



# Consolidation in the Belgian hospital sector

## How to successfully create value through optimal collaboration

**May 2024**



# Key takeaways

In response to major legislative changes and financial pressures, Belgian hospitals are actively exploring collaboration efforts. Amid this evolving landscape, hospitals are re-evaluating their approach to value creation, emphasising the importance of the quintuple aim in healthcare. Alongside enhancing patient experience, improving population health, and boosting care team wellbeing, hospitals are also prioritising health equity and optimising cost structures.

As a result, hospitals are increasingly focusing on identifying the best way to collaborate and create value through this convergence. To date, Belgian hospitals can choose between five forms of collaboration, some of which can co-exist and others that are imposed by law, each serving different strategic objectives. The choice between the different models depends on the specific objectives, needs, and circumstances of the hospitals involved.

To maximise the value created by the collaboration, each of these collaborations must consider all stages of the M&A lifecycle:

1) Shaping the strategy, 2) Identifying the opportunities, 3) Preparing and executing the agreement, and 4) Delivering the returns while 'transforming as you transact'.



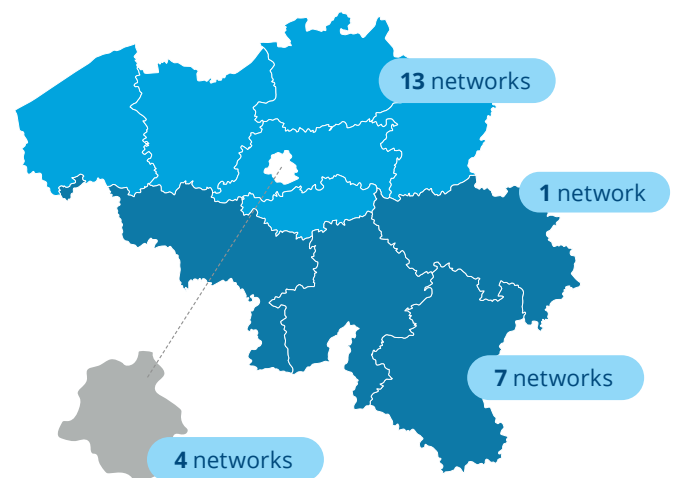
## SUMMARY

- 01. How is the Belgian hospital landscape organised?
- 02. What are the key challenges impacting the sector?

# Current Belgian hospital context

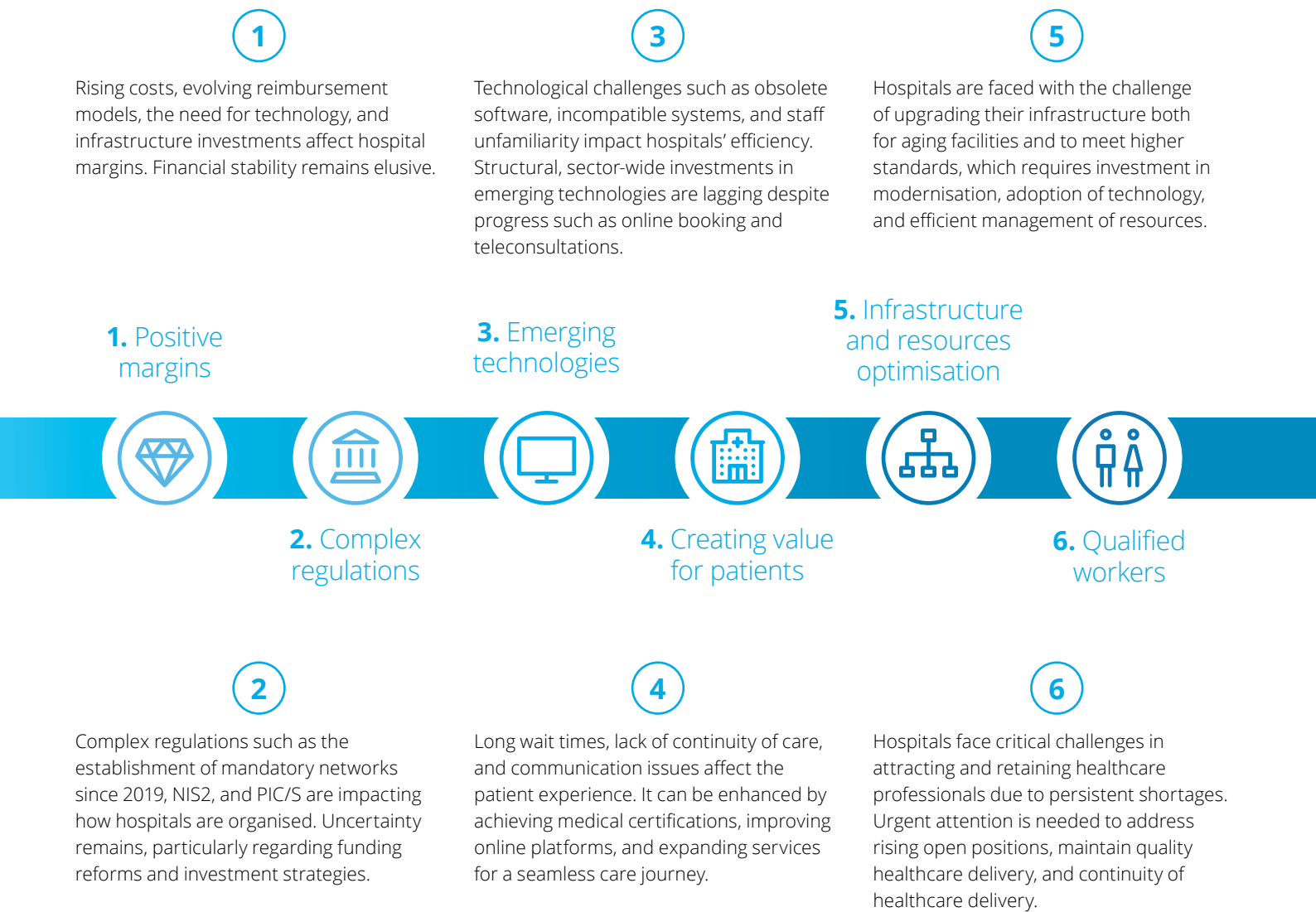
## 1 How is the Belgian hospital landscape organised?

