



Introductory M&A Due Diligence Checklist – Behavioral Health

1. Licensing & Accreditation

- ☐ Current state license(s) for all locations and levels of care
- ☐ Multi-site or multi-state compliance documented
- ☐ Most recent licensure survey reports and corrective action plans
- ☐ Standing with accrediting body (e.g., Joint Commission, CARF)
- ☐ Survey outcomes, citations, and re-survey schedules
- ☐ Accreditation expiration dates and renewal readiness
- ☐ Confirm licensure is transferable or understand reapplication needs

2. Payer Contracts & Credentialing

- ☐ List of all current in-network payers
- ☐ Contract terms including termination clauses, rates, and services covered
- ☐ Most recent fee schedules per payer
- ☐ Payer credentialing/recertification logs for all licensed providers
- ☐ Historical denial rates by payer and reason codes
- ☐ Outstanding claims backlog and aging over 60/90 days
- ☐ Whether contracts are transferable upon acquisition
- ☐ Any contracts currently under probation, review, or audit

3. Special Investigation Unit (SIU) or Payer Audit History

- ☐ List of all payer audits or SIU inquiries in past 36 months
- ☐ Documentation of findings, responses, and outcomes
- ☐ Repayment demands or recoupment settlements
- ☐ Any unresolved disputes with payers
- ☐ Corrective actions or policy changes made following audit

4. Clinical Documentation & Compliance

- ☐ Audit sample of clinical documentation for alignment with medical necessity
- ☐ Use of standardized outcome tools (e.g., PHQ-9, DLA-20)
- ☐ Documentation templates for treatment plans, progress notes, discharge
- ☐ Record of peer reviews and documentation audits
- ☐ Evidence of clinical supervision protocols
- ☐ Chart review summaries by compliance or QA teams

5. Operational Infrastructure & Systems

- ☐ EHR and billing system(s) in use and level of customization
- ☐ Organizational chart with key leadership and management positions
- ☐ Staff licensure and credentialing status (RN, LCSW, LPC, MD, etc.)
- ☐ HR policies, staff turnover metrics, and training logs
- ☐ Workflow SOPs for intake, billing, discharge, medication management
- ☐ Centralized vs. decentralized support functions (HR, billing, IT)

6. Financial & Revenue Cycle Health

- ☐ Payer mix breakdown (Private Pay, Medicaid, Medicare, Commercial, OON)
- ☐ Top 10 CPT/HCPCS codes billed and associated reimbursement
- ☐ Days in A/R and average time to payment
- ☐ Denial rates and trends
- ☐ Bad debt, write-offs, and refunds by payer
- ☐ Annual and monthly revenue trends by location or program

7. Legal, Risk & Regulatory Concerns

- ☐ Pending lawsuits, investigations, or board complaints
- ☐ Malpractice or general liability claims history
- ☐ HIPAA breaches or self-reported compliance failures
- ☐ Corrective action plans filed with any regulatory or licensing body
- ☐ Review of contracts with referral sources (Stark, Anti-Kickback)

8. Growth & Strategic Positioning

- ☐ Pipeline for new locations or programs
- ☐ Pending licensure or payer applications
- ☐ Market saturation and referral trends
- ☐ Historical performance on census, retention, and outcomes
- ☐ Current and historical expansion into value-based care or managed care contracts