

# WEISS



**June 5, 2026**

Why would merging medical groups plan to fail?

Of course, they don't call it that. They call it strategy.

Unfortunately, it's a strategy that I've seen play out time and time again, at best hobbling medical group performance and, at worst, and far more common in my significant experience, destroying the business altogether.

## **A Marriage of Convenience**

Two medical groups, we'll call them "Group A" and "Group B", determine that it's in their best interest to merge to create "Big Group X". Most often, "best interest" means payor rate arbitrage, but there can be other reasons, almost always purely economic.

Because both groups are of significant size, not two medical school buddies merging their internal medicine practices, congeniality's got nothing to do with it. In fact, congeniality and common culture aren't part of the equation.

And, most importantly, trust between Group A and Group B is low. Very low.

As a result, and although they create a structure that allows the resulting Big Group X to become a single legal, financially integrated entity, they create a governance structure that preserves the shadow identity of Group A and Group B through what essentially become "Division A" and "Division B". They perceive they are being "fair" when half of Big Group X's board of directors is elected by and from the physicians in each of the formerly constituent groups.

There are, of course, variants of this structure but they all involve a significant element of institutionalizing the separateness of the divisions.

### **The Marriage of Convenience Becomes a Marriage of Inconvenience**

The preservation of the separateness of the divisions hobbles the ability of the Group X board members to function as fiduciaries for the entity itself.

Setting aside the liability that this creates for the individual directors, the dynamics become such that none of them is motivated by or rewarded for achieving overall Group X business goals, but for preserving the advantage of the constituent entity from which each is elected.

The physician owners within Division A still consider themselves to be Group A, and the same for those within Division B. Psychologically, they never wanted to actually merge, they just wanted to be able to capture higher payor rates or expand their footprint or gain some other economic advantage.

Over time, the management of Group X becomes strained. Matters such as who to engage as the group's executive director, who to engage as legal counsel, who will staff an additional facility or office location, and so on, are all litigated between the factions of the fractured board.

The group marriage, which was thought to be of economic convenience for all concerned, becomes a marriage of inconvenience, from which Division A and Division B members seek refuge back into Group A and Group B.

The merger created a tenuous economic union, but nothing of much substance was done to actually integrate into a combined venture. In a sense, it's no one's fault because no one wanted to.

### **The Impact of Group Divorce**

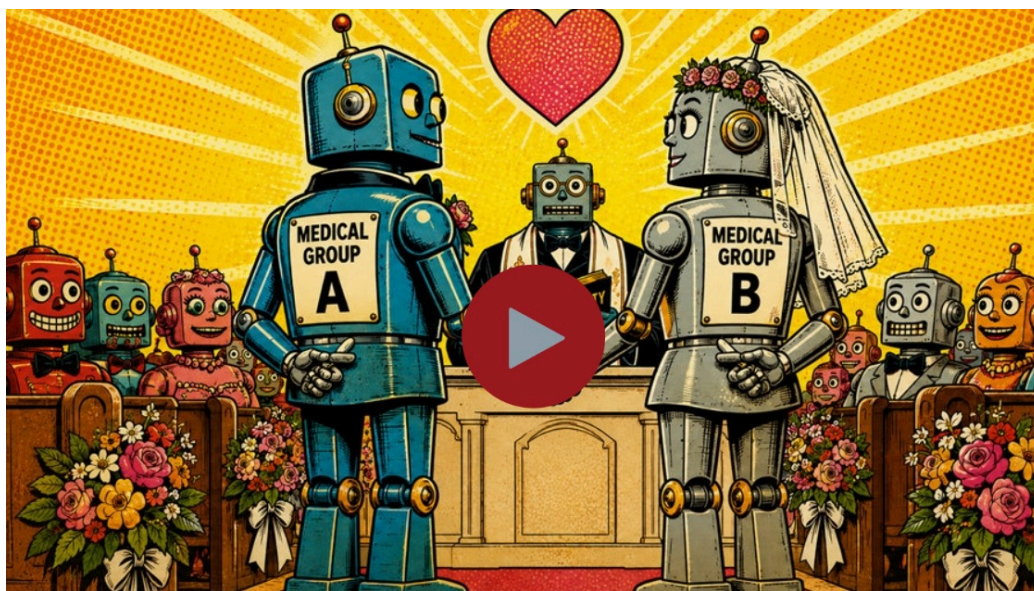
As with the analogous human marriage, the group marriage is far more expensive to take apart than it was to enter into.

