# Mergers and Acquisitions in Healthcare: A Guide for Retirement Plan Sponsors

Key considerations and best practices for effective retirement plan design and integration

Merger and acquisition (M&A) activity has been on the rise as more healthcare organizations aim to strengthen their competitive positions. Often overlooked, an important factor for a successful merger or acquisition is optimizing the design and implementation of retirement benefits to support the organization's overall strategy.

## ALIGNING BUSINESS AND BENEFITS STRATEGIES

Fidelity Investments, the leading provider of retirement plans to the not-for-profit healthcare market[1], can help acquiring, acquired, newly-formed, and affiliated organizations develop and implement benefits and retirement plan strategies that support their missions and business strategies.

Fidelity has found that the following retirement benefits considerations are most relevant for organizations completing a merger or acquisition:

- **Developing a strategy to account for qualified and non-qualified plans**
- **Understanding merger or asset purchase impacts on plan integration**
- **Updating plan administration policies and processes**
- **Communicating the change(s) to employees**

Successfully addressing these considerations can improve the competitive position of the post-transaction organization. "A merger or acquisition presents an opportunity to improve the overall cost and competitiveness of the organization's benefits," says Rick Mitchell, executive vice president, Fidelity Investments Tax-Exempt Retirement Services. "Fidelity has found that implementing a benefits strategy that supports the business strategy and talent management needs of the post-M&A organization can optimize the return on the retirement investment."

## IMPLEMENTATION BEST PRACTICES

Fidelity has compiled a list of best practices to help guide leadership in engaging stakeholders and implementing a forward-looking retirement benefits strategy. Tim Ruggles, vice president and healthcare practice lead for Fidelity states, "I encourage leadership to follow Fidelity's recommended best practices, which provide a roadmap to help administration and Human Resources partner to effectively manage the change and take advantage of the opportunity a merger or acquisition presents."

***Develop a governing strategy for mergers and acquisitions —*** Organizations should have an over-arching strategy for M&As that details the overall retirement benefits goals and provides a framework to drive integration. When organizations address M&As inconsistently, there is a greater possibility that employees will experience confusion, and the retirement plan will include multiple providers, fiduciaries, payrolls and legal filings - and higher administrative costs.

***Establish a repeatable integration model —*** To enable successful retirement benefits integration, organizations should create an M&A integration template, outlining key activities and defining a task force of experts who can collaborate as needs arise. Suggested members include: due diligence specialists; benefits technical experts to focus on plan design; human resources specialists to explore potential cultural issues; and information technology specialists to address data integration.

***Identify integration leaders —*** Forming an effective leadership team is critical. The representation should include administration and functional leaders as well as influential advocates who will visibly support the changes. These leaders can ensure inclusive decisions occur, and should include the chief medical officer, chief nursing officer, human resources, finance, legal, labor relations, and leadership of the acquired organization.

***Begin integration early —*** Key internal stakeholders, including board members, business line managers, information technology leaders and clinicians, and external stakeholders, including outside legal counsel and local political and community leaders, should be aware of a pending deal as early as possible. Prompt notification can help generate trust and cooperation.

## LOOKING FORWARD

Fidelity can partner with healthcare organizations to help navigate the most complex transactions and implement a strategy that positions them for long-term success. "Fidelity understands the challenges and opportunities in the ever-changing healthcare market," states Mitchell. "We do not react; we lead with solutions that help ensure organizations' retirement programs remain competitive despite the many changes ahead."

For more information on how Fidelity can help, please call 877-259-8560.

[1] Based on LIMRA (Life Insurance and Market Research Association) not-for-profit market survey Q2 2013 results