The Belgian healthcare landscape comprises 103 hospitals, with a majority being general hospitals, spread across Flanders, Brussels, and Wallonia. This distribution ensures that most Belgians have easy access to hospital care. A trend toward collaboration and consolidation within the hospital landscape has been observed with the objective to rationalise the current system and remain sustainable. In 2019, the introduction of loco-regional care networks marked a significant structural change, aiming to create cohesive networks of hospitals within continuous geographical zones.



## 2 What are the key challenges impacting the sector?

In Belgium's dynamic healthcare landscape, hospitals face uncertainty through a range of pressing issues. As a response to these challenges, hospitals have started to collaborate at a higher pace, understanding the value of an integrated approach to support their future in a sustainable way. These moves are paving the way toward more strategic alignment and operational optimisation between Belgian hospitals. This enables hospitals to elevate the patient experience, enhance population health, and bolster care team wellbeing, all while promoting health equity and optimising cost structures—the quintuple aim of healthcare delivery.



**Note:** [healthybelgium.be](https://healthybelgium.be) (2021), [lecho.be](https://lecho.be), [befius.be](https://befius.be), [health.Belgium.be](https://health.Belgium.be), [technologyreview.com](https://technologyreview.com)

## SUMMARY

- 01. What are the drivers for hospitals to collaborate?
- 02. What are the different collaboration forms?

# Collaboration models for Belgian hospitals



## 1 What are the drivers for hospitals to collaborate?

### Improving population health through integrated care

Developing integrated care to improve population health is propelled by the urgent need to create cohesive healthcare ecosystems that prioritise seamless coordination, proactive population health management, and patient-centered care delivery. By aligning efforts through collaboration, healthcare providers streamline care pathways and leverage data-driven insights to deliver holistic, personalised care that addresses both individual patient needs and broader community health goals.

Collaboration ensures the efficient utilisation of resources and foster sustainable healthcare systems capable of meeting the evolving needs of diverse populations.

### Quality of medical care for patients

Sharing knowledge and expertise within collaborations can further improve the quality of medical care, as the strengths of each partner are deployed to this end. This is particularly true when it comes to bringing together the know-how needed to treat complex and rare pathologies, with the support of hyper-specialised practitioners. For example, hospitals will be more inclined to meet the thresholds required to be authorised to perform certain medical procedures and retain their accreditation.

This will directly result in an increase in the number of patients combined, which will guarantee a better quality of care in the long term for the collaborating partners. Indeed, closer collaboration increases patient access to high-quality medical care within a more integrated healthcare system.

Finally, greater integration also means greater standardisation of care, which reduces undesirable variations in care pathways for patients and practitioners, both in the community and in hospitals.



## Optimised medical care portfolio for hospitals to improve patient care pathways

By working together, a joint medical care strategy can be developed to align medical care with the health needs of the Belgian population and achieve critical mass for hospital functions and care programmes. These joint strategies can improve patient care pathways through a more comprehensive and coherent care offering. By joining forces, hospitals can focus even more on medical innovation and the creation of centres of excellence and ensure that they acquire or develop the right capabilities.

These optimised portfolios also create timely and rapid access to diagnosis, treatment, and specialist medical care in a single, optimised patient pathway. This rationalisation means that patients have greater knowledge and control over their care pathways. While the focus is clearly on creating value for the patient, these elements are also helping hospitals to improve their strategic positioning with their population and to enhance their attractiveness.

## Financial outcomes and operational efficiency

Collaboration enables economies of scale to be achieved on investments (strategic and non-essential) and strengthens the negotiating position for joint purchases. This also represents an opportunity to eliminate duplicated costs and reduce the overhead base to the extent possible.

