



Hospital Mergers and Acquisitions: Potential Good and Bad Effects on Practicing Radiology Groups

RLI
Power Hour

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Scenario

N C Happy Community Hospital 400 beds
all services except NICU and Level I trauma



20 person radiology group with complete radiology services
including separate IR division. 75% subspecialists. 25% generalists

Staff 1 hospital owned imaging center and 1 group owned center
Full-service breast imaging and intervention with fellowship trained breast rads

No neuro intervention or Pediatric Radiologist
Night reading service of all imaging...preliminary reports only

Strengths/Weaknesses

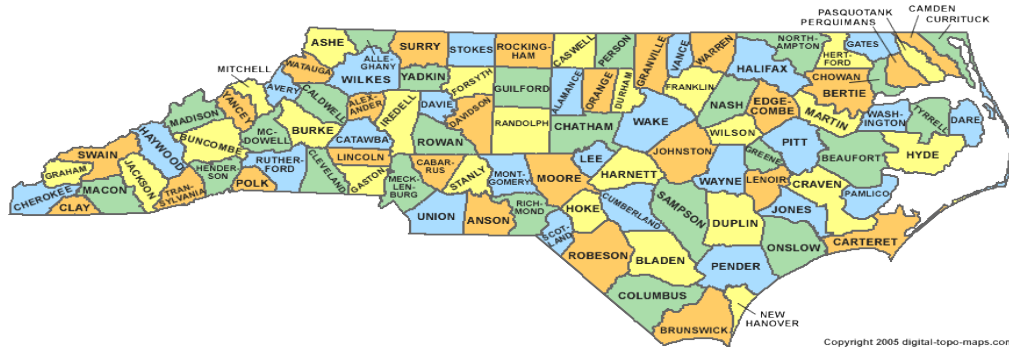
- Established and respected in the community
- Strong breast imaging presence
- Dedicated IR services
- **No neuro-intervention**
- **Preliminary night reads**

What are your threats/opportunities?

- Direct competition.
- Acquisition/Management Contracts
- Affiliations



North Carolina



100 Counties 87 have at least 1 hospital
Four Academic Medical Centers
CON state: facilities and equipment heavily controlled

North Carolina: Who are the players?

