



## THINKING ABOUT CONSOLIDATION? PROCEED CAREFULLY IN TODAY'S CHANGING HEALTHCARE MARKET

### WEIGH YOUR OPTIONS

In a post-reform world where size and scale offer distinct advantages, many independent hospitals are looking more closely at the possibility of consolidation as a pathway for growth. Others overwhelmed by economic struggles see it as a lifeline to continue to fulfill their mission of service to the community. No matter your motivation, weigh your options carefully before choosing a partner or pathway going forward.

### A RANGE OF POSSIBILITIES EXIST

How to grow and organize appropriately in the changing healthcare environment is a complex question. For some, preparing for the future may not require a change in control. The range of possibilities is wide and should be evaluated in light of emerging trends playing out in health care that are challenging old paradigms and changing underlying assumptions for future planning.

### RANGE OF OPTIONS & EMERGING TRENDS

OPTIONS	DESCRIPTION
<b>INDEPENDENCE</b>	<ul style="list-style-type: none"> <li>• Remain independent and retain your existing governance structure.</li> <li>• Implement aggressive performance improvement initiatives.</li> <li>• Amend mission to only include services you can afford to provide.</li> <li>• Pursue activities to enhance your hospital's position as an independent entity, such as: FHA financing, leverage balance sheet, JVs or contractual agreements; clinical service initiatives; 3rd-party capital partnership(s), etc.</li> </ul>
<b>CONSOLIDATOR OF HOSPITALS</b>	<ul style="list-style-type: none"> <li>• Requires financial wherewithal and partnership options in your market</li> <li>• Initial structure might involve a merger of equals or acquisition of a target organization attractive to your hospital with respect to governance.</li> <li>• Initial partnership creates value proposition to attract other partners.</li> </ul>
<b>NONPROFIT PARTNER</b>	<ul style="list-style-type: none"> <li>• Partnership could be a joint operating agreement or full asset merger.</li> <li>• Offers greater access to capital, market strength, and economies of scale</li> </ul>
<b>FOR-PROFIT PARTNER</b>	<ul style="list-style-type: none"> <li>• Partnership could be an incentivized management agreement, long-term asset lease, or full asset acquisition.</li> <li>• Offers greater access to capital, market strength, and economies of scale</li> </ul>

### EMERGING TRENDS

- Hospitals and physicians aligned more closely on all levels (care, quality, financial incentives, etc.)
- Ability to accomplish mergers not before possible with changing guidelines by FTC, DOJ
- Challenges to nonprofits' tax-exempt status with coverage expansions
- For-profits as willing buyers developing interest in urban areas & larger transactions
- Declining church sponsorship

### BE STRATEGIC FOR BEST RESULTS

Making sure that your decision about the future direction of your hospital is a good one is vitally important. Getting it right requires a strategic approach that examines all of the options available to your hospital with a keen eye on the rapidly changing healthcare landscape. Given the growing complexity of the market, a strategic perspective for future planning has never been greater.

### BUILD THE BEST POSSIBLE FUTURE FOR YOUR HOSPITAL

TRG Healthcare offers a comprehensive array of strategic planning and transactional services. During this time of remarkable change, we can help you discover your hospital's options and assist you in planning for the best future of your hospital within the context of industry trends and regulatory reform initiatives.

### APPROACH THE FUTURE WITH CONFIDENCE — CALL TRG HEALTHCARE

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