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Medical Group Mergers: Rushing To The Altar Or Altering The Definition?

I recently read something about phony marriage. You know, marriage not for love but for a green card. The "I'm in love" versus immigration love. The forever and a day versus it's convenient today.

Come to think of it, this is a lot like medical group mergers.

Some medical group mergers are actual mergers. The formerly separate groups really do become one. For richer, for poorer, in sickness and in health.

A real, larger, combined business results (not just a bigger collection of individuals), with the entity pulling to reach a unified goal.

But too common these days are mergers that are simply temporal, for market share, for beefing up to flip in a larger deal, or to share contract rates.

In those arrangements, if a merged-in constituent group loses its exclusive contract, or if providing services at that site no longer makes economic sense to those in control, then everyone in that component, from partners to part-timers might just be shown the door.

The ties that bind versus the lies that grind.

To be fair, unlike immigration love, consummating a less than heartfelt medical group merger isn't a federal crime.

Clearly understand your own motives for the merger. What is it you are trying to accomplish? What other alternatives exist?

If your group is the stronger merger partner, if your group is controlling the merger, "do it until it no longer feels good" might be exactly what you're looking for.

In that case, it's extremely important that you structure, and document, the deal in a way that allows you steer the combined group's future in the direction you intended. For example, you'll need to clearly define individual member rights and obligations to limit the scope of fiduciary duty. And, you'll need to carefully structure governance and voting interests.

But if your group is the merger target, usually the weaker group in the deal, it's even more essential that you make certain that you know what kind of marriage your intended intends. Use the early discussions, the due diligence period, and, especially, the negotiations and document drafting phases to obtain protective commitments that are capable of being enforced.

No matter the position or relative strength of your group, if you're going to engage in a merger, or even in the discussions leading to one, you'll have to engage in a large dose of trust. But trust isn't nearly enough. Go ahead and verify, too.

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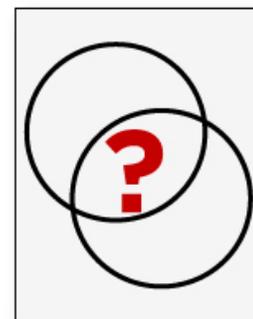
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Mark's article **What's Your Anesthesia Group Worth? And Why It Might Not Make Any Difference** was published in the Summer 2014 issue of *Communique*. Read or download [here](#).

Mark was quoted in Michael Vlessides's article **Does Anesthesia Need Its Own NTSB?** Published in the August issue of *Anesthesiology News*. Read [here](#).



Mark's article **Anesthesia Group Acquisitions and Alternatives** was published in the June issue of Anesthesiology News. Read or download [here](#).

Mark's article **OIG Opinion Adds Clarity to Illegality of Company Model** was published in the February issue of Anesthesiology News. Read or download [here](#).

Upcoming Presentations

Date: April 17, 2015

Time: 9:00 AM

Topic: From the Company Model to Joint Ventures to Just Sending Statements: Anesthesia Business and Deal Structure Compliance Traps

Location: [The Advanced Institute for Anesthesia Practice Management 2015](#), Las Vegas, Nevada

Date: April 17, 2015

Time: 2:00 PM

Topic: Is Your Anesthesia Group a Business or Club?

Location: [The Advanced Institute for Anesthesia Practice Management 2015](#), Las Vegas, Nevada

All Things Personal

It's early October, Phoenix Sky Harbor Airport, at the American Airlines gates.

I'm waiting for my flight, standing near the service counter of a nearby gate. A young woman comes sprinting up to the gate agent. She's crying. She had seen the jetway doors close. She begged, repeatedly, to be allowed to board. She sobbed that her flight into Phoenix on American had run late. If she missed this connection she'd miss the next.

The plane sat at the gate for another 15 minutes. But the gate agent would not let her on.

Mid-October, I'm sitting on an American Airlines flight, still at the gate, departing Washington DC. It's five minutes after the gate is supposed to have closed. The flight attendants and the gate agent are a few feet away from me talking. They are waiting for a passenger.

15 minutes go by. Still sitting there. The pilot gets on the loudspeaker and tells us that are waiting for a "very important person." Then he tells us that we're waiting for an American Airlines captain, who is "deadheading" to his flight in Dallas. But not to worry he tells us, they've been told that he just pulled into the parking lot.

The rules are the rules unless they're bent for "a very important person." For American Airlines, their inability, or their employee's, to plan ahead results in a delay for over a hundred customers. While earlier that month, that plane in Phoenix that sat there for 15 minutes after the young woman was turned away crying was never going to wait for an "unimportant" passenger.

What message are you sending to your customers in your practice or business?

That we care about you? That we love your business? That we want you to please come back?

Or that you're lucky that we even take your money?

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