QCentrix®

Prioritizing Healthcare Data Integration During Mergers and Acquisitions

36%
64%

60%

Introduction

Mergers and acquisitions (M&As) in healthcare are on the rise. Kaufman Hall reported a significant increase in the number of announced M&A transactions in the third quarter of 2023 when compared to the last two years.[1]

M&As are known to have many effects on hospitals and health systems. While the American Hospital Association (AHA) reports that M&As are associated with improvements in quality and lower healthcare costs, these transactions pose major challenges as well.[2] A recent Q-Centrix survey found that the biggest challenges respondents faced as a result of M&As included difficulties integrating organizational cultures, difficulties aligning new policies and procedures, and changes in organizational leadership and structure.[3] This may be why more than a third of survey respondents felt their facility or health system was not adequately prepared for the M&A transition.

Integrating clinical data during M&As can be especially tricky, raising data security concerns and interoperability challenges. Research shows that hospitals that have recently undergone an M&A—or are preparing to undergo one—are twice as likely to experience data breaches.[4] Further, the process of merging patient data systems across facilities can be especially complex and requires a great deal of planning.

Do you feel your facility or health system was adequately prepared for the transition?

36% NO

64% YES
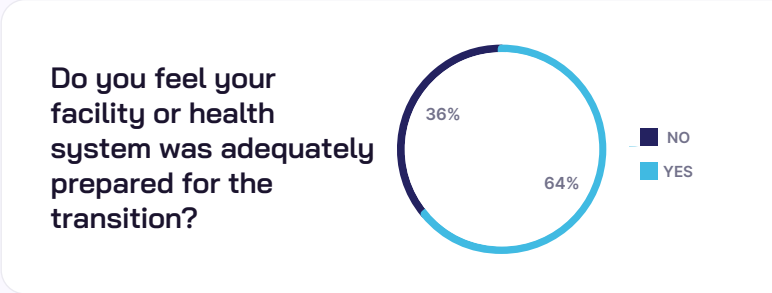
To learn more about how M&As affect clinical data management, Q-Centrix administered a survey to its partners in July and August 2023 and held a small group discussion with hospital leaders at Carle Health System and Corewell Health. This white paper shares findings from this research, explores how M&As impact clinical data management, examines common M&A barriers as well as key elements that help drive smooth transitions, and discusses how hospital executives can navigate M&As while prioritizing clinical data.

1   KaufmanHall. "M&A quarterly activity report: Q3 2023" (October 12, 2023)
    https://www.kaufmanhall.com/insights/research-report/ma-quarterly-activity-report-q3-2023.

2   American Hospital Association (AHA). "Fact sheet: Hospital mergers and acquisitions can expand and preserve access to care" (March 16, 2023).
    https://www.aha.org/fact-sheets/2023-03-16-fact-sheet-hospital-mergers-and-acquisitions-can-expand-and-preserve-access-care.

3   Q-Centrix. Mergers and acquisitions survey (39 responses received; administered in July-August 2023).

4   Dave Muoio. "Hospitals' risk of data breach doubles just before, after a merger deal, research shows." Fierce Healthcare (August 7, 2023).
    https://www.fiercehealthcare.com/providers/hospitals-risk-data-breach-doubles-just-after-merger-deal-research-shows.

Impacts on Clinical Data

Nearly nine in 10 respondents who experienced an M&A said the M&A changed how their facility managed its clinical data. Considering the sweeping impact M&As have on clinical data management, it is vital that hospitals and health systems have a plan in place for how they will navigate data management before, during, and after an M&A.

When asked how the M&A affected their facility's clinical data management practices, nearly half of respondents cited changes in data governance and access. This reflects a common practice in M&As, as merging facilities must establish standards and protocols for managing their combined data.

About four in 10 respondents said their facility centralized data management systems as a result of the M&A—an approach whose benefits extend beyond M&As. Incorporating centralization strategies can result in cost savings, reduced administrative expenses, and increased data integrity.[5] Given the benefits of centralizing, it is not surprising that another four in 10 survey respondents noted improved data sharing and collaboration after an M&A. When M&As spark a greater focus on centralizing clinical data management systems, it follows that healthcare staff would have an easier time sharing data across facilities and departments as a result.

