



Due Diligence Checklist

Buying an Interest in a Pediatric Practice

This checklist is intended to help pediatricians navigate the key areas of due diligence when considering the purchase of an ownership interest in an independent pediatric practice. Use it as a guide to make sure nothing important falls through the cracks, checking off each item as you review it and noting status in the right-hand column. Please note that this resource is geared toward a physician buying into an existing independent practice. When a third-party entity is acquiring or investing in a practice, the scope of due diligence is typically far more extensive.

Check off each item as it is reviewed and use the notes column to track status.

✓	Financial Records & Performance	Notes / Status
<input type="checkbox"/>	Profit & Loss statements (last 3–5 years)	
<input type="checkbox"/>	Balance sheets (last 3–5 years)	
<input type="checkbox"/>	Practice Federal and state tax returns (last 3–5 years)	
<input type="checkbox"/>	Accounts receivable aging report	
<input type="checkbox"/>	Accounts payable aging report	
<input type="checkbox"/>	Revenue breakdown by payer (commercial, Medicaid, self-pay)	
<input type="checkbox"/>	Monthly revenue and collection trends	
<input type="checkbox"/>	Outstanding debt obligations and lines of credit	
<input type="checkbox"/>	Capital expenditure history and upcoming needs assessment	
<input type="checkbox"/>	Bank statements (last 12 months)	

✓	Practice Valuation	Notes / Status
<input type="checkbox"/>	Independent practice valuation report	
<input type="checkbox"/>	Valuation methodology used (DCF, market comps, asset-based)	
<input type="checkbox"/>	Goodwill calculation and supporting rationale	
<input type="checkbox"/>	Tangible asset inventory and appraisals	
<input type="checkbox"/>	Comparison of asking price to industry benchmarks	



✓ Legal Structure & Governance		Notes / Status
<input type="checkbox"/>	Existing operating agreement, partnership agreement, or corporate bylaws	
<input type="checkbox"/>	Ownership structure and equity percentages	
<input type="checkbox"/>	Decision-making and voting rights provisions	
<input type="checkbox"/>	Profit distribution methodology	
<input type="checkbox"/>	Buy-sell agreement and triggering events	
<input type="checkbox"/>	Non-compete and non-solicitation clauses	
<input type="checkbox"/>	Articles of incorporation / organization	
<input type="checkbox"/>	Minutes from recent board or partner meetings	

✓ Payer Contracts & Revenue Cycle		Notes