contact Matrix**
  - List all potential candidates for affiliation
  - Brief description of candidate
  - Record all contact with candidates
  - Shows development from beginning to the final decision process
- **Proposal Analysis**
- **LOI/MOU**
- **Definitive Agreement**
- **Submission of Documents to the State AG (if required)**
Communications is Key to a successful affiliation process
Timing of what to communicate and when is crucial
Early on, communicate process; when an MOU is signed, communicate specifics
Communications should be framed around the Affiliation Criteria established early in the process
Effective communications requires the active involvement of the Board, Hospital Leadership, Medical Staff and the Affiliation Partner
Have a plan and be prepared
If you have questions or feedback, please feel free to contact either presenter of today’s webinar.

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