- Large for-profit systems

examples: Hospital Corporation of America (HCA)
Novant



- Large not-for-profit systems/hybrids

Examples: Atrium Health... Wake Forest Baptist owned
Vidant Health System



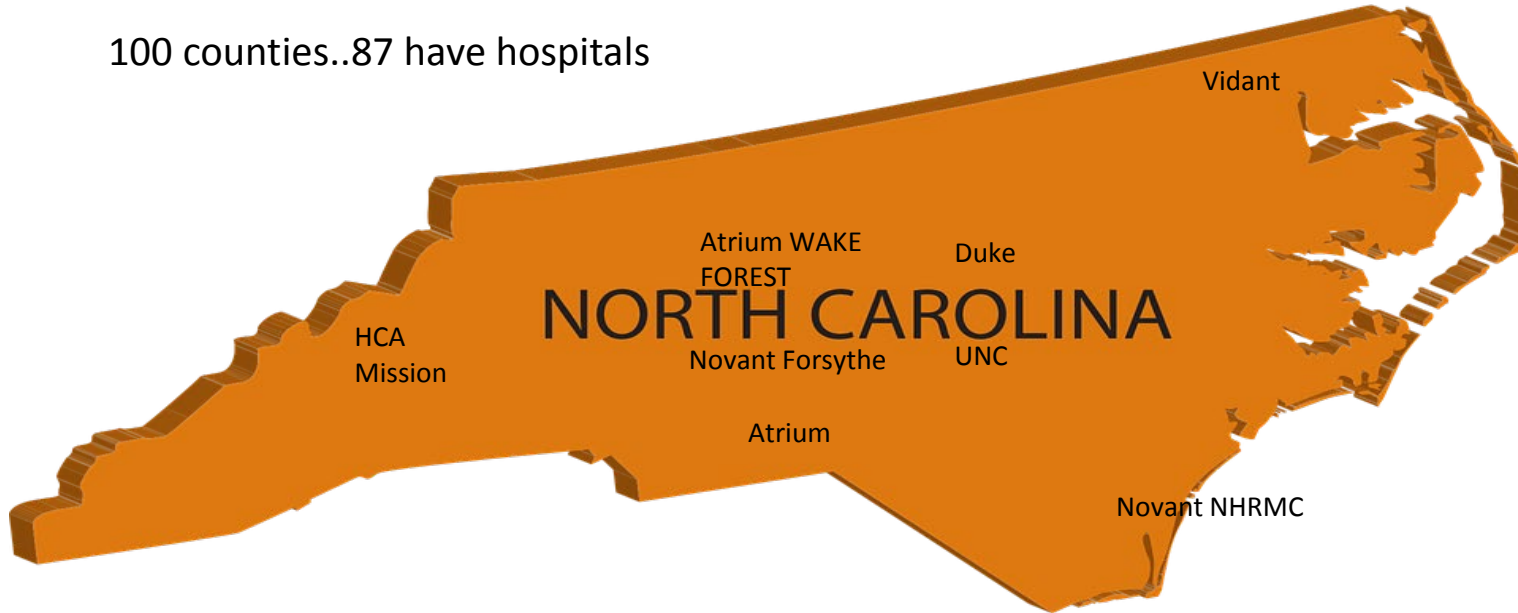
- Academic systems

Examples: University of North Carolina system, UNC Health
Duke University Health System



North Carolina

100 counties..87 have hospitals



Threats: Direct Competition



UNC Hillsborough Hospital 2015



Novant Health Brunswick 2011



Outpatient imaging centers everywhere

Threats: Acquisition/Management Contracts



Acquisition/management contracts with 11 NC hospitals since 2000
Largest: Rex Hospital 559 beds 14 imaging centers in the Raleigh metro area
Several 100 or more bed hospitals
Many with independent private radiology practices

What happened to the radiology groups?

- Smaller hospitals were largely staffed by larger groups and remained as previously staffed
- Independent private practice groups stayed in place at the larger hospitals.....SO FAR!!!
- Exception: one group lost a contract, and UNC placed that hospital under a flagship hospital with shared staffing

Example: Wayne Memorial Hospital

Wayne RADIOLOGISTS, P.A.

- 6 fellowship trained radiologists
- MRI joint venture with Wayne Memorial
- Private Outpatient center
- UNC acquired contract 2015



Kevin Cregan MD FACR

Positives

- No internal meddling in workflow
- Existing private center and jt venture remained
- No attempt to replace radiologists

Negatives

- Local and UNC incentives not aligned
- IT/PACS changes
- Hospital board replaced

Future worries:

- after hours coverage?
- lack of complete subspecialty services?
- joint venture?

Source: personal interview with Dr Cregan

Threats: Acquisition/Management Contracts



Purchased Raleigh Community Hospital 1998

Duke Regional. Rolling “partnership” since 1998.

What happened to the radiology groups?

Duke Raleigh

Legacy radiology group was absorbed into the Duke faculty as the Community Division

“Creating a Community Radiology Division: An Academic Radiology Department’s 3-year Experience Boyse, Tedric. Paulson, Erik. JACR 15:11 November 2018

Duke Regional Hospital

Legacy radiology group remains independent

Threats: Acquisition/Management Contracts



Biggest challenge for Radiology: How to structure a joint radiology practice combining a private practice group and employed faculty group. Compounded by the radiology group partially owned by private equity

Evelyn Anthony MD FACR Senior Associate Dean for Faculty Affairs
Professor of Radiology, Pediatrics, and Biomedical Engineering
Brenner Children's Hospital
Wake Forest School of Medicine



Threats: Acquisition/Management Contracts



- **North Carolina Health News spring 2021**
- Profits up at HCA, ratings down at Mission
- Leapfrog group downgraded from A to B

Meeting with CFO: “but Bryon, its about making money isn’t it?”

Bryon Dickerson MD President
Asheville Radiology



RED FLAGS

Hospital System: Premier Health (Southwest Ohio)

- 3 different radiology practices
- directive to groups: 1 contract
- two agreed to merge, third did not
- Current Group: Radiology Physicians, Inc. (RPI)



Stuart Sorkin MD FACR

Additional resources:

- ❑ RLI podcast Taking the Lead:Jonathan Breslau, MD FACR:Trading Ninety Years of Independence for Employment
- ❑ Fleishon,Howard. Itri,Jason. Boland,Giles. Dusazk Jr, Richard. Academic Medical Centers and Community Hospitals Integration: Trends and Strategies. JACR 2017;14:45-51
- ❑ Natesin,Rajni. Yang,Wei. Tannir,Habib. Parikh,Jay. Strategic Expansion Models in Academic Radiology. JACR 2016;13:329-334

Summary

- Know your groups strengths and weaknesses
- Be aware of what's happening around you
- Listen carefully... Jonathan Breslau will tell you “You don't have the power you think you do!”
- You may have to accept things you do not like...but consider the BATNA. Can you really live with it?
- Keep an open mind. “things they are a'changing” you might have to also....

Questions?

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