Deborah Wolf, who serves as senior director of clinical outcomes at Corewell Health and participated in Q-Centrix's small group discussion about M&As, shared that her organization's leadership was eager to centralize data when merging with another health system, as centralizing would enable sharing data and comparing metrics across facilities. "Our CEO would ask, 'How do we compare to everybody else?'" she said. "We decided on our priorities for the whole health system—what would be our metrics that matter?"

To what extent did the merger or acquisition change how your facility or health system manages its clinical data?

Response	Percentage
Significantly	23%
Moderately	41%
Slightly	23%
No change	14%
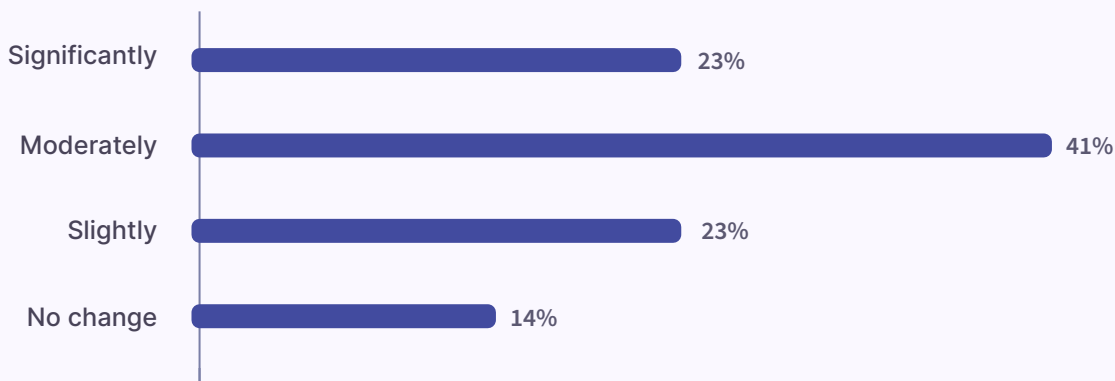
5   Q-Centrix. "Elevating health care quality through centralization: The adoption of a clinical data enterprise."
    https://www.q-centrix.com/insights/detail/elevating-health-care-quality-through-centralization/.

A third of survey respondents reported challenges integrating data between systems, which is a common barrier to achieving interoperability.[6] Other impacts pointed to the value of specialized expertise and technology in navigating M&As, with a third of respondents citing the adoption of new data management tools or systems or working with new third-party clinical data management vendors.

In what ways did the merger or acquisition affect how your facility or health system manages its clinical data? Select all that apply.

Changes in data governance and access	44%
Centralized data management systems	39%
Improved data sharing and collaboration	39%
Challenges integrating data between systems	33%
Adoption of new data management tools or systems	33%
Working with new third-party clinical data management vendor(s)	33%
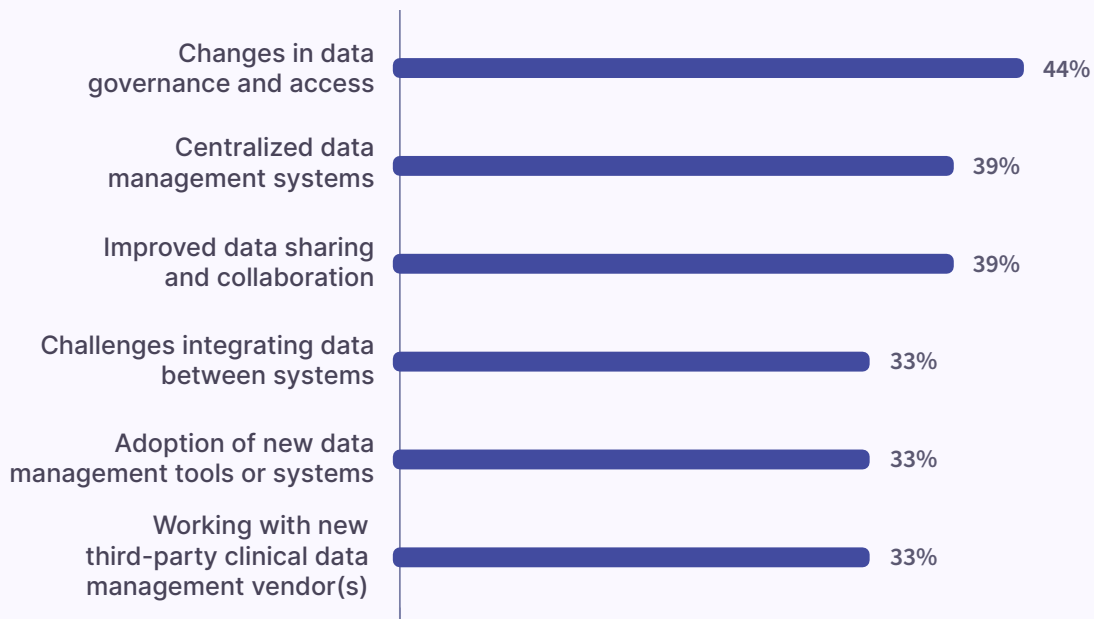
A majority of respondents (60 percent) did not feel clinical data management was prioritized adequately during the M&A, suggesting a need for greater focus on clinical data during M&A planning. Respondents were most likely to report that clinical data management was only somewhat prioritized, while ten percent felt it was not prioritized adequately. Another 40 percent felt it was prioritized adequately.

