



Affiliations: The Importance of Communication and Community Involvement

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



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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.

- 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

- 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

- 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 measureable 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.

- 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

- 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

- 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

- Affiliation Communications Plan Messages and Key Questions
 - Hospital & Partner should articulate general informatory 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?

- 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

- 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

- 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

- 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

- 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

Thank You and Contact Information

STROUDWATER ASSOCIATES

If you have questions or feedback, please feel free to contact either presenter of today's webinar.

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