

Case Study #9: Standardizing Mergers and Acquisitions with IG

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Editor's Note: This article is the ninth installment in an ongoing series highlighting information governance case studies.

Any merger or acquisition brings business and financial opportunities and challenges. They also carry technical and operational changes and adjustments to the way data and information are managed. Often, the organizations undergoing a merger have different cultures and values; different technology solutions; different work flows and data definitions; and diverse staff with various levels of understanding as to the roles and responsibilities related to data and information.

Hospital and health system mergers and acquisitions increased 15 percent in the second quarter of 2017 compared to the previous year's second quarter, according to data published in a *Healthcare Dive* "Dive Brief."¹

SunCoast RHIO is one of the AHIMA Information Governance IGHealthRate™ early adopters. SunCoast is a regional health information organization (RHIO). As a key strategic initiative, SunCoast has undergone several mergers and acquisitions to grow and expand its products and services. SunCoast used the Information Governance Adoption Model (IGAM™) competencies of Enterprise Information Management (EIM), IT Governance, Data Governance, and Analytics to ensure success during a recent merger.

Information Governance Adoption Model



Organizational Description

SunCoast is a RHIO with health information exchange (HIE) capability without a repository. It is a full service, for-profit healthcare logistics and quality reporting company focused on technology-managed services. Utilizing government certified software, SunCoast submits data to the federal government and commercial payers to analyze and forecast performance and provider revenue. Additionally, SunCoast offers an electronic health record (EHR) support advisory, quality data submission, Centers for Medicare and Medicaid Services (CMS)-certified electronic audit response, health information exchange, and quality reporting assurance and forecasting.

As participants in the CMS Identity and Access Management System, SunCoast can act as a provider proxy for CMS' Provider Enrollment, Chain and Ownership System (PECOS), and EHR Incentive Programs that fall under the Merit-based Incentive Payment System (MIPS). SunCoast is the only RHIO member of the National Quality Forum, the National CareQuality Health Information Exchange initiative, and the CMS esMD (electronic submission of medical data) program.

SunCoast's Philosophy—Educate, Empower, and Engage

SunCoast's philosophy is based on participant empowerment. This includes giving members information about available resources and alternatives, and the means to execute decisions. As strong believers in a free market, checked by public will and regulation, SunCoast works closely with private organizations as well as public sector entities. SunCoast's founders believe there is no commodity more valuable to a community and the economy that supports it than the health and wellbeing of its citizens and institutions.

It is important to note that a provider can participate in a government program successfully by outsourcing some quality reporting functions to a third party, and working in tandem with the provider staff. An information governance (IG) program is key to the success of this partnership.

Information Governance Drivers

Mergers and acquisitions are a key business imperative for organizational growth and expansion, and for better serving patient populations. Mergers and acquisitions provide the opportunity to leverage individual organizational strengths and combine them to improve healthcare. This supports population health initiatives and increased efficiencies through decreased redundancy. However, as a result of those activities, organizations engaging in mergers and acquisitions face immediate challenges, the most significant of which is aligning different technology solutions and the resulting data and information. As SunCoast merged with one organization it became apparent that disparate systems, non-standardized data definitions, and a different corporate culture was prevalent. The existence of a solid IG program was key in successfully merging the two organizations. IG was helpful in conducting a gap analysis and implementing a mitigation strategy during the merger.

SunCoast RHIO's goal is to show that good information governance is helpful when dealing with a business associate, such as a healthcare system, hospital, or physician practice. IG has a positive effect on information exchange, patient care, and reimbursement.

Challenges of Mergers and Acquisitions

SunCoast officials believe that an information governance program can facilitate a smoother transition to all parties involved in an acquisition or merger. A third party, such as a RHIO, can better serve healthcare organizations and meet regulatory requirements with information governance that ensures standardized policies, processes, and data definitions. Organizations will find there is less of a chance for failure resulting from the merger or acquisition when an IG program is leveraged.