During its small group discussion about M&As, Q-Centrix also spoke with Luke Sullivan, vice president of specialty care services at Carle Health System. In addition to experiencing M&As at Carle Health System, which acquired several hospitals during his tenure, Sullivan has also consulted on physician group M&As in a previous role. He shared that one way to prioritize clinical data management is by making it part of the M&A conversation from the beginning. "It was part of the conversation well in advance of the transaction, but we knew that we couldn't necessarily achieve full integration on day one, or else we would significantly extend the timeline of the transaction given the complexities," he said.

6   A. Jay Holmgren, Jordan Everson, and Julia Adler-Milstein. "Association of hospital interoperable data sharing with alternative payment model participation." JAMA Health Forum 3, no. 2 (February 18, 2022): e215199. https://jamanetwork.com/journals/jama-health-forum/fullarticle/2789341.
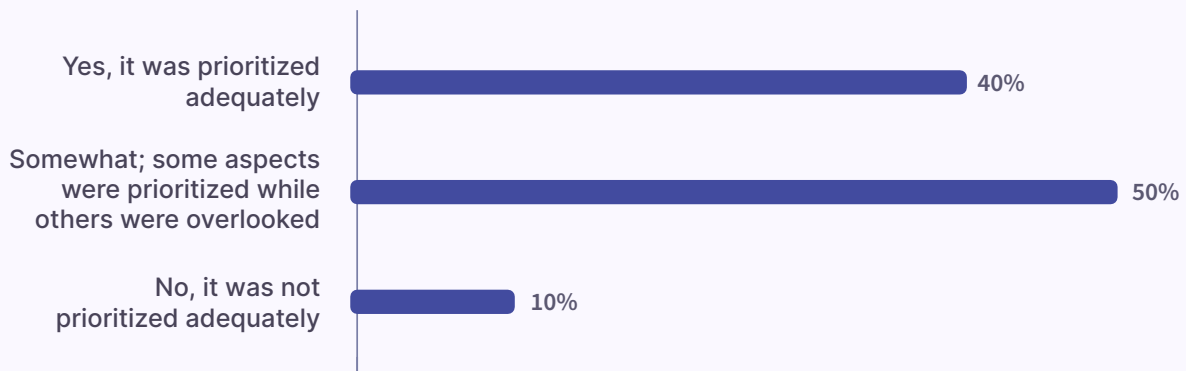
Deborah Wolf explained that Corewell Health prioritized data security from the start. "In the beginning, assessing our security for all of our clinical data was number one," she said. "We had to assess all of our registries and vendors that we shared information with. They wanted to make sure that we had a secure network first. And over the past year, we are slowly going through vendors that we can align and streamline."

Another clinical data consideration concerns registry participation. With the average hospital participating in six registries, M&As can easily multiply the number of registries a health system participates in—some of which may be duplicative.[7] To that end, Deborah Wolf reviews her facility's registry participation efforts regularly. "I do an annual assessment based on where the needs are [and] what benefits we're getting from the different registries," she said.

