Data Considerations in M&A or Divestitures

Two Sides of the Same Coin

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Data Considerations in M&A or Divestitures

Learning Objectives

1. The value and complexity of healthcare data in M&A transactions

2. Data due diligence that should be part of all M&A transactions – beyond just the "computer software assets"

3. Criteria for evaluating acquired data to determine if it meets your organization's quality, compliance, and data management guidelines

4. Understand the data ownership, governance and management practices that should be disclosed in new organizational relationships

5. Understand how to align data policies with partnering institutions

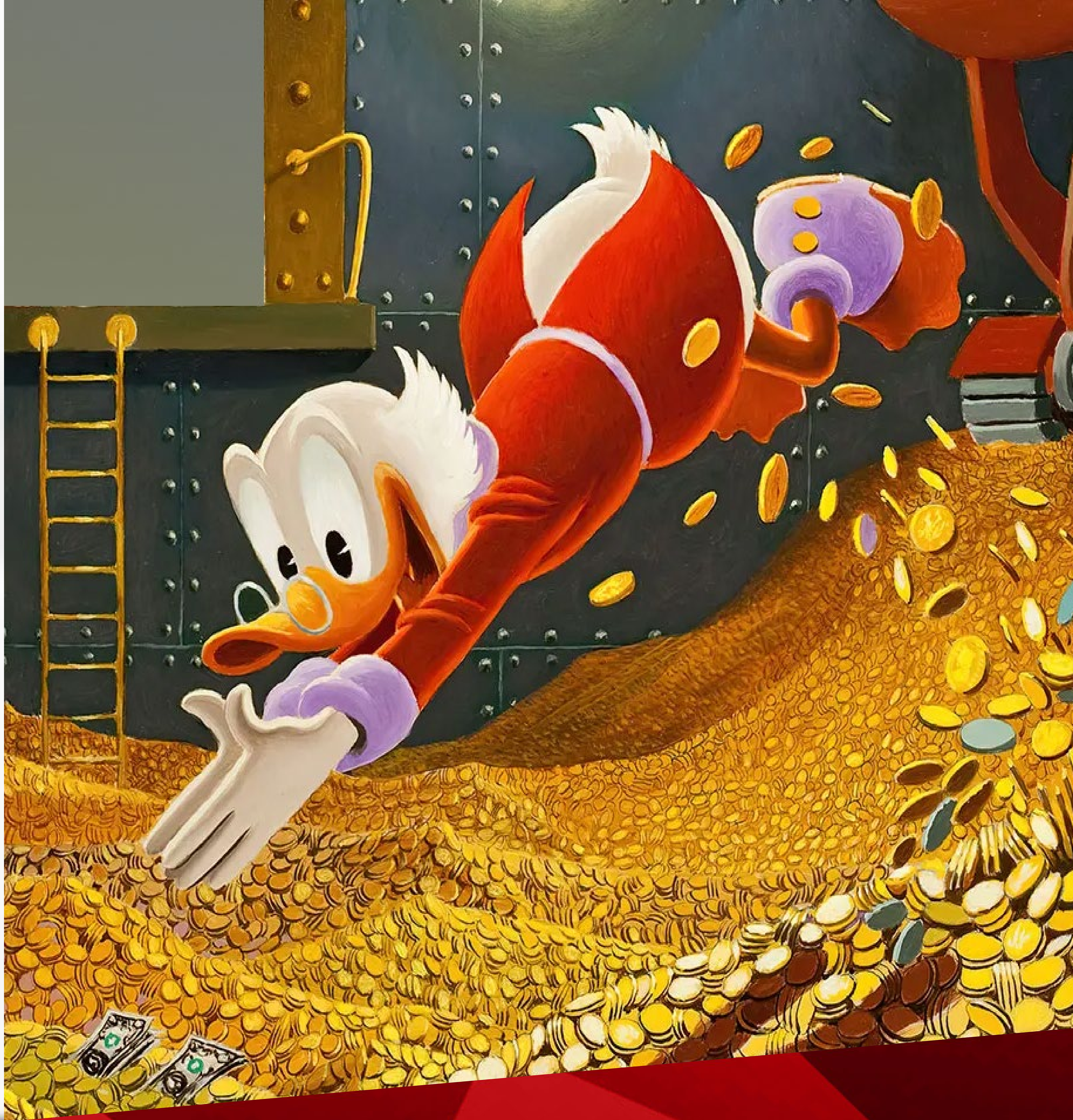
6. Discuss strategies for integrating data between new partners, both financial and clinical

7. Discuss data acquisition and access nuances that are often overlooked

The Value and Complexity of Healthcare Data in M&A Transactions

- Many different systems are installed in a healthcare system to manage clinical, business and administrative activities -often based on service line and specialty.
- Patients are going to expect you to be able to release and discuss medical records from all their past visits, regardless of who owns the hospital at the time.
- Integration is complex causing redundant data in many systems. The data owner or source of truth becomes very important.
- Different code sets often exist in the same healthcare system.
- Data ownership and responsibility needs to be determined up front to properly plan for the transition.
- There is a need to evaluate data for quality measures, reimbursement, compliance, population health, and other measures that transcend ownership.

