

Public Hospital M&A: Know Your Stakeholders

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Hospital transactional activity has soared over the last decade, and many public hospitals are evaluating M&A opportunities against the backdrop of the Coronavirus (COVID-19) pandemic. In our previous post on public [hospital M&A](#), we discussed financial pressures on public hospitals, trends driving M&A, and external factors shaping public hospitals' choices of M&A partners and formats. In this installment, we'll cover strategies for gaining stakeholder buy-in as hospital board members, senior leaders and advisors move through the transaction process. For a deeper dive into these topics, listen to our podcast, [Driving the Deal: Public Hospital M&A and Stakeholder Buy-In](#).

Stakeholders: Who's Who

Public hospital M&A is a team sport. Assessing and advancing a potential deal involves engagement with a wide variety of stakeholders, each with their own perspectives, objectives and priorities. Key players can include elected public officials, community leaders, hospital management and board members, physicians, employee unions, patients and the general public. It is critical to navigate the diverse viewpoints of these important stakeholders without ceding decision-making to a non-fiduciary.

As a first step in navigating that challenge, hospital boards should distinguish between stakeholders that have the right to approve or deny the proposed transaction, and those that are important to the deal's success but do not have approval authority. Depending on the jurisdiction and deal structure, the former category of stakeholders could include the local municipality's board, the State Attorney General or even registered voters, in the case of a public referendum. The second category might include employee unions and the community at large. While these groups may not be able to prevent a deal from happening, gaining their buy-in will smooth the transaction process and benefit the hospital and its community in the long term.

Build Buy-In with Employee Communications

One stakeholder group that merits particular consideration is hospital employees. Hospitals are often among the largest employers in a community. As with any transaction, hospital employees may be nervous about what a proposed transaction might mean for their jobs. Clear and frequent communication can help alleviate these concerns, build trust and retain crucial employees. Transparency is key in informing employees about what is—and is not—taking place. Townhalls and

email communications alike are useful vehicles for providing timely information throughout the transaction process. Because transaction-related internal communications are often forwarded to media outlets, it may be advantageous to hire an external communications firm to support your internal communications team and ensure that all messages are carefully honed and strategically on target.

Do Your Homework

In order to successfully engage with stakeholders—whether within the hospital walls, at the State Attorney General's office or in the court of public opinion—your leadership team needs to invest time developing a solid shared understanding of the transaction's motivations and objectives, and the benefits it will bring to patients, providers and the broader community. This preparation will equip the leadership team to effectively and consistently advocate for the transaction.

Dig Deeper

For an in-depth discussion of these issues, plus a rundown of public hospital deal structures, listen to our podcast, [Driving the Deal: Public Hospital M&A and Stakeholder Buy-In](#).

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