Mergers & Acquisitions Advisory Services

Integrated Healthcare Strategies™

HR Due Diligence and Integration Process

Our Healthcare Mergers & Acquisitions Advisory consultants provide a proactive approach to your due diligence and integration process, allowing you to identify and quantify liability exposure and realizing potential efficiencies. In any transaction, successful integration of the human resource function is dependent on thorough knowledge of each organization's benefit and compensation plans, culture, and operating philosophy. Our consultants apply their healthcare industry knowledge along with extensive experience in mergers and acquisitions, benefits, and compensation, to help you address transaction issues key to facilitating a deal and a successful cultural integration.

Our Focus

- Financial analysis of executive compensation and benefit arrangements and contracts
- Broad-based compensation and benefit plans
- Appropriateness of plan design
- Analysis of historical costs
- Compliance related issues
- Turnover and retention
- Cultural barriers to integration

Our Deliverables

- Comprehensive list of financial, operational, and transitional deal issues
- Assessment of change in control costs
- Preliminary integration strategies
- HR comparative analysis and market benchmarking
- Recommendations on plan design changes
- Recommendations for cultural integration

The Due Diligence Value Process

Phase I
High Level Due Diligence

Identify high-level issues and quantify major liabilities

Phase II
In-depth Analysis

Identify financial issues that impact deal value and develop integration strategies for efficiencies and cost savings

Phase III
Custom Implementation

Implement plans and programs to maximize operational and financial performance

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Phase I - High Level Due Diligence

Our consultants conduct interviews of key individuals and review all employee benefit and compensation programs maintained by the organization being acquired to identify high-level issues and quantify major liabilities. Our reviews focus on:

- Unfunded obligations versus surplus assets
- Ongoing plan expenses and cash requirements
- Synergies, compliance issues, and opportunities for cost savings
- Stand-alone issues versus integration opportunities

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Phase II - In-depth Analysis

We work with your team and outside advisors to identify financial issues that will affect the deal value, and develop integration strategies focusing on efficiencies and potential ongoing cost savings.

- Review wage and salary information against acquirer remuneration and compensation philosophy
- In-depth analysis of base pay, benefits, and short- and long-term incentive programs
- Review executive employment agreements, performance bonuses, deferred compensation, and nonqualified supplemental arrangements to uncover change-in-control obligations and adverse tax implications
- Review of retirement programs to assess their funded status, analyze ongoing plan expenses and cash contribution requirements, and determine purchase price impact
- Review coverage and claims experience under group health and welfare programs to assess their impact on the company's financial statement (i.e. adequate IBNR reserves) and future cost impacts in acquirer's plans
- Evaluate the impact of potential downsizing, layoffs and severance obligations
- If applicable, review collective bargaining agreements to assess contract financial obligations and determine overall impact on ongoing operations
- Examine compliance with reporting and disclosure requirements

We ensure transitional issues are appropriately addressed and agreements are documented in a Transition Services Arrangement (TSA). Proactively addressing these issues prior to closure of the deal greatly enhances a successful transaction, and a smooth assimilation of employees and transition of benefit plans.

Phase III - Custom Implementation

Our M&A Advisory team assists clients following a transaction to implement plans and programs to maximize operational and financial performance. Deliverables include:

- Identifying synergies and opportunities for cost savings among companies under common control
- Developing executive compensation incentive and rewards programs to reinforce the connection between strategic goals, human resource planning, and performance
- Designing benefits programs to meet strategic goals and enhance the attraction and retention of employees
- Assessing the issues related to transitioning retirement plans, including transfers of assets and obligations under all defined benefit plans and the transfer of assets in 401(k)/403(b) plans
- Assessing the viability of continuing current investments held in plan trusts, including employer securities, GICs, and loans
- Analyzing group insurance programs to ensure cost effectiveness.
- Providing financial analysis of postretirement medical and death benefit obligations to control escalation of costs and mitigate the impact on the bottom line.
- Providing financial measurement and advice in collective bargaining negotiations.
- Assessing delivery strategies of the combined organization to ensure HR, administrative, and technological capabilities are aligned to achieve overall corporate and human resource objectives.

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