> "In the beginning, assessing our security for all of our clinical data was number one."

These experiences highlight the importance of planning for clinical data well in advance of the transition. Experts advise planning ahead with regard to data considerations such as determining what the new data infrastructure will look like, reviewing security policies for all involved facilities, and creating a data review process that emphasizes data quality.[8]

Do you feel clinical data management was prioritized adequately during the transition?

Yes, it was prioritized adequately	40%
Somewhat; some aspects were prioritized while others were overlooked	50%
No, it was not prioritized adequately	10%

7 Q-Centrix. "2022 State of the Industry." https://www.q-centrix.com/insights/detail/2022-state-of-the-industry/.

8 Craig Guillot. "Tackling data integration during a healthcare merger or acquisition." HealthTech Magazine (September 21, 2022). https://healthtechmagazine.net/article/2022/09/tackling-data-integration-during-healthcare-merger-or-acquisition-perfcon.

Top Barriers and Supporting Factors

To understand the challenges facilities experience during M&As and what may help facilities overcome them, Q-Centrix asked survey respondents about the biggest barriers they experienced during the M&A, along with the biggest factors that would help ensure a smoother M&A.

Barriers

More than half of respondents cited difficulties integrating organizational cultures as one of the top barriers they faced. This finding serves as an important reminder that while the technical considerations of merging and acquiring facilities are essential, cultural considerations are also crucial to navigate. "It's the cultural aspects, and the communication aspects, and the questions that come up around autonomy and control," said Luke Sullivan. "Oftentimes, that's where you're going to spend most of your time."

Forty-one percent reported difficulties aligning new policies and procedures, and that same number cited changes in organizational leadership and structure. Luke Sullivan shared that the way these changes are communicated can help guide facilities through policy changes. "You have to be mindful of how you're setting up the conversations to ultimately be successful," said Luke Sullivan. "Sometimes it takes a little bit more time to integrate or to align, but you have to be okay with that and help teams work through the process. Communicate that to the teams intentionally—slow down; this is going to take some time. Fully aligned policies don't have to be in place next week, or next month for that matter."
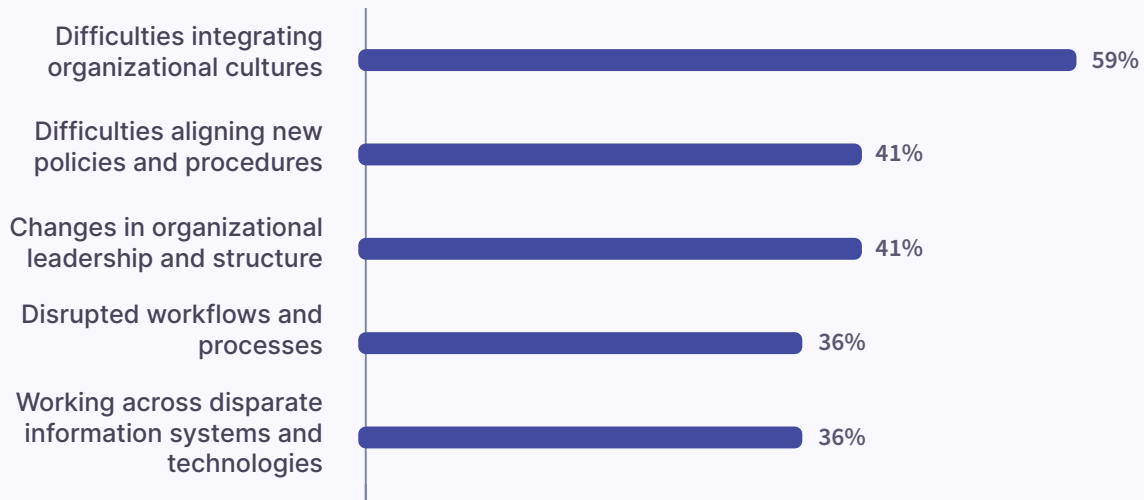
Deborah Wolf echoed these sentiments. "You have to remember that it is about people, and the culture, and making sure that you make it safe to have those conversations," she said.