The aim is also to share the financial burden of new equipment and tooling between partners without reducing significantly the added value they can generate from it. Value creation from synergies can then be reinvested within the collaboration for further improvements and innovation (e.g., care delivery or infrastructure).

Collaboration also makes it possible to improve operational efficiency through various opportunities to achieve critical mass and by increasing the rate of interaction between partners. It is therefore important to seize opportunities intelligently to implement new innovative initiatives as part of the collaboration.



## 2 What are the different collaboration forms?

Over time, Belgian hospitals have transitioned from independent entities to larger, more structured medical organisations, driven by regulatory influences, cost considerations, strong professionalisation of the staff, and the need to address medical profile shortages.

However, current Belgian law falls short in fostering efficient collaboration. For instance, even if partners can join forces in some domains (common budget, governance, etc.), no joint funding mechanism is foreseen and remains per individual accreditation. There is also complex interplay between federal and regional legislation which requires a certain level of coordination to create a more robust medical care strategy.

Belgian hospitals can collaborate in many forms, which can be distilled to five categories, some dictated by law, with each serving strategic purposes. The choice between the different models depends on the specific purpose of the collaboration, needs, and circumstances of the hospitals involved. Legal, financial, and operational considerations play a crucial role in determining the most suitable collaboration model.

The following section summarises these five legal options and their corresponding levels of integration. It is also important to mention that some of these forms of collaboration can coexist in certain hospitals (for example, the association of services in addition to corporate integration).

For all the forms of cooperation, hospitals retain separate accreditation numbers, except for the most integrated one, “full merger”, where there is a new legal entity created (unless an existing one absorbs the other) with only one accreditation. Similarly, the services in the individual hospitals must meet separate accreditation standards. Although Belgian law doesn't mandate a specific legal status for hospitals, they must adopt a non-profit organisation status to access public funding.

### Type of cooperation

#### Level of integration and autonomy



#### Enhanced cooperation

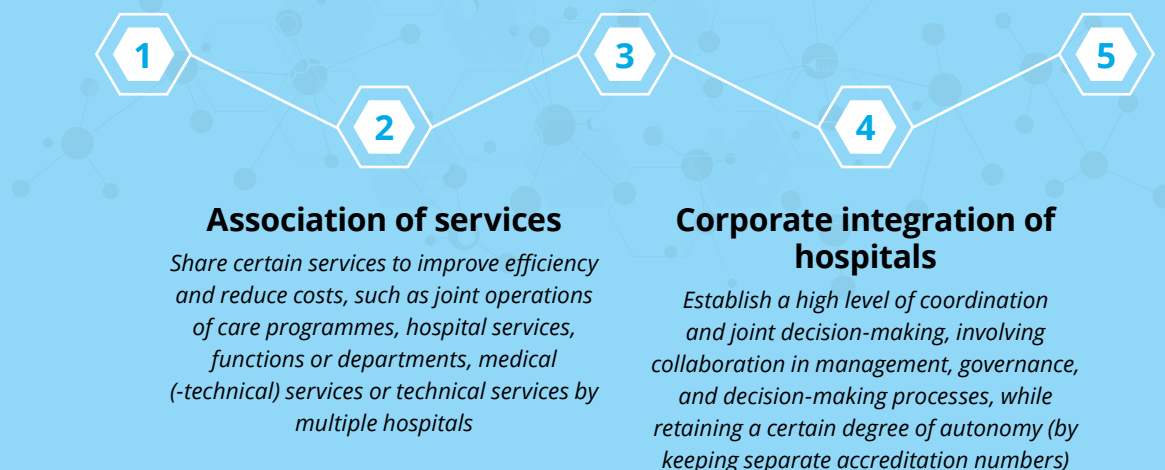
*In the context of hospital networks, collaborate on specific projects or initiatives, achieving economies of scale, conducting joint research for specific projects and addressing healthcare challenges*

#### Grouping of hospitals

*Seek a more integrated approach by combining specific resources and expertise in strategic areas, coordinating care, and achieving efficiencies in particular specialties*

#### Full merger

*Create a more unified and efficient healthcare system with a single legal entity by streamlining operations, improving patient care, realising cost savings, and addressing patient needs*



*In the following section, we will not go into detail about the hospital networks that must be set up (law 2019).*



In the table below, we summarise the differentiating information in terms of human resources, Financial & assets, as well as governance and legal status for each of the five types of collaboration.

