

WEISS



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Hedge Your Bets: Bigger Is Better Until It Isn't – CommonSpirit Loses Close to \$2 Billion and Moody's Investors Service States Envision Healthcare Might Be Headed for Bankruptcy

We all know that bigger is better in healthcare, at least until it isn't.

CommonSpirit Health, the large Catholic healthcare system, was likely shocked to discover that it actually is a "not for profit". After all, it swung from \$5.19 billion net gain in FYE 2021 to its just announced \$1.85 billion net loss for FYE 2022.

As I've pointed out before, healthcare industry wonks use the moniker "not for profit" to mean "we don't pay taxes on our profits", not to mean that they don't make a profit. Go figure.

And, on the purely for-profit side, that is, the "we wish we were profitable" side, Moody's Investor Services, the credit rating agency, downgraded Envision Healthcare to a "C", which, according to Moody's, is the "lowest rating, bonds typically in default, little prospect for recovery of principal or interest".

Moody's was quoted as stating that, "The ratings downgrade reflects Moody's view that Envision's capital structure is unsustainable, that the probability of a bankruptcy or major restructuring is high and that recovery rates for much of the company's debt will be low."

Envision Healthcare, which was taken private by private equity firm KKR in 2018 for nearly \$10 billion, provides both physician services and, through its Amsurg unit, operates more than 250 surgery centers.

The point in mentioning these fiscal woes isn't to serve a heaping helping of schadenfreude, but, rather, to tell a cautionary tale that hitching your medical group's future to a "big player" is no guaranty of success. Bigger is only better until size becomes a detriment, in which case, the saying switches to "the bigger they are, the harder they fall."

Preserve your options. Expand to multiple facilities owned by multiple contracting partners. Yes, you can build a significant business by providing, for example, radiology services at all seven of St. Mark's Community Memorial Medical Center's campuses, but if St. Mark's goes down the drain, you'll swirl down right alongside them.

There are other benefits as well from a strategy of building a business that's not dependent upon a single, or even small number, of deal partners. It increases your bargaining strength in connection with any of them as well as with additional potential partners: you can actually walk away from a bad deal.

And, of course, the potential failure of large players brings opportunities. Facilities may be sold, creating openings to obtain deals with the new owners. Dislocated physicians and others might be in the job market. Contracts might be terminated due to bankruptcy, creating opportunities for you.

Plan your strategy out in advance, because implementing it takes time. Will you grow organically or by acquiring or merging with others? What capabilities do you need to attract? Do you need to clean up your organizational and governance structure to facilitate expansion.

Think you don't have time to do this? You have the time, because the time is going to pass no matter what you fill it with. The only question is whether you are going to take your best shot at mastering your future or become subject to the whims and destiny of others.



How to Deploy the Secret Sauce of *Opportunistic* Strategy - Webinar On Demand

They say that COVID-19 has changed the world, creating the "new normal." Many of your colleagues and many hospital administrators are running scared.

Others, leaders like you, know that *crisis means opportunity*.

Let me provide you with the strategic tools and insights that you need in order to seize opportunities, whether they're in the context of your current business relationships, the expansion of your business activities, or the creation of new ventures.

You will learn:

- Defense as a defective default: It's necessary, but not sufficient.
- Exploiting weakness: Drop the guilt and identify opportunity.
- Flat line negotiation is fatal: Understand its myths and limitations.
- Negotiation reality: Learn to identify and deploy on multiple planes to affect the outcome.
- Maneuver: Harness the power of maneuver, both in overall strategy and in specific negotiation strategy.

Others see a crisis and freeze in fear. Learn how to see the opportunities and obtain the tools to increase your odds of obtaining them.

The price to attend is \$479. The cost of not attending is astronomical.

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Newsflash: Business Life In the Time of Coronavirus - The Way Out

The coronavsaaairus crisis, especially as it has become politicized, raises a number of business issues and, quite frankly, business opportunities in regard to future disruptive events.

Check out our [mini-series](#), with actionable business lessons for medical group leaders.

