



Physician Group Succession Planning

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What is Succession Planning

- A focus on:
 - Recruitment
 - Leadership development
 - Practice development
 - Ownership
 - Exit strategies

Importance of Succession Planning

- Leadership transitions are risky
- Strategic planning
- Realism is key
- Failure to accomplish could be catastrophic for the value of the practice at death of the sole owner

Medicare Cancellation at Death

- If a physician is the sole owner of a medical practice that is enrolled in Medicare and that physician owner dies, the practice automatically dissolves for purposes of Medicare enrollment as of that date.
- In addition, all reassignments for Medicare billing purposes to the practice are automatically terminated for all physicians and NPPs as of that date, not just the deceased owner.
- The practice's agreement cannot be revived under new ownership.

Medicare Cancellation at Death

- If the employed physician/practitioner wants to provide services at the former practice's location, he/she must submit a Form CMS-855I change request to add the owning physician/practitioner's practice location as a new location of the employed physician/practitioner under a new EIN and Medicare provider agreement.
- As a practical matter, all unbilled and unpaid Medicare accounts (and Medicaid accounts, because revocation of Medicare automatically revokes Medicaid enrollment) probably cannot be billed or collected.
- CMS can also seek recoupment of amounts paid after death but before CMS realized the death has occurred.

Developing Opportunities

- Do you have ownership opportunities?
- Practical considerations
- Common buy-in/buy-out plan

Best Practice for Practice Ownership Structure

- What does senior physician want?
- What does junior physician want?
- Valuation
- Deliver and Negotiate offering (3rd party = no bad blood)

Tips for Transition of Power

- Facilitate structured meetings
- Transition timelines spelled out
 - Pre-hiring LOI
 - Ownership negotiations
 - Post-ownership

Loss of Control Due to Multiple Practice Owners

- This is a myth
- Just because there are two or more owners of a business does not mean that governance and compensation have to be treated the same way
- Owners can always agree on different mechanisms to govern themselves in spite of equal ownership for financial purposes
- “Stark” and antikickback laws only deal with the billing, collection, and division of revenues and payments for internal referrals, not with governance

Loss of Control Due to Multiple Practice Owners

- Multi-physician practices have issues with transition, “slow down” of senior doctors (sometimes), recruitment, and changing internal alliances, but those can be solved during the recruitment cycle and upon buy-in to the practice. They are easier to solve if there are fewer departures from “all for one and one for all” agreements, but they can be solved nevertheless.



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