



How physician practices are thinking about acquisition in today's financial landscape

A cross-industry discussion with our experts

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Presented by
Health Plan Advisory Council

Today's Research Experts



Sarah Hostetter

Senior Consultant

HostettS@advisory.com

 @sarahhostetter

***Physician Practice
Roundtable***



Rachel Woods

Senior Director

WoodsR@advisory.com

 @raemwoods

***Physician Executive
Council***



Julie Riley

Practice Manager

RileyJu@advisory.com

 @JulieKRiley

***Health Care Industry
Committee***



Natalie Trebes

Senior Consultant

TrebesN@advisory.com

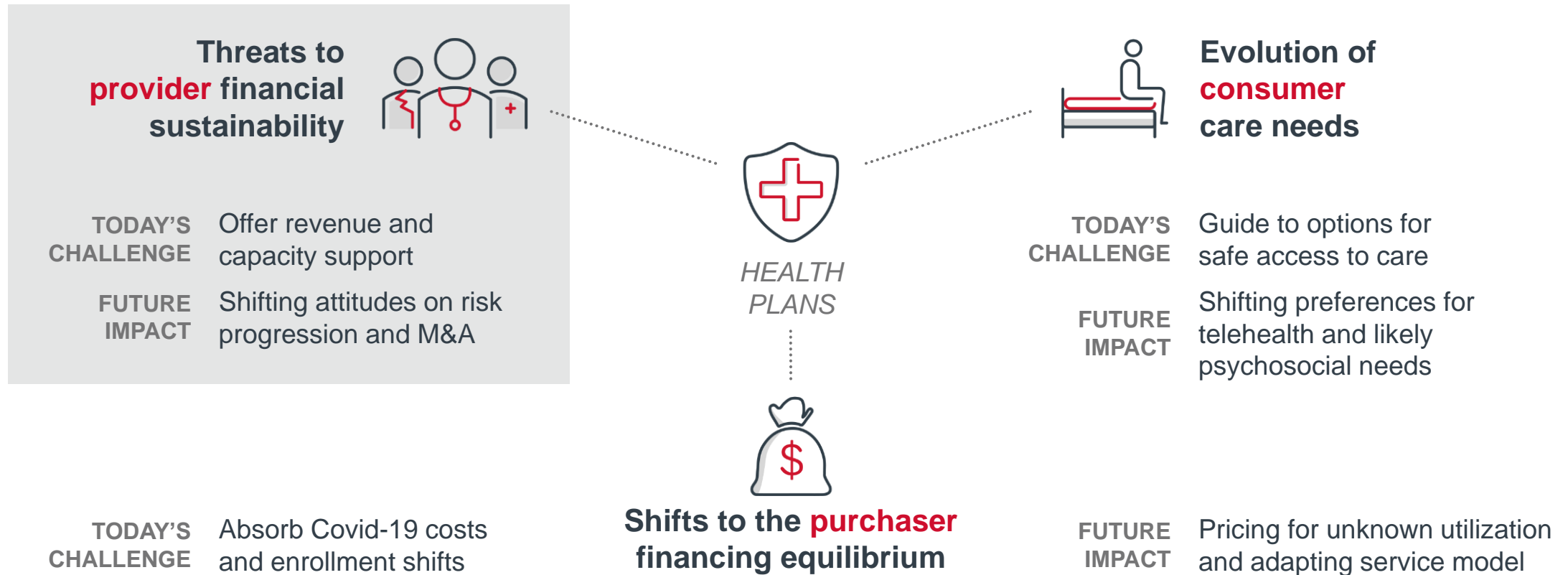
 @trebes

***Health Plan
Advisory Council***

Key ecosystem changes impacting payer strategy

Today's focus: Provider financial sustainability

Strategic partner challenges for health plans emerging from Covid-19



A tale of two workforces

In the trenches



On frontlines in surge markets

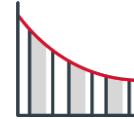


Burned out due to high volumes, emotional stress



Feelings of distrust stemming from PPE shortages, risk of exposure

On the sidelines



Seeing lower volumes or lack of work altogether



Financially vulnerable due to furloughs, pay cuts



Feelings of distrust stemming from financial insecurity

A range of outside interest in physician practices

Recent practice partnership activities

<i>Partnership</i>	<i>Joint ownership</i>	<i>Acquisition</i>	<i>Aggregation</i>
<p>Aledade</p> <ul style="list-style-type: none"> • Raised \$64 million in Series C financing in April 2020 • Sent PPE supplies to practices in their network amid Covid-19 	<p>BCBS Michigan</p> <ul style="list-style-type: none"> • Launched joint venture ownership agreement with North Memorial Health clinics in June 2019 • Emphasis on payment transformation and cost reduction 	<p>Blue Shield of California</p> <ul style="list-style-type: none"> • Acquired 2,700 physicians from Brown & Toland Physicians group in April 2020 • Incorporating into Altais, Blue Shield’s clinical services unit 	<p>Lee Equity</p> <ul style="list-style-type: none"> • Formed Solaris Healthcare to aggregate independent urology practices nationally • Acquired Integrated Medical Professionals in June 2020

Potential partner options for physician practices



Other physician practices



Enablement partner



Hospital system owner



Plan owner



Private equity investor

Source: Haefner M, “Blue Shield of California company acquires 2,700-physician group,” Becker’s, April 14, 2020, <https://www.beckershospitalreview.com/payer-issues/blue-shield-of-california-company-acquires-2-700-physician-group.html>; Gilgore S, “Aledade raises \$64M in Series C, supports doctors with COVID supplies,” Washington Business Journal, April 20, 2020, <https://www.bizjournals.com/washington/news/2020/04/20/aledade-raises-64m-in-series-c-supports-doctors.html>; “Blue Cross and Blue Shield of Minnesota and North Memorial Health Join Forces to Transform Healthcare in Minnesota,” North Memorial, <https://northmemorial.com/news/blue-cross-and-north-memorial-health/>; “Integrated Medical Professionals, PLLC Acquired by Lee Equity Partners,” Globe News Wire, <https://www.globenewswire.com/news-release/2020/06/17/2049671/0/en/Integrated-Medical-Professionals-PLLC-Acquired-by-Lee-Equity-Partners.html>.