More than a third of respondents listed disrupted workflows and processes and working across disparate information systems and technologies as top barriers. As Deloitte reports that IT is the largest investment cost in the integration of healthcare systems—and accounts for about 70 percent of all synergies in the process—it is not surprising that survey respondents would cite the challenges of integrating diverse IT infrastructures during M&As.[9] This underscores the necessity of a well-thought-out IT integration plan.

9   Deloitte. "Health care IT and M&A."
    https://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/healthcare-it-mergers-and-acquisitions-technology.html.

What are the biggest challenges your facility or health system experienced as a result of the merger or acquisition? Select up to three.

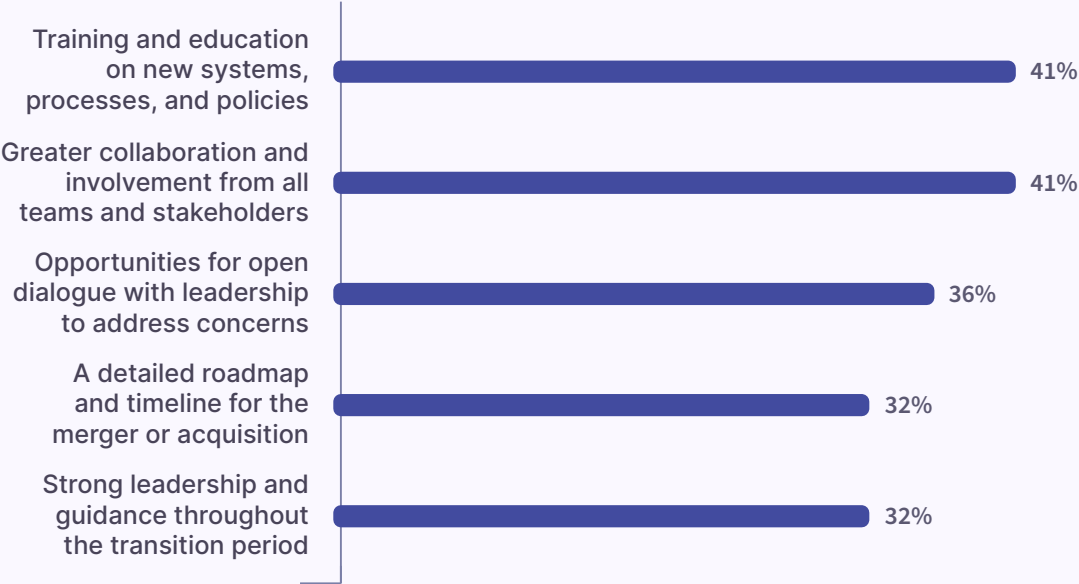| Challenge	Percentage
Difficulties integrating organizational cultures	59%
Difficulties aligning new policies and procedures	41%
Changes in organizational leadership and structure	41%
Disrupted workflows and processes	36%
Working across disparate information systems and technologies	36%

Supporting Factors

When asked what would have been most helpful in ensuring a smoother M&A transition, one of the top two responses was training and education on new systems, processes, and policies. Considering that some M&A impacts respondents previously cited included working across disparate information systems and working with new data management tools and third-party vendors, it is clear that healthcare staff undergoing an M&A may be facing a variety of new tools, systems, or vendors to adjust to. Without the proper training or guidance on how to use new tools or follow new policies, staff may struggle to adapt.

Another key element respondents indicated was greater collaboration and involvement from all teams and stakeholders. This is consistent with an existing change management strategy that centers on staff empowerment. Without involving all teams and stakeholders in the process, staff may feel as though the change is simply happening to them rather than feeling empowered to take ownership of the change.[10]

Other top supporting factors, cited by about a third of respondents, included opportunities for open dialogue with leadership to address concerns, a detailed roadmap and timeline for the M&A, and strong leadership and guidance throughout the transition period. Deborah Wolf stated that Corewell Health's leadership took care to create avenues for communication with staff: "They were really intentional about having town halls and answering questions and reassuring people that everybody would have a voice." Similarly, Wolf added that she made sure to make herself available to her team for M&A discussion as well. "It was important that I always be available and talk about it with my direct team," she said.