Sooner or later this crisis will end. You can't allow yourself to be too busy, too occupied, too concerned with current events, to devote time and effort to strategizing for your future.



Wisdom. Applied. 166 - Adopting the Contingency Mindset To Improve Your Business

How would you reorganize your medical practice, healthcare business, and relationships if you were paid only for successful outcomes, no matter how they are measured?

All Things Personal

It was 9:00 p.m. The restaurant was clearing out. I was eating alone after returning to the hotel following a meeting.

There he was at a table seventeen feet away, talking to another man. At first I thought that they were on a date, but then I realized that “G” was trying to charm “X” into joining his gastroenterology group.

They say that you’re not supposed to talk about sensitive issues in an elevator or other area in which you can be easily overheard. Either G was never counseled on this or perhaps he thought that the advice doesn’t apply to restaurants. Or to him. Big mistake.

In fact, restaurants are perhaps the worst places to discuss sensitive business. There’s more time to be overheard and recorded.

G launched into an explanation of how his gastro group makes tons of money from other providers. He then launched into a frank discussion about how they had forced their anesthesiologists into a controlled anesthesia company in order to take 30% of their fees, “easy money for the referrals” is how he put it.

He mentioned other services and even names.

In fact, within 8 minutes he mentioned enough for me (with nothing else to do but “people watch”) to pull out my phone, find his group’s website, search through the online bios of their physicians and pull up his smiling picture.

G is lucky that I’m not with the OIG. Or with the FBI, for that matter.

Don’t engage in kickbacks. If you’re dumb enough to take or give them, don’t talk about it in a restaurant. In fact, don’t talk about sensitive business issues in any public setting.

Assume that you’re being monitored and recorded in elevators, restaurants, and other public places. Because you are.

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We've curated our most popular podcasts on managing your practice into our second compilation album.

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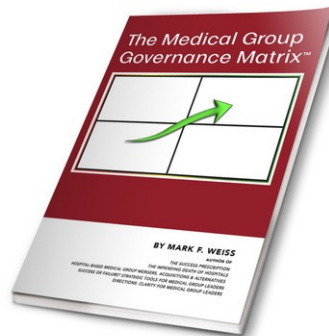
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Published Articles

- [A Subtle Seduction: Anesthesia and the Company Model](#), published on The Anesthesia Insider, by [Anesthesia Business Consultants](#). exclusive [Anesthesia Services RFPs: Cognitive Biases and Hidden Opportunity](#), published in the Summer 2022 Issue of [Communique](#).

Books and Publications



We all hear, and most of us say, that the pace of change in healthcare is quickening. That means that the pace of required decision-making is increasing, too. Unless, that is, you want to take the “default” route. That’s the one in which you let someone else make the decisions that impact you; you’re just along for the ride. Of course, playing a bit part in scripting your own future isn’t the smart route to stardom. But despite your own best intentions, perhaps it’s your medical group’s governance structure that’s holding you back. In fact, it’s very likely that the problem is systemic. The Medical Group Governance Matrix introduces a simple four-quadrant diagnostic tool to help you find out. It then shows you how to use that tool to build your better, more profitable future. Get your free copy [here](#).



Whenever you're ready, here are 4 ways I can help you and your business:

1. Download a copy of The Success Prescription. My book, The Success Prescription provides you with a framework for thinking about your success. Download a copy of The Success Prescription [here](#).

2. Be a guest on “Wisdom. Applied. Podcast.” Although most of my podcasts involve me addressing an important point for your success, I’m always looking for guests who’d like to be interviewed about their personal and professional achievements and the lessons learned. [Email me](#) if you’re interested in participating.

3. Book me to speak to your group or organization. I’ve spoken at dozens of medical group, healthcare organization, university-sponsored, and private events on many topics such as The Impending Death of Hospitals, the strategic use of OIG Advisory Opinions, medical group governance, and succeeding at negotiations. For more information about a custom presentation for you, [drop us a line](#).

4. If You’re Not Yet a Client, Engage Me to Represent You. If you’re interested in increasing your profit and managing your risk of loss, [email me](#) to connect directly.