

SAMPLE DUE DILIGENCE CHECKLIST FOR PRACTICE M&A

If you're contemplating a sale or merger, start gathering these documents ahead of time. Having this basic information readily available will inspire confidence in a potential buyer or partner.

THE ORGANIZATION

- Legal documents including Articles of Incorporation/Limited Liability Company, Bylaws and any amendments
- Organizational chart including any affiliates or subsidiaries
- List of all of the Company's assumed names (DBAs) and copies of registrations
- List of shareholders, trustees, directors, and officers including title and term of office
- Owner agreements including partnership agreements, operating agreements, shareholder agreements, and amendments
- Schedule and copies of MCO/IPA/PHO contracts by type, name, term, CHOW notification requirement and CHOW impact
- Good Standing Certificate for ASC and affiliates or subsidiaries
- Board of Directors meeting minutes and resolutions for at least the past 2 years

HUMAN RESOURCES

- List of active and non-active employees and contractors
- Employee agreements including non-compete and conflict of interest agreements
- Benefits plans and packages, including contact information for each plan's administrator
- Employee handbooks

FOR EACH PHYSICIAN, GATHER:

- Basic information including name, birth date, SSN, medical license number, DEA number, specialty, and board certifications
- Insurance credentials

- Background check with authorization (FBI, FDLE, National Practitioner Databank, medical school, certifying board)
- Records of present or past investigations by any governmental agency or private insurance plan
- Any known allegations or actions of malpractice or professional misconduct
- Records of any past, present, or pending discipline, sanction or censure
- Disclosure of special relationships

FINANCIALS

- Monthly financial statements for the past three years, including balance sheets, income statements, cash flow statements, aging reports, accounts payable, and bad debt/write-offs report
- All current budgets and projections including projections for product sales and costs for retail optical
- Accounting/billing policies and procedures
- Bank statements for the past year
- Credit card agreements
- Schedule of all intercompany transactions, transactions between owners, and sales/dispositions of ownership interests in the last five years

ASSETS

- Legal description and title for all real property owned
- Copies of all leases or subleases for facilities and equipment (medical and office)
- List of entities where the practice owns equity (usually over 5%)

- Valuation of physical inventory
- Inspection and maintenance/repair records for facilities and equipment

BUSINESS OPERATIONS

- Schedule and copies of all operating contracts and vendor agreements
- Schedule and copies of all insurance policies and claims (malpractice, real property, personal property, flood, business interruption, etc.)
- Schedule of all utility accounts including a copy of the most recent bills
- Marketing plan for previous two years and future five years
- Contracts for participation in Medicare and Medicaid, and third party payers

COMPLIANCE

- Written compliance plan
- Compliance policies and procedures including a list of compliance personnel, code of conduct, training materials, training logs, meeting minutes, attendance lists, hotline logs, and budget
- Complete record of communication between medical auditors, management, and outside counsel for the past five years
- HIPAA privacy and security policies, business associate relationships, and agreements
- Records of any breaches of PHI
- Reports of past, present, or pending claims and investigations alleging regulatory violations.



Need help acquiring practices, financing growth or getting your practice ready to sell?

Eye Care Leaders consultants are ready to get you started. Simply contact your practice consultant or Sean West, SVP of Practice Consulting, at 913.244.1205 or sean.west@eyecareleaders.com

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