Despite the Complexity, the Value in the Data is Worth Pursuing.



Understand the Data Due Diligence that should be Part of all M&A Transactions – Beyond Just the “Computer Software Assets”

Assessing the data and digital footprint is penultimate to the success of an acquisition.

- What systems are running and what business and clinical operations do they manage? When did they get installed?
- Are there any non-production systems still running for data-access only?
- Do you have an archiving strategy and/or partner?

- Understand the divesting entity’s interoperability capabilities. What data is shared internally and externally?
- Due diligence needs to include an inventory of all systems that are collecting and housing data.
- What data is discrete vs in-document form?
- What is the divesting organizations data quality assessment/audit process?
- Is there a formal Data Governance program in place?
- What is the divesting entity’s retention policy? Demonstrate enforcement.

Learn Criteria for Evaluating Acquired Data to Determine if it meets your Organization's Quality, Compliance, and Data Management Guidelines

The acquiring entity needs to thoroughly understand how data is reviewed for quality and compliance.

- What process is followed to make data corrections if issues are found by audit or the patient?
- How are the root causes of documentation errors or other clinical documentation errors that they find in the data being addressed?

Quality is context-driven. Poor quality data is risk-laden.

- High Quality data leads to increased trust with the patients as well as the internal stakeholders.
- Focus on the most critical data.
- Ask what standards drive the divesting entity's quality program.
- What data quality processes are embedded in operations?

Data Quality Criteria

Evaluate Data Quality across these common dimensions:

- Validity
- Integrity
- Reasonableness
- Completeness
- Timeliness
- Uniqueness/Duplication
- Consistency
- Currency
- Accuracy

Data Ownership, Governance and Management Practices that should be Disclosed in New Organizational Relationships

Does the divesting entity have a formal data governance program?

DM is the development, execution, and supervision of plans, programs and practices that deliver, control, protect and enhance the value of data and information assets throughout their lifecycles.

Includes ability to make consistent decisions about how to get strategic value from data – requires both technical and non-technical processes and skills.

- Treats data as an asset
- Expresses the value of data in economic terms
- Managing data means managing quality
- Metadata is documented and understood
- Cross functional in nature
- Enterprise perspective
- Understands data has a lifecycle
- Identifies and manages risk
- Drives IT decisions
- Has leadership commitment

Aligning Data Policies with Partnering Institutions

- Understand the divesting entities purging practices, disclosure, practices, release practices, audit practices, etc. and how that aligns with your own institution's same policies.
- For example, if the divesting entity purges data more aggressively than the acquiring entity, you will need to be able to document and explain the impact to releasable data.
- Compare data governance practices and policies to identify differences that will impact the data.
- Don't assume that the divesting entity polices are completely replaceable – they have practices that enhance your own or that may need to integrated into your polices because of differences in services, types of data, care situations that don't currently exist.

Imagine you're at a crossroads with your data:

- Should you convert it for immediate use, archive it for future reference, or find the perfect balance between the two?
- What factors would guide your decision in this pivotal moment?

Discuss Strategies for Integrating Data between New Partners, both Financial and Clinical

For data integration = code set mappings need to be compared.

- How is the AR being managed in the acquisition? This will drive:
  - TSA dates
  - Cross-facility processes where patients have accounts with both entities
  - What data needs to be converted vs archived

Clinical data – who is doing releases during the transition period and from where; are the releases to be combined? Is there an outside entity managing these processes?

- How are clinical documentation updates being coordinated between the two entities?
  - Patient demographic changes and consent updates
  - Clinical documentation updates or changes

Discuss Data Acquisition and Access Nuances that are often Overlooked

- Make sure that all the data sources are identified, particularly if data is stored in a separate document management system or other archive that you may have employed in previous years.
- Make sure that any TSA associated with this data and these IT systems has enough runway to cover the data movement, data acquisition and ingestion into a conversion or an archive. Customers underestimate the effort, energy and money to extract the data for intended purpose.
- **Identify your entire strategy first** - you should understand what data you need and then look at what your data acquisition opportunities are and try to align them economically.

We've seen hospitals, go after data in very siloed ways for singular purposes – they've ended up paying multiple times for extracts from the same systems.

Discuss Data Acquisition and Access Nuances that are Often Overlooked

Network connectivity needs to be strategically planned. There will be a period where your acquiring entity resources will need to access both your network and their network.