HR	Financial & assets	Governance & legal status
<b>Enhanced cooperation:</b> hospitals work together closely on specific initiatives or projects in the context of hospital networks while maintaining their distinct legal and operational autonomy. Limited collaboration keeping separate legal entities		
Focus on <b>specific projects and/or initiatives: shared clinical services, personnel, or infrastructure</b>	Focus on <b>specific projects and/or initiatives for which shared financial arrangements</b> can be set up  Set up a cost sharing association with regards to cooperation's needs	Keep <b>one management team</b> and usual governance bodies per entity (hospitals retain individual legal status)  Set up <b>legal agreements defining the scope</b> of cooperation
<b>Association of services</b> legally formalises a sustainable partnership between two or more hospitals, by jointly operating one or more care services, departments, functions, units, or technical medical services		
<b>Share certain functions</b> but maintain autonomy in the other aspects  Shared decision-making in some areas	Share <b>some financial responsibilities</b> and asset-related decisions (two separate hospital budgets)  Joint financial arrangements in certain areas ( <b>cost sharing association</b> ); hospitals maintain distinct assets	<b>Coordinate decisions</b> related to shared services only (hospitals retain individual legal status)  <b>Set up legal agreements outlining</b> the shared services
<b>Grouping of hospitals:</b> involves partners drafting a proper agreement on the collaboration legal form, the distribution of activities, the offering specialisations, and the facilities/equipment usage while ensuring the complementarity in medical disciplines. The aim is to meet the needs of the population and improve the quality of care (the hospitals must not be more than 25 km apart)		
<b>Autonomy in HR management retained by individual hospitals</b>  The hospitals must appoint a chief medical coordinator, a nurse coordinator, a general coordinator, and a joint medical committee	<b>Joint funding</b> for specific initiatives as well as shared resources and coordinated budget  Each hospital maintains separate financial structures and assets	<b>Decision-making responsibilities</b> in strategic areas, each hospital retains a degree of autonomy in local governance  Set up legal agreements <b>outlining the collaboration</b> , resource sharing and collaboration efforts (individual legal status for hospitals)
<b>Corporate integration:</b> brings together separate hospitals with separate accreditations under a single management		
Shared HR practices and policies, possibility to centralise HR management	Joint financial strategies, budgeting processes and possibly centralised asset management	<b>Shared corporate governance</b> structure : joint decision-making at the organisational level (one executive board, one general assembly)  <b>Separate legal statuses</b> but operate under a shared corporate structure or agreement
<b>Full merger:</b> brings together separately licensed hospitals under a single administrator with a single accreditation (must be within a radius of 35 km from each other)		
Staff from the two entities become <b>part of a single integrated workforce</b>	<b>Unified financial structure, pooling</b> their financial resources, assets and liabilities	Unified governance structure, <b>single board of directors, executive leadership</b> overseeing the single entity  Creation of <b>a new legal entity</b> , the merged hospitals cease to exist independently (incl. objectives, financial plan, implementation roadmap)

## SUMMARY

- 01. How does hospital collaboration create value?
- 02. What are potential obstacles hindering collaboration?
- 03. What are the key success factors to optimise collaboration?

# Potential for value creation and key success factors of hospital collaboration

## 1 How does hospital collaboration create value?

Collaboration between one or several hospitals can create value through different strategic options (figures based on 10 mergers in the US).

- 1 **Alliances and partnerships** usually improve EBITDA by up to 10%, with a high variance depending on the type. Benefits are generally shared between the partners rather than concentrated on one side.
- 2 **A full merger between two hospital structures** might generate up to 20% potential EBITDA improvement, but is highly dependent on the ability to find synergies between the parties and identify the strengths of each organisation.
- 3 **Including ambulatory services** by hospitals usually improves EBITDA by up to 10%. This creation of value is dependent on the hospitals' financial situation and the possibility to incorporate efficient solutions quickly in the identified improvement areas.

*As there are no sufficient datapoints in Belgium given the relatively recent hospital consolidation wave, the above data has been inferred from an analysis on 10 mergers in the US*

M&A has long been recognised as a strategic avenue for creating substantial value within hospitals, through revenue growth and cost savings. While cost efficiencies remain easier to realise, revenue synergies can be significant as well for these organisations. The following page provides insights into these synergy targets per functional area, along with concrete examples of initiatives which can be undertaken to realise them.

In the short term, hospitals can drive value by integrating functions such as finance and HR, areas where full value can be typically realised in the first six months of the integration. While these efficiencies can be very significant (up to 14% of the cost base for finance and 18% for HR), this synergy range varies largely depending on the transaction. Slightly more in the medium term, focusing on IT synergies can trigger up to 20% reduction of the cost base. Finally, focusing on revenue cycle optimisation becomes important to improve revenue collection and insurance reimbursements.

In the long term, synergies can be realised in several other functional areas (a significant part of them in back-office), typically taking up to 24 months. The largest cost efficiency buckets are in areas such as supply chain (i.e., procurement and purchases

optimisation) and revenue cycle (optimisation of processes for revenue capture). They can represent respectively up to 10% reduction in the cost base (supply chain) and up to 12% (revenue cycle). Regarding additional revenue generation, significant potential exists in the optimisation of clinical enterprise activities (avoiding patient leakage and optimising their redirection to other services within the organisation). Finally, other areas such as centralising pharmacy activities and optimising clinical operations (delivery of care services itself), can also bring value in this longer-term horizon.

In conclusion, collaboration requires a multifaceted approach with short, medium, and long-term strategic focus. These different approaches allow organisations to unlock synergies resulting in increased cost efficiency, revenue growth, and strategic positioning in the market. While hospitals seek synergies, the potential for sustained success and value creation through collaboration becomes increasingly evident.