In fact, in my experience, taking it apart most often results in the failure of one or both of the constituent entities.

The two divisions, which couldn't agree on combined governance, will rarely agree as to which division inherits the Group X entity with its tax ID number, facility agreements, and payor contracts. As a result, there is no successor entity, just, perhaps, two new medical groups formed from scratch. And, in that situation, even if they can agree upon which new group gets what, facilities and payors may have entirely different ideas.

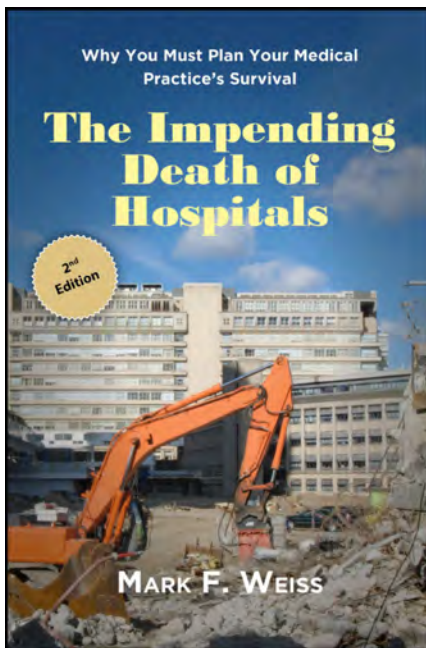
The beneficial issues in a medical group merger are easy to spot and to plan for. The difficult ones, or the ones that can be seen but that everyone feels better ignoring, are much harder to resolve. But unless they are resolved upfront and effectuated through a well thought out integration process, the merger is set up for failure to begin with.

For groups which made these mistakes yet are still operating, there may be time for the necessary corrective action. Time, though, is not on your side. Survival requires diagnosis and treatment now.



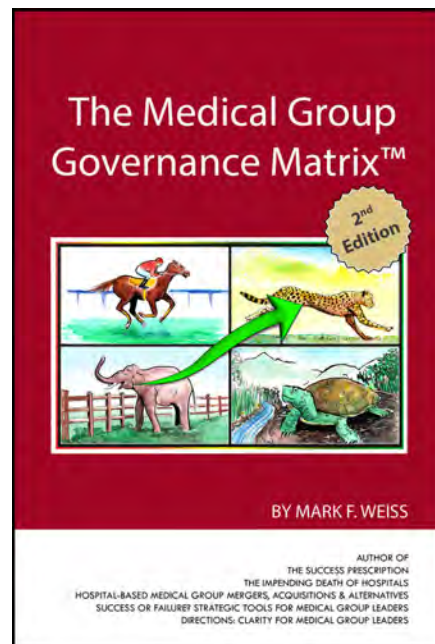
## Your favorites, updated.

Two of our most popular publications are back with current statistics and the same urgent message: You must plan for your group's continued success.



**Hospitals gorged on “aligned” physicians. Now it’s evident that integrated care delivers neither better care nor lower costs. And now, technology is mooting many of the reasons for a hospital’s existence. How can your practice survive in the post-hospital world?**

Get your copy



**An inadequate governance structure can cripple your medical group’s ability to make effective decisions. Are steering your group toward disaster? The Medical Group Governance Matrix introduces a simple four-quadrant diagnostic tool to help you find out.**

Get your copy

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

---

**Download one of our books.**

**Our books** provide you with a framework for thinking about your success. Browse our selection and take control of your future today.

**Be a guest speaker on our podcast.**

Passionate about sharing personal and professional achievements and lessons learned? Email me to participate in the conversation.

**Book me to speak to your group or organization.**

I've presented to various medical groups, organizations, universities, and privately consulted on many topics that today's healthcare professionals are facing. Let's discuss a tailored presentation to fit your group.

**Engage me to represent you.**

If you're interested in enhancing your profitability and effectively managing your risk, email me to discuss how we can work together to achieve your goals.

---

Join the conversation



Visit our website 