10 Q-Centrix. "Key takeaways from a decade of hospital quality immersion" January 5, 2023.
https://www.q-centrix.com/key-takeaways-from-a-decade-of-hospital-quality-immersion/.

What would you have found most helpful in ensuring a smoother merger or acquisition process for your facility or health system? Select up to three.

Training and education on new systems, processes, and policies	41%
Greater collaboration and involvement from all teams and stakeholders	41%
Opportunities for open dialogue with leadership to address concerns	36%
A detailed roadmap and timeline for the merger or acquisition	32%
Strong leadership and guidance throughout the transition period	32%

"It was important that I always be available and talk about it with my direct team."

Strategies and Considerations

Identify priorities when centralizing clinical data management.

While many respondents shared that their facility centralized data systems during M&As, this can be a daunting task. Luke Sullivan noted that Carle Health System tackled this by identifying which data systems were most important to centralize first. "There are some data systems that we haven't been able to achieve full integration or consistency [on] across the markets, and some of that is okay," he said. "We've had to prioritize what's important for us to have, and what's critical for us to all have, and where is it okay for us to allow for some of the individual teams and markets to make decisions around what they need."

Prepare to use disparate data systems.

Centralization does not happen overnight. Healthcare leaders should prepare for a deliberate, gradual process and understand that the health system may need to rely on disparate systems for a period of time. Luke Sullivan shared that Carle Health System took a step-by-step approach to centralization. "We had to put in place processes that allowed for us to work through the integration and work through the transaction while using disparate data systems, while having set milestones to get to a point of full integration," he said.

Consider what tools and partnerships can support M&A efforts.

The survey found that M&As often lead to changes in clinical data management, including using new systems or working with new vendors. This poses an opportunity for healthcare leaders to assess existing data tools and partnerships, identify gaps, and consider what they can leverage or invest in. "One thing our system always thinks about is how do we make sure that the different systems are talking to each other," said Deborah Wolf. "If we're purchasing a new software program, what all can it do? We want it to be an all-in-one rather than having data being copied out of one and pasted into another."

> "One thing our system always thinks about is how do we make sure that the different systems are talking to each other."

Conduct an assessment to inform integration efforts.

To take stock of a health system's clinical data quality efforts and registry participation, leaders should consider conducting an enterprise assessment, a comprehensive analysis that provides insights into a health system's current technology, participating registries, efficiencies, data utilization, and more. "One of the biggest pain points of a merger is understanding everything that needs to be integrated around the new system," said Doug McGill, Q-Centrix's managing director of advisory solutions. "An assessment provides that clarity in an area that is often under-prioritized and where significant duplicative costs go unnoticed."

## Collaborate to find a process that works for all facilities.

As survey respondents noted, fostering a culture of collaboration throughout the M&A transition can help ensure a smooth transition. "We do things one way here that has worked for us—that doesn't mean that there isn't another way that we can serve our patients and deliver success," said Luke Sullivan. "Allow the teams to work together while also not letting it get off track by somebody, some team, and some division trying to force their way, their perspective, when there are other options that could, or should, be considered."

"One of the biggest pain points of a merger is understanding everything that needs to be integrated around the new system. An assessment provides that clarity."

Conclusion

When clinical data management is not adequately prioritized during M&As, facilities can leave the door open to risks and concerns involving data security, access, and data integrity. Centralizing clinical data management, leveraging tools and partnerships to aid in supporting M&A efforts, and taking stock of clinical data quality activities ahead of time can help health system leaders keep clinical data considerations at the forefront and navigate M&As more smoothly.

