Appendix 3:
Issues listing as to full integration

I. Mutual objectives
   A. Benefits to be achieved through complete integration
   B. Identification of benefits to patients and payers
   C. Identification of perceived synergies
   D. Participant objectives
   E. Market impact

II. Nature of relationship
   A. Creation of health system with significant physician governance and an aligned physician service organization
   B. Creation of physician division within a hospital or health care system
   C. Exclusive professional services arrangement
   D. For profit or not-for-profit (typically physicians employed)
   E. Separation of functions via a management services organization/physician management company or professional services agreement
   F. Ancillary agreements (lease, management, professional services, funding, IT support, asset or stock purchase or sale)

III. Transaction timeline
   A. Establishment of a negotiating team
   B. Selection of professional advisors
   C. Due diligence timetable
   D. Regulatory and antitrust analyses
   E. Valuation process
   F. Required consents and license transfers
   G. Required financing
   H. Establishment of regular meetings and reporting

IV. Governance
   A. Extent and determination of the manner of selection of physician representation on governing body and any affiliated physician service organization
   B. Retained or reserved powers to health system or physicians
   C. Negative control and supermajority requirements
   D. Deadlock resolution
   E. Amendment of governance documents
   F. Administrative reporting and physician rights with respect to various aspects of the practice
   G. Service line and outpatient management agreements
   H. Opportunities for physician administrators/medical directorships and clarification of the physician managers’ role with respect to hospital operations and relationship to hospital medical staff department chairs
   I. Exclusivity of the physician organization as to the system’s affiliate physician or physician outpatient or designated primary care or specialty services and clarification of the organization’s relationship with hospital-based physicians and hospital employed physicians; exclusive or dual recruiting of new physicians into the market or from the market
   J. Physician governance—by specialty or through a single multi-specialty board
   K. Decisions in which physicians recommend and decisions in which physicians control
   L. Role and reporting responsibility of the medical director and any physician CEO or physician group administrator
   M. Rationalization of ancillary
V. Physician employment agreement terms
   A. Term
   B. Compensation plan/guaranty/productivity measurements/treatment of midlevel providers/expense allocations and support
   C. Non-compete, if any
   D. Compensation and expectation for administrative services and for start-up clinical initiatives or market expansion
   E. Termination and unwind provisions and definitions of for cause, for good reason and without cause
   F. Professional liability coverage/tail insurance issues
   G. Dispute resolution
   H. Practice support and location
   I. Quality and efficiency benchmark development process and incentives
   J. Rights on termination/dispute resolution
   K. Permissible outside activities
   L. Other medical staff memberships/call requirements
   M. Severance and employee benefits
   N. Unwind provisions
   O. Physician Code of Conduct

VI. Valuation
   A. Valuation of assets, service lines, and human resources contributed or acquired
   B. Valuation of compensation as within fair market value
   C. Valuation of any service line management or other compensation as within fair market value
   D. Process for selection and expense sharing for selecting consultants, appraisers and professional advisors
   E. Valuation of existing physician owned entities such as surgery centers and outpatient centers

VII. Business plan issues
   A. Process for budget development and approvals
   B. Recruitment plan
   C. Retention of key physician administrators and reporting responsibilities and rationalization of existing staff, facilities, departments and ancillaries
   D. New facilities contemplated to be constructed
   E. License transfers, regulatory approvals
   F. Strategic direction as to physician recruitment, outpatient and inpatient service focus
   G. Compatibility of strategic goals to incentives in the compensation plan
   H. Name
   I. Confidentiality and communications
   J. Integration and communication protocols and standardization of practices
   K. Development of centers of excellence and clinical protocols
   L. Receptivity to inclusion of independent medical staff and existing employed physicians into single physician entity
   M. ACO structure and participation

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