A significant number of mergers and acquisitions fail or struggle because business leaders assumed that things would simply "fall into place." The second biggest factor is linked to cultural differences between organizations. There are interdependent relationships that must be phased in and calibrated, such as relationships with technology, operations, regulatory planning, and procedures that support the vision of the new entity being created. The new organization needs to illustrate that it will be able to support business continuity and uninterrupted care to the community. A poorly run merged entity is not beneficial to the community it serves, or to its users and business partners. In fact, mergers and acquisitions activity has become so prevalent in recent years that it is reshaping markets and demanding a level of transparency not seen before in healthcare. According to an article in *Becker's ASC Review*,² 31 percent of executives plan to launch new segments or business lines to drive growth, up from 17 percent last year. "With M&A [mergers and acquisitions] and a strong new business segment outlook, executives are clearly keeping all avenues to growth on the table," says Al Aria, senior managing director of Capital One Healthcare, in the article.

The following is a unique way to view the challenges of mergers and acquisitions in action, with various states of information governance.

When two or more entities find it profitable to merge for business purposes, either to expand services, to enhance revenue or profit, or to strategically expand coverage into other locations, organizations will face one of three states of information governance:

- State One: All organizations involved in a merger or acquisition have solid information governance programs in place, and there is little work to be done to merge the processes as one. This is the rare state.
- State Two: One entity has a strong IG program while the other entities are missing large numbers of key IG activities requiring immediate action to run a good company, make solid business decisions, and become compliant with regulatory requirements.
- State Three: Entities are seriously lacking in most IG activities and processes and will struggle to sync up data requirements and reporting, thereby frustrating staff and leading to bad business decisions.

It is very clear in State Two and State Three that an information governance assessment and gap analysis of each organization must be performed in order to identify actions to drive them to the ideal state of an aligned IG program. Without this, a merger or acquisition is risky. The merger or acquisition may not occur and expected financial returns will not happen. The merged or acquired entity will be out of regulatory compliance and could be shut down or fined heavily.

Without information governance efforts and solid response plans in place, the merged or acquired entity would be susceptible to hacker attacks, failed systems, patient safety issues, and even ransomware attacks. Hackers know organizations going through change are more susceptible than those that are not. In addition, the merged entity would have much difficulty going through another merger with such a disorganized entity of its own, hobbling along and struggling against stronger players in the market.

Benefits Realized

If a small rural hospital merged into a network owned by an urban hospital, then there would be advantages associated with information governance—especially if both are public entities that have referral patterns with each other and if they both serve people with similar or co-morbid conditions, or those with complementary treatments deliverable in the merged entity but not the standalone facilities' conditions. This kind of arrangement would make it easier to eliminate duplicate specialties and to bring in new specialties.

Organizations that merge with SunCoast RHIO each perform compliance activities and quality reporting. Each client manages its own security, communications, quality reporting, and training. Additionally, merged entities are attractive to local accountable care organizations (ACOs). Being part of an ACO eliminates the threat of being a standalone entity while allowing a better path of care for the patient, the result being improved patient care and reduced cost.

IG Provides the Footprint for Mergers, Acquisitions

SunCoast RHIO has a solid information governance program in place and recognizes the importance that it plays in aligning organizations during mergers and acquisitions. While organizations involved may be on disparate systems and have differing processes and data definitions, an IG program will provide the footprint for moving organizations toward the same standards.

Using AHIMA's IGAM competencies of Enterprise Information Management, IT Governance, Data Governance, and Analytics, disparate organizations can work together to handle differences until organizational systems and processes can be aligned. AHIMA's IGAM helps align competencies that make mergers work. By remembering to focus on community outreach and communications, healthcare organizations can ensure participants in a merger understand their obligation to serve the community in deed, in knowledge, and in opportunity.

Notes

[1] Masterson, Les. "[Large health systems pursuing more M&A deals in 2017, study finds](#)." *Healthcare Dive*. July 19, 2017.

[2] Dyrda, Laura. "[8 trends in healthcare mergers & acquisitions for 2017](#)." *Becker's ASC Review*. January 10, 2017.

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