**Note:** Deloitte analysis and benchmarks based on 10 mergers in the US

## Typical M&amp;A synergies opportunity areas (figures based on 10 mergers in the US)

	Functional areas	Synergy potential		Illustration of synergies	Time to implement in months	
		Low (%)	High (%)			
Cost savings	<b>Clinical operations</b>	1.7%	2.2%	<ul style="list-style-type: none"> <li>Reinvent clinical delivery model, developing infrastructure to optimise the way healthcare is delivered to patients</li> <li>Redesign clinical roles and workforce efficiencies based on evolving patient demand, using intelligent automation and virtual assistants</li> <li>Conduct joint internal audits to improve operations</li> </ul>	9 to 24	●
	<b>Pharmacy</b>	4.5%	7.7%	<ul style="list-style-type: none"> <li>Centralise pharmacy activities (prescriptions, distribution, compounding, repackaging, etc.)</li> </ul>	12 to 24	●
	<b>Supply chain</b>	5.8%	9.9%	<ul style="list-style-type: none"> <li>Develop a strategic procurement approach through consolidating contracts, applying KPIs, and renegotiating terms</li> <li>Use ERPs to develop centralised management of purchased services</li> </ul>	12 to 24	●
	<b>Revenue cycle</b>	5.6%	11.5%	<ul style="list-style-type: none"> <li>Create a centralised office to consolidate processes involving generating, capturing, and collecting revenues (registration, insurance, billing, payments, etc.)</li> <li>Leverage technology to foster front-end collection at the time of patient registration</li> </ul>	12 to 24	●
	<b>IT</b>	8.1%	19.6%	<ul style="list-style-type: none"> <li>Develop best practices for electronic medical record (EMR) systems to support better functional capabilities and allow facilitating the integration of incremental applications</li> <li>Rationalise applications across the organisations to realise licensing efficiencies, streamline maintenance and support requirements</li> </ul>	9 to 12	●
	<b>HR</b>	10%	17.5%	<ul style="list-style-type: none"> <li>Standardise HR policies, processes, and data to leverage best practices to improve efficiency</li> <li>Role redundancy reduction, reducing duplicated roles</li> <li>Share compliance processes to answer regulatory requirements</li> </ul>	3 to 6	●
	<b>Finance</b>	9.8%	14.3%	<ul style="list-style-type: none"> <li>Centralise financial processes (payables, payroll, etc.) and apply standardised procedures to reduce errors</li> <li>Centralise data for more efficient financial analysis and reporting</li> <li>Diversify financial risk, manage better revenue fluctuations, and improve credit rating</li> </ul>	3 to 6	●
Revenue growth	<b>Clinical enterprise</b>	4.0%	6.0%	<ul style="list-style-type: none"> <li>Reduce patient leakage through improving referrals between services and optimising their redirection</li> <li>Use analytics and predictive modelling to track referral patterns</li> <li>Enhance patient engagement practices through technology (e.g., digital patient journey, etc.)</li> </ul>	9 to 24	●
	<b>Revenue cycle</b>	0.7%	1.1%	<ul style="list-style-type: none"> <li>Build and expand specialty billing and coding capabilities, improving the accurate recording and billing of medical services which are unique to specific departments, and ultimately leading to better revenue collection through faster reimbursement from insurance providers</li> </ul>	6 to 12	●

Time of implementation

12



Short-term (can be realised &lt;12 months)



Long-term (&gt;12 months)

While collaboration in the hospital sector has the potential to generate these synergies, their actual realisation often extends over several years. Indeed, only 40% of hospital transactions did realise 25% (or more) of their cost-efficiency goals planned initially. However, for those that reached their objectives, it usually took longer than two years to yield tangible results. The key focus for hospitals lies not only in substantiating synergies early but rather in identifying clearly the obstacles for collaboration and key success factors that can mitigate these. Adhering to collaboration best practices and implementing a structured integration process (including monitoring of synergies) can help partners to fully realise the value of their collaboration.



**Note:** Deloitte analysis and benchmarks based on 10 mergers in the US

## 2 What are potential obstacles hindering collaboration?



### GOVERNANCE

In some cases, a lack of decision power at the level of the collaboration can lead to a slower decision-making process. The decision-making process can be time-consuming and complex in hospital collaborations, partly due to an insufficient transfer of competences to the joint structure, leading to a low-level of strategic alignment. Also, as opposed to another organisation, there is a third governing body to take into account, i.e. the medical council, which makes the decision-making process more complex and may impact timelines negatively.



### HOSPITAL BUDGET, RISK AND FINANCIAL MANAGEMENT

Hospital budgets are typically allocated at the partner level rather than at the collaboration level, except in cases of a full merger. Consequently, these budgets cannot be directly allocated to other current collaboration forms. This poses a significant challenge in redistributing the budget due to the complexity of its computation. Current Belgian law does not provide a clear allocation per service, function, or care programme and the financial agreements between doctors and (mainly private) hospitals can be very specific and often prove to be challenging to converge. As a result, the budget portion corresponding to collaboration cannot be accurately identified, thereby hindering collaboration. Partners may also hesitate to collaborate due to concerns about the impact on their budgets. This may lead them to maintain sole operation of certain medical disciplines that are more profitable or serve as entry points for patient attraction. This misalignment further obstructs collaborating hospitals from properly assessing financial and non-financial risks for the combined entity, ultimately diminishing operational and financial efficiency.



