



# 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