

Is 2021 the Year to Sell? A Different Perspective on the Buy-Sell Dilemma

Think back to January 1, 2020. Think about what “kept you up at night” regarding the future of your radiology/imaging practice. We suspect many of you might have mentioned things like downward reimbursement pressures, staffing shortages, a changing regulatory and technological landscape, cyberthreats, etc.

All are very real and valid concerns — the types of concerns that might have had you at least considering potential opportunities to consolidate and/or joint venture with a strategic or industry buyer.

Fast-forward to a year later, and think of how the world has changed. Certainly, none of the industry experts were predicting the seismic changes to the national and global economies triggered by the COVID-19 pandemic. And certainly no one was predicting the type of acute pressures to be placed on the health care industry as a result of its frontline role in waging the battle against this unprecedented virus. However, the pandemic intervened and continues to shape our daily lives. From an industry standpoint, it has caused many providers to drastically rethink their future practice plans, adding uncertainty to an already challenging environment.

Persistent Market Pressures

With respect to radiology in particular, COVID-19 has created a number of new market pressures that we anticipate will become a part of your day-to-day professional experience for the foreseeable future. This includes:

- Cash flow shortage and other financial demands arising out of the decreased volume in elective imaging procedures
- Navigating the regulatory red tape associated with new federal aid relief packages such as the CARES Act’s Paycheck Protection Program (PPP) and HHS’ Provider Relief Fund (PRF)
- Ongoing concerns (and fear) within your professional and administrative staff for both their personal safety and financial well-being
- Supply chain shortages affecting everything from the availability of essential PPE to parts and products necessary to maintain and operate major medical equipment
- A changing technological landscape placing a greater emphasis on telehealth and, in some instances, a virtual “AI” workforce, resulting in providers having to adapt to new technology “on the fly”

And lest we forget, those “traditional” concerns that kept you awake on January 1, 2020, still exist and must be considered as part of any future business plan (e.g., additional reductions in the reimbursement rates for diagnostic and interventional radiology proposed in the 2021 Medicare Physician Fee Schedule).

For more deal related tips, please see [Tips for Selling Your Practice During COVID-19](#) on page 12 of [Chambliss Connection: Radiology Spring 2021 digital edition](#).

To Make a Change or Not?

In the face of such uncertainty, you may be wondering where you should focus your professional efforts going forward. Should 2021 be the year to consider selling out and/or partnering with a strategic buyer or industry buyer like a hospital or regional-based medical provider? Maybe, but maybe not (great advice, right?). What we mean is this — **sometimes when faced with all this uncertainty, it is important to look beyond the macro-perspective and go back to why you started or joined your existing practice.** If your business model has thrived on its independence, then keep this at the forefront of your professional planning as you consider options to navigate the current times. While there is certainly comfort in the type of “strength in numbers” that an affiliation with a large regional practice or hospital can provide, remember as well that these larger organizations are facing many of the same pressures that you are and, therefore, are not necessarily a safer bet to prosper in a post-pandemic marketplace.

Therefore, if you are wondering if consolidation is the right option for you and your practice, it may depend on your practice’s situation. Make sure that whomever you choose to partner with is aligned from a strategic perspective in terms of the future of your radiology practice. This may be as simple as ensuring that you retain a significant voice in the post-consolidation governance model of the new organization. This is particularly true where the new venture is focused on outpatient imaging. Hospitals and regional provider groups may have greater access to capital and, therefore, appear better positioned to establish the types of economies of scale best suited to deal with a crisis period. However, in many cases, these same organizations do not have the practical and professional experience to navigate the ins-and-outs of the outpatient imaging world at the same level as your practicing radiologists. In our opinion, this level of professional expertise will be particularly important in a post-pandemic economy where quality of services may be the true distinguisher for businesses attempting to survive in a more crowded marketplace.

Admittedly, these are not revolutionary concepts. Nor have we tried to predict the future of radiology- related deal making in the near term. Frankly, we are not sure that anyone can at this point. However, we have been through enough practice acquisitions and similar transactions over the past decade to state with confidence that sometimes it is best to take a step back and take a “deep breath” before jumping into a practice-altering transaction. **While COVID-19 is certainly a “game changer,” it is not the endgame;** and taking a post-pandemic viewpoint that aligns with your historical pre-pandemic practice model is not to be discounted. It may be that this long view ultimately still leads to consolidation. If so, we hope that by staying true to your practice’s founding principles, the affiliation will be a great success, and, therefore, place you and your practice in a position to thrive now and in the future.

If you have questions about your practice’s strategic options, please contact [Doug Griswold](#) or another member of the [Health Care](#) team.

View the article in the [Chambliss Connection: Radiology Spring 2021 digital edition](#) on page 10.



Have you seen the Spring 2021 edition? This issue of *Chambliss Connection: Radiology* features the latest insights on PPP forgiveness and audits, provider relief funding, patient data & HIPAA, hospital PSAs, tips on buying/selling, and more.

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