### COMMUNICATION AND IMPACT ON STAKEHOLDERS

The cultural gap in integration is often overlooked, making it difficult to establish a culture of trust among hospital partners. Stakeholders may feel excluded from the new alliance, leading to a lack of trust and a focus on individual interests rather than patient outcomes. Mobility of collaborators between entities is limited in a not-for-profit organisation, except in full mergers. However, this limitation is less significant for doctors, who often have independent legal status, except for in university hospitals which have physicians on their payroll. Additionally, while the legal relationship between individual hospitals and doctors is well-defined, it may be ambiguous at the collaboration level.



### REGULATION

At present, collaboration between hospitals requires the approval of all the federal bodies concerned. Certain requirements, such as the maximum distance between hospitals or the threshold volume of activity per site (even in the case of a merger), are real obstacles to collaboration. As a result, hospitals lack agility and experience real difficulties in achieving synergies and optimising patient pathways. Additionally, the legislation is unclear about who is responsible for patients' rights and data when it comes to collaboration.

### 3 What are the key success factors to optimise collaboration?

In the dynamic landscape of healthcare, collaboration among hospitals has emerged as a strategic imperative. Successful collaboration is contingent on a multitude of factors, which if applied well, will help overcome the potential obstacles listed on the previous page.



Governance



Regulation



Hospital budget, risk and financial management



Communication and impact on stakeholders

#### STRATEGIC ALIGNMENT



At the core of successful collaboration lies the imperative of clear strategic alignment. The hospitals involved in collaboration must share a common vision and shared medical plan, defining common goals and objectives that resonate across all entities. Belgium's objective to create a decentralised healthcare model necessitates a unified direction for collaborative initiatives, fostering a sense of purpose among all federate entities.

#### LEADERSHIP AND GOVERNANCE



Effective leadership and governance are crucial elements in any collaborative effort. For many healthcare professionals in Belgian hospitals, establishing a strong governance structure is becoming paramount, particularly considering the regional autonomy in healthcare decision-making. Facilitating efficient decision-making is essential to maintain responsiveness and agility across linguistic and regional contexts. One common approach to address this challenge is, among others, the establishment of a joint medical board for the collaboration.

#### RISK MANAGEMENT



Identifying and mitigating risks is an essential aspect of successful collaboration. Collaborating hospitals in Belgium need to develop strategies to anticipate, assess, and effectively manage risks in the context of integration and change management, whether the risks are financial, operational or, most importantly, related to patient care management.