- Network security and complaint support processes need to be checked for alignment.
- Take into consideration the amount of data that the customers may need to be looking at across this connection.
- Be proactive about helping customers maintain access to the legacy system for inquiries as well as transition project tasks.
- **Data and system transitions ALWAYS take longer than anticipated.**

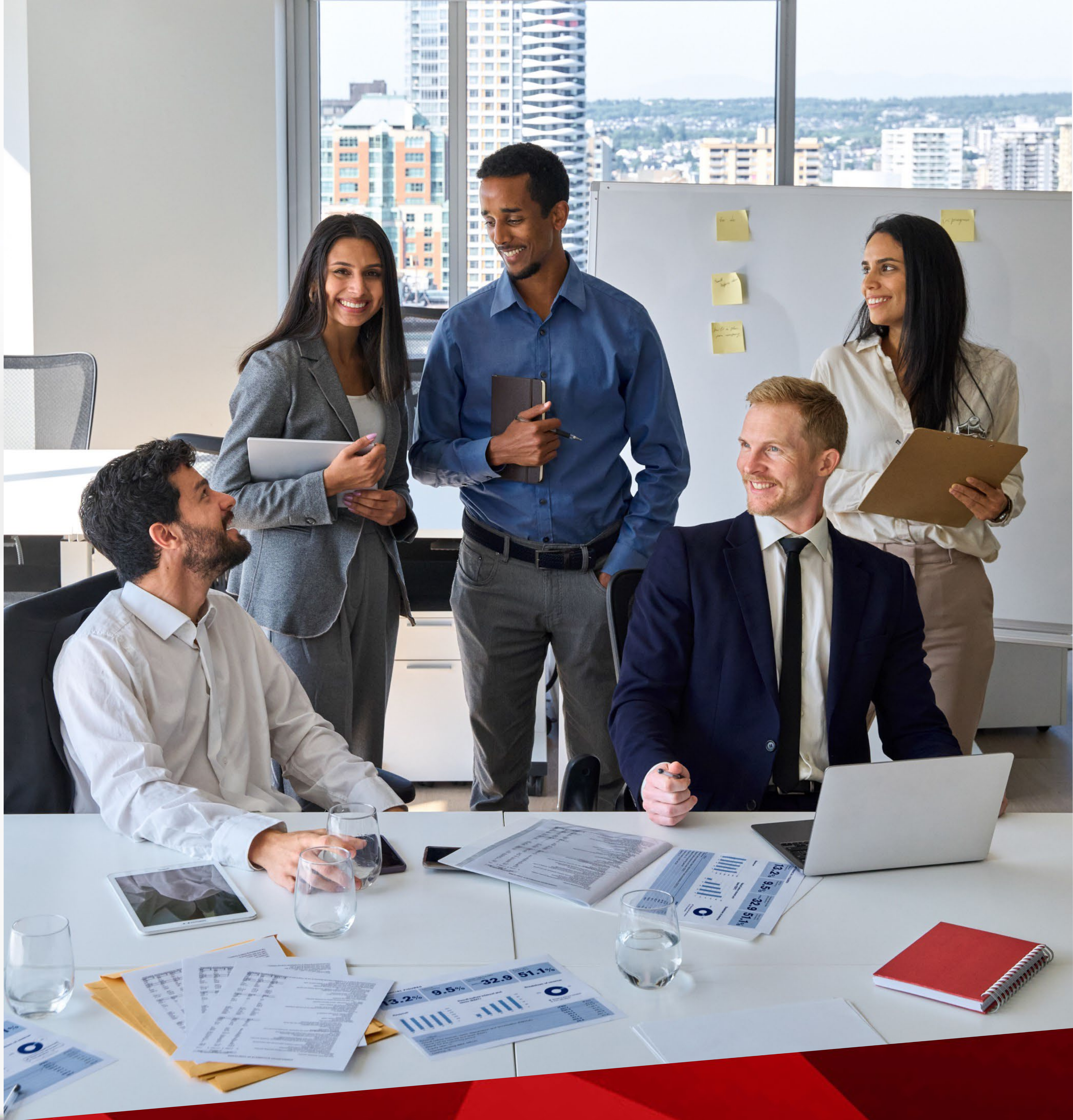
We encourage you to do some planning upfront before all the acquisition paperwork is completed so that you can have an adequate runway for the transition. The TSO should include language that helps you extend the TSA if needed.

Discuss Data Acquisition and Access Nuances that are Often Overlooked

- The divesting entity may require a review of any data that is extracted before sending it on for its intended use. Factor this into any timelines.
- Discuss how data will be transferred securely.
- We also encourage BAAs with all resources/partners involved so that if unintended data happens to make it into an extract, it can be deleted and documented without any escalations.
- Make sure you can find resources that understand the legacy system and the data for which you are taking ownership. Your APA/TSA negotiations include proper access to stakeholders that are critical to the success of the transition.
- Insist upon a list of vendor contact names and email introduction for you for your project team.
- Best practice is to have a playbook for acquisitions that include all these factors that you sharing that with the divesting tea upfront.
  - Goal is to make sure that you have access to the proper resources the proper people, the proper teams, the proper knowledge to get the data that you want for your endgame.

Who Should be on your Transition Team?

- Clinical leadership
- IT leader leadership should perform diligence on the IT systems and provide the proper planning for the transition to your system and any data conversion efforts that are going to be required
- Knowledge workers from BOTH the divesting and acquiring entity
- Infrastructure leadership as you talk about network connectivity and system support during the transition



Questions and Answers

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