

Could negative reviews on social media sour your appeal for buyers?



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Remember the days when patients told neighbors and best friends about unpleasant doctor visits? Today, they tell the world about their problems through social media. As the end of 2011 approached, Facebook had more than 640 million registered users, and Twitter registered 22 million unique, daily visitors.¹

The first online rating sites popped up in 1999², and since then consumers have rated everything from doctors to DVD players. Here are some startling statistics from the Pew Research Center³:

- 16 percent of Internet users (12 percent of adults) have consulted online rankings or reviews of doctors or other providers.
- 15 percent of Internet users (11 percent of adults) have consulted online rankings or reviews of hospitals or other medical facilities.

In an age when more groups are considering mergers and acquisitions, online reviews can even have an effect on the success and viability of those transactions.⁴

Affect of negative ratings and misuse of social media

In a study of reviews posted on social media about 300 physicians, 88 percent were positive, 6 percent were neutral and 6 percent were negative. However, a pattern of negative reviews may indicate a risk of future liability.

Companies such as Groupon and Living Social, which some groups use to market their practices, may also pose risks. Groupon collects 50 percent of the coupon price as a fee, and there may also

be federal issues with regard to paying for referrals.

Other social media risks (including posts by the practice and key employees) should be fully reviewed during the due diligence phase of mergers and acquisitions. The press is full of stories about HIPAA violations that stemmed from improper posts by medical personnel about patients. Whether it is a Facebook post about a patient's condition⁵, uploaded photographs of a patient's genitals⁶ or blogs⁷ about celebrity patients, privacy violations pose a liability risk and could threaten your reputation.

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In April, a Rhode Island physician posted information about a patient on Facebook. The physician did not release the patient's name, but entered enough unique information that someone identified the person, and the physician was sanctioned for "unprofessional conduct."⁸

Governance of online risks during practice integration

To effectively mitigate and govern online risks during practice integration, you must uncover them during due diligence. And you may consider appointing a cyber compliance officer who:


- Possesses current, specialized knowledge about social media issues
- Has the authority to fully investigate and document online risks
- Reports to the chief compliance officer or general counsel

The company's board of directors must receive the cyber compliance officer's findings to incorporate online risks into its evaluation of the transaction.

"Poor due diligence and lack of attention to the integration are major contributors to failed mergers and acquisitions transactions," says Sue Redman, a former partner with PriceWaterhouseCoopers.⁹ "To address these factors, many boards are forming special committees or subcommittees of the audit committee, to get involved in a more in-depth manner in reviewing the deal, the integration plan, and to identify advantages and risks."

With the growing use of social media, online reputation is an emerging area of risk for medical groups. Two critical areas of concern for those acquiring practices include:

1. The cyber reputation of a medical group and its physician members
2. Potential legal exposure for online violations of laws or inappropriate responses to online complaints

The governance of your online reputation should be part of the integration process. 

Notes:

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Get a checklist of steps to take during integration at mgma.com/virtualconnexion and click on "online exclusive" in the Table of Contents of the March 2012 issue.

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