#### PERFORMANCE MEASUREMENT

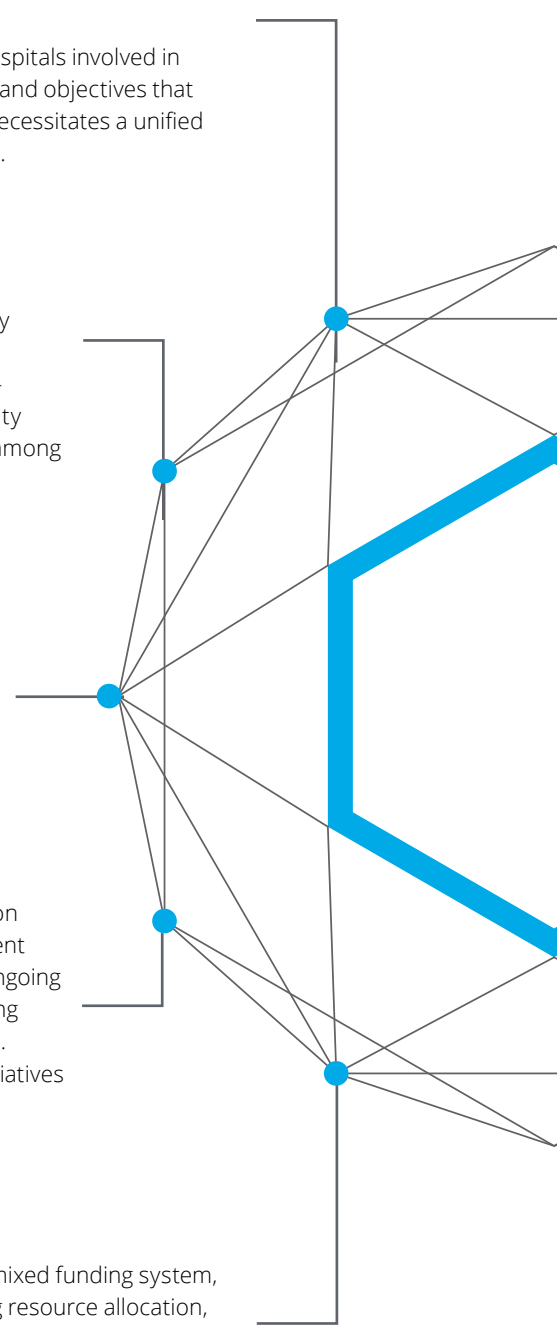


Key performance indicators (KPIs) are essential tools for assessing the success of collaboration and fuelling continuous improvement efforts aimed at enhancing efficiency, quality, and patient outcomes. These indicators are aligned with the objectives of the collaboration, facilitating ongoing performance evaluation. It is crucial to put in place the governance and processes for adapting these indicators from the start of the integration to ensure the relevance of the assessments. Notably, in a country where healthcare expenditures constitute around 10% of GDP, such initiatives are crucial to ensure optimal use of public funding.

#### FINANCIAL MANAGEMENT



Effective financial management stands as a cornerstone of collaborative success. Belgium's mixed funding system, combining social security contributions and private health insurance, necessitates optimising resource allocation, sharing financial responsibilities equitably, and implementing strategies for long-term sustainability. These will ensure the collaboration endures and thrives within the context of a healthcare system that faces the challenges of an aging population.





Governance



Regulation



Hospital budget, risk and financial management



Communication and impact on stakeholders

## ENGAGEMENT OF STAKEHOLDERS



Effective stakeholder engagement is crucial especially at an early stage, encompassing healthcare professionals, staff, patients, and community representatives. Given the diversity of stakeholders involved, an inclusive approach is vital to consider all perspectives, fostering a sense of ownership and shared responsibility for collaborative initiatives. This approach also facilitates effective change management, ensuring that transitions are managed smoothly.

## COMMUNITY AND PATIENT ENGAGEMENT



Patient-centric care stands as the cornerstone of healthcare collaboration, reflecting Belgium's focus on health promotion. Prioritising patient and community engagement is paramount, ensuring that collaborative endeavours resonate with the needs and preferences of the populations served. This alignment enhances the relevance and effectiveness of healthcare services, particularly in a country where life expectancy is on the rise.

## FLEXIBILITY AND ADAPTABILITY



Flexibility and adaptability are essential for navigating the dynamic healthcare landscape. Particularly in the context of collaboration and integration, processes that take time and are therefore subject to a variety of changes in regulations, technology, and patient needs. Hospitals need to be able to adapt and embrace change flexibly. This agility is a guarantee of relevance and resilience, especially in a context of rising healthcare expenditure.

## TECHNOLOGY AND DATA SHARING



Technology and data-sharing play pivotal roles in achieving greater interoperability, facilitating coordinated care, and empowering patients. Belgium's dedication to eHealth initiatives is essential, as it involves implementing compatible technologies for secure patient data exchange. To achieve this, hospitals must adopt international standards to enable seamless data exchange within the diverse hospital ecosystem, encompassing various languages and care types. Additionally, ensuring smooth data management processes will foster trust by safeguarding data privacy.



## SUMMARY

### 01. How to create value at each step of the collaboration lifecycle?

- Shape the strategy
- Identify the deal
- Prepare and execute the deal
- Deliver the returns and 'transform as you transact'

# Ensuring value capture throughout the end-to-end integration journey

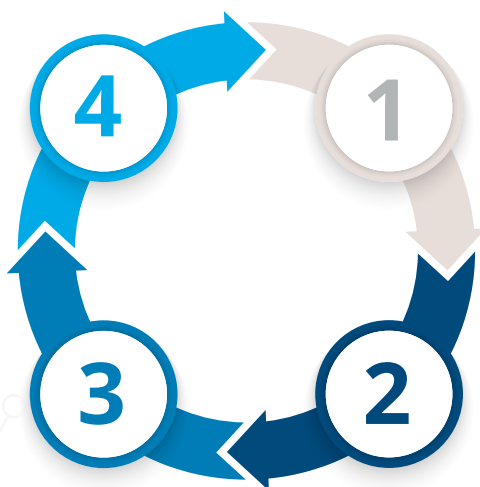
## 1 How to create value at each step of the collaboration lifecycle?

### Navigate your course through the M&A lifecycle in the hospital sector

An agreement (or deal) does not stand or fall with a particular stage, activity or focus, as it is the seamless execution of the full M&A lifecycle that ensures the value is created. Oftentimes financial aspects of the deal dominate the focus, while in practice, strategic and operational implications can make or break the business case. That is why engaging in and maintaining continuity across all activities throughout the lifecycle are crucial to maximise the value generated through collaboration. Clear involvement in all stages enables hospitals to navigate the process smoothly, effectively, and with aligned objectives.

**Deliver the returns  
and transform 'as you  
transact'**

**Prepare and execute  
the agreement**



**Shape the strategy**

**Identify the  
opportunities**

1

## Shape the strategy

In the healthcare industry, strategic decisions regarding M&A and divestitures are crucial for adapting to evolving trends and ensuring optimal patient care. Whether a hospital is considering a defensive approach to build resilience or an offensive one to accelerate transformation, a tailored M&A plan is necessary to secure future opportunities. Considering each institution's unique objectives within the ever-changing healthcare landscape is key.