Further, emphasizing collaboration across departments and creating opportunities for open dialogue can help leaders overcome common pitfalls related to integrating and aligning organizational culture. By recognizing the pivotal role of clinical data management in M&As and addressing it proactively, healthcare leaders can usher in a smoother transition and set their health system up for success going forward.
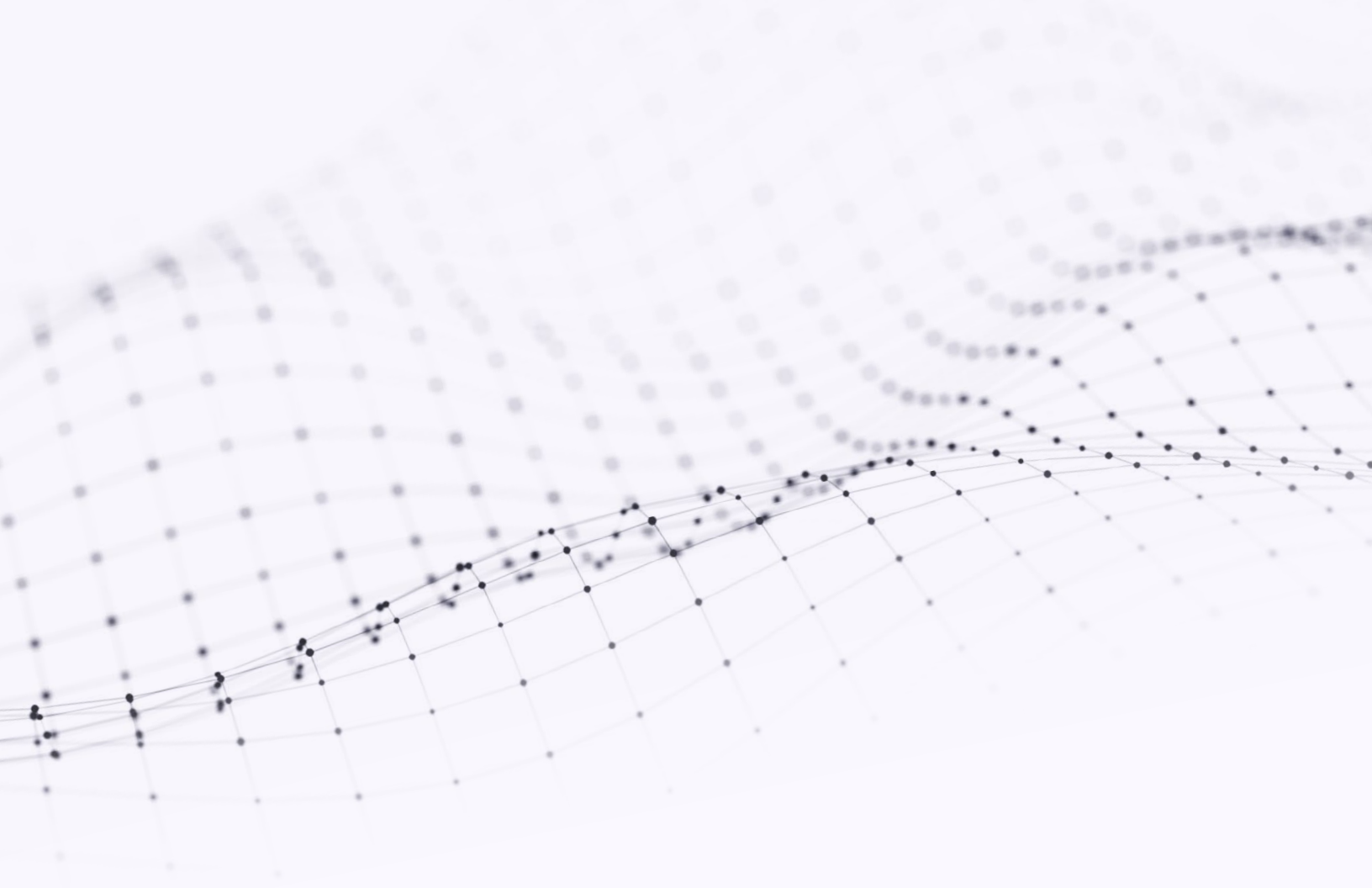
About Q-Centrix

Q-Centrix sees clinical data differently—as custom data sets with infinite possibilities.

Providing the industry's first Enterprise Clinical Data Management (eCDM™) approach, Q-Centrix combines AI-enabled technology, the largest and broadest team of clinical data experts, and insights from its more than 1,200 partners to help improve patient outcomes and drive process and performance improvement, strategic growth, and operational efficiency.

Its solutions address a variety of clinical data needs, including quality measurement and improvement, cardiovascular, oncology, trauma, research, and more.

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