

Navigating the Intersection of Strategic, Financial and Legal Considerations in Health Care Collaborations and Joint Ventures

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What are we looking to Accomplish?

- Improve Patient Care
- Access to New Markets
- Access to Capital
- Access to Executive Resources
- Access to New Capabilities
- Enhance Market Position

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Why Collaborate?

- Can't do alone, or doing together accelerates
- More together than by ourselves
- Someone does it better

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Ways to Collaborate

- Co-Branding Arrangements
 - Staffing Arrangements
 - Management Agreements
 - Contractual Joint Ventures
 - Equity Investments
 - Equity Joint Ventures
 - Acquisitions/Mergers
- Less "Sticky"
↓
More "Sticky"

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Selecting the Right Partner

- For-profit vs. Non-profit
- Competitors as Partners
- Market Synergies
- Mission Alignment
- Geographic Considerations

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Regulatory Considerations

- Stark Law
- Anti-Kickback Statute
- Travel Act
- 501(c)(3)/Taxation
- Securities Laws
- Anti-trust
- Medicare/Medicaid
- General Compliance

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Structural Considerations

- LLC, C-Corp, Nonstock, Partnership
- Percentage Ownership
- 501(c)(3) & Tax Considerations
- Transferability
- Segregation of Liability

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Governance Considerations

- Management/Board Structure
- Reserve Powers
- Fiduciary Duties
- Deadlock
- Indemnity of Management

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Financial Considerations

- Initial Capitalization
- Capital Calls
- Third Party Financing
- Aligning Financial Goals of Partners

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Financial Models/ROI

- Shared Bottom Line
- Management Fees
- Performance Payment
- Incentive Payment
- Lease Arrangements

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Special Consideration: Hospital/MD Partnerships

- Direct Employment
- Professional Services Agreements
- Clinical Co-Management/Service Line Management Agreements
- Equity JVs – ASCs, etc.
- Clinically Integrated Networks

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Strategic Considerations

- Business Expansion
- Exit Strategy
- Bringing in New Partners
- Dissolution
- Intellectual Property Ownership
- Restrictive Covenants
- Change of Control

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War Stories and Lessons Learned

- Changing Missions/Objectives
- Changing Reimbursement
- Too Many Cooks?
- Regulatory Complexities
- Too Many Hats? Role of Investor, Advisor and Customer

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Key Principles

- Set principles early
- Identify and mitigate misalignment
- Always have an out, even if it costs you
- Actively review & update the partnership

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Questions?

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