As part of the enhanced collaboration or merger, hospitals should also review their portfolio of activities and assess performance metrics. They should carefully weigh options, considering right sizing and outsourcing possibilities. Clear business cases and agreement parameters are required to ensure a smooth transition.

### Key questions

*How to include the quintuple aim for patients in the future strategy?*

*What are key aspirations for hospitals, what services to provide and where to expand?*

*How to build competitive advantage? How to integrate inorganic strategies to accelerate? What should the collaboration look like?*

*How to manage resources efficiently and to adapt to changes and competition?*

*How can internal and external processes within the hospital be streamlined?*

### Key activities

Define clear growth and portfolio strategy vision

Align strategic and operating model with the established vision

Conduct financial assessment of growth alternatives

2

## Identify the opportunities

When pursuing M&A/collaboration opportunities, hospitals must meticulously evaluate potential synergies based on their compatibility with their mission and goals. This involves assessing performance against industry trends and prospects, and identifying potential synergies through close collaboration with strategic, financial, and functional stakeholders within the hospitals involved. Such an approach ensures a comprehensive analysis and strategic fit for all parties involved, considering the specific needs of healthcare institutions. Thorough market research provides actionable insights to guide hospitals' strategic decision-making in this context.

### Key questions

*Who are the key hospital players, where are they active, where do they operate, and how do they differentiate?*

*What criteria define an 'ideal' target?*

*What strategy to approach and gauge their willingness to engage?*

### Key activities

Assess integration readiness

Identify and screen potential targets

Map the competitive landscape

Profile and evaluate target willingness

Provide readiness support



## 3

## Prepare and execute the agreement

Conducting a comprehensive assessment is essential for streamlining project complexity, effectively managing project scope, and seamlessly integrating the unique needs of hospitals. In this context, close collaboration with medical and other key stakeholders to conduct thorough due diligence across various domains (including medical, financial, IT, HR, commercial, tax, legal, operational, ESG, etc.) ensures optimal support for hospital internal decision-making processes. This approach allows for the identification and evaluation of synergy potential within the collaboration, utilising performance benchmarks and other metrics to enhance transaction certainty. Furthermore, leveraging these insights in data room settings promotes trust and significantly accelerates the collaboration process, ensuring full confidentiality and impartiality.

### Key questions

*How will the collaboration impact the hospital's medical activities, financials, etc.?*

*What is the collaboration synergy potential and the efforts required for realisation?*

*What are key steps to prepare for the transaction? What will be the associated timing and how to mitigate potential risks?*

### Key activities

Conduct due diligence  
Perform valuation and structuring  
Manage end-to-end transaction process  
Quantify synergies  
Assess integration impacts

## 4

## Deliver the returns and 'transform as you transact'

This transition phase encompasses both practical considerations, such as budgeting and timelines, as well as overarching objectives such as minimising business disruption and preserving the unique culture of each hospital.

Successful hospitals evolve through transactions with a clear integration strategy, defining success early and aligning with their goals. They determine the level of collaboration, identify dependencies, and manage risks through effective governance. Coordinating workstreams and achieving milestones ensure smooth operations from day one. They establish a common operating model aligned with the joint vision, focusing on organisation design, talent, infrastructure, technology, data, and processes. Execution of these elements is crucial for long-term success and realising post-collaboration synergies. Dashboards track progress in real-time, facilitating collaboration and monitoring critical processes. Effective change management assesses impact, communicates internally and externally, and ensures employee retention. Understanding and bridging cultural gaps early establishes a common culture for the joint organisation.

### Key questions

*How can business disruption be minimised for the medical and operating teams?*

*Is there a clear view on what constitutes success for the collaboration?*

*What is the desired level of integration for both hospitals?*

*How can seamless collaboration be ensured and risks escalated properly when identified?*

*Are the right people, skills tools and processes in place to build an efficient collaboration?*

*How can synergies be identified, tracked and reported to ensure their realisation post-collaboration?*

*How can employee retention be ensured through communicating clearly on the integration and managing change properly?*

*How large is the cultural gap between both organisations and what are potential corresponding risks?*

### Key activities

Develop integration/separation strategy  
Design operating model and organisational structure  
Track and realise synergies  
Address culture, communication, and change  
Establish service level agreements

# End notes

- [General hospitals - For a Healthy Belgium](#)
- ["À chaque indexation des salaires, un hôpital moyen perd un million d'euros" | L'Echo \(lecho.be\)](#)
- [Analyse MAHA 2023: Présentation de la conférence de presse \(belfius.be\)](#)
- [key\\_data\\_in\\_healthcare\\_gh\\_v04.pdf \(belgium.be\)](#)
- [A patient has died after ransomware hackers hit a German hospital | MIT Technology Review](#)
- [circulaire\\_2022\\_c\\_46\\_relative\\_aux\\_collaborations\\_entre\\_etablissements\\_de\\_soins.pdf \(belgium.be\)](#)



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