Today's discussion themes



What's the state of physician practices today?



Are independent groups going extinct?



What are practices looking for in a partner?



How are partnership approaches evolving?



What are individual providers prioritizing?



How should partners approach evolving payment and delivery models?

Participate in discussion

A screenshot of a web interface element titled "Questions". It features a large empty text area for input, a smaller text area below it containing the placeholder text "[Enter a question for staff]", and a "Send" button at the bottom right. There are also small up and down arrow icons on the right side of the text areas.

*To send questions or comments to the panel, please type into the "Questions" box on your GoTo panel and press **send**.*






Comments: *Send your thoughts on your market and we'll summarize anonymously*

Questions: *Ask the panel to answer your related questions as we discuss major topics*

The field of potential partner options

Understanding factors that attract and deter practice partnerships

Potential strategic partners for physician practices

Potential partner	Attractive factors	Deterring factors
 Other physician practices	Like-minded, similar to status quo	Few available with enough capital to acquire
 Enablement partner	Remain independent, long term sustainability, burnout mitigation	Partial business model change, limited short term cash support
 Plan owner	Long term sustainability, burnout mitigation	Lose independence, partial business model change
 Private equity investor	Rapid cash infusion, remain independent	Aggressive growth targets, limited control over future owners, range of business model change
 Hospital system owner	Burnout mitigation, existing delivery infrastructure	Lose independence, uncertain revenue stability due to Covid-19

Strategic questions and takeaways

Strategic questions for evaluating potential investments and partnerships with physician practices

- Does the practice meet the your strategic needs and performance criteria?
- How feasible is the business model transformation needed for success in a potential partnership?
- Will you be able to meet the practice's specific business needs on their timeline?
- How will a practice's alternative options for partnership affect your strategy?

Further resources



EXPERT INSIGHT

How Covid-19 will impact the financial outlook for the health care industry

<https://www.advisory.com/research/health-care-advisory-board/expert-insights/2020/covid-19-financial-impact>



COMING SOON

Summary takeaways from today's discussion



655 New York Avenue NW, Washington DC 20001
202-266-5600 | [advisory.com](https://www.advisory.com)