



*Michael Aluise, Senior Vice President and Advisor at FEG, led a lively breakout panel discussion at the 2023 FEG Investment Forum on the state of the healthcare industry. Panelists included Rob Heimann, Managing Partner at RC Capital; Paul Jenny, Senior Vice President and Chief Financial Officer of Cincinnati Children’s Hospital Medical Center; Jordan Melick, Managing Director at Warbird Healthcare; and Theodore Scherpenberg, Chief Financial Officer of The Christ Hospital Health. The session explored key areas such as mergers and acquisitions, liquidity management, and technology innovation. The underlying theme of the conversation was healthcare’s accelerating transformation and the resulting hurdles.*

## MERGERS AND ACQUISITIONS

Healthcare companies are increasingly engaging in acquisitions as a strategic approach to manage operations and ensure long-term sustainability. These acquisitions serve several purposes. Mergers and acquisitions allow healthcare organizations to expand their geographic reach and gain a broader patient base. By acquiring other facilities, healthcare organizations can tap into new markets and access a larger pool of potential patients. Acquisitions also often result in operational efficiencies and cost savings, as the integration of systems and processes from acquired entities can lead to economies of scale and reduced administrative overhead, while streamlining operations through mergers can lead to improved financial performance.

Mergers and acquisitions allow healthcare organizations to diversify their services and specialties by broadening the range of medical services provided, such as adding specialty clinics or outpatient centers, to meet evolving patient needs and offer a more comprehensive experience. As they typically involve collaboration and partnership with other healthcare providers, acquisitions also foster a more interconnected and coordinated healthcare ecosystem. Finally, by sharing resources and expertise, organizations can improve patient care and outcomes. Healthcare companies and hospitals acquisitions have been an increasingly strategic tool to expand their reach, achieve operational efficiencies, diversify services, and enhance collaboration within the industry.



## LIQUIDITY MANAGEMENT

Healthcare companies, particularly hospitals, must actively manage their liquidity to navigate financial challenges. These organizations implement several strategies to ensure their financial stability, including closely monitoring revenue and expenses to identify opportunities for cost saving and revenue stream optimization and exploring opportunities for revenue diversification through services like telemedicine and outpatient care. In addition, hospitals are working to improve cash flow management by renegotiating contracts with suppliers, optimizing inventory levels, and ensuring timely billing and collections. Finally, many healthcare organizations are seeking financial assistance through government relief programs and grants to bolster liquidity during challenging times.

### TECHNOLOGY INNOVATION

Technology has transformed healthcare, making it more accessible, efficient, and patient-centered, resulting in better healthcare experiences and improved health outcomes for individuals and communities. Technology trends indicate a continued shift towards more patient-centric, data-driven, and technologically advanced healthcare practices. It is essential to stay updated with the latest developments in the field to fully understand how these changes are affecting healthcare in 2022 and beyond. Both patient and employee experiences should continue to improve as new technologies are integrated into healthcare systems, as technology offers the potential to reduce costs, improve access to care, and ultimately save lives.

### Q&A

***What do you expect in terms of government support and how do you factor that into planning?*** *In the pediatric population, the gap between Medicaid and Medicare pricing needs to be addressed. In all areas of healthcare, being aware of the implications of changes in government support is crucial throughout the planning process. Plans must be dynamic to incorporate changes.*

***How are you adapting and embracing technology?*** *Companies must truly embrace technology—not just talk about it. One example is the increase in quality of automated chatbots. Hospitals are also looking to offer an array of payment methods, including apps like Venmo and Google Pay. Most importantly, technology can help improve physicians' work-life balance.*



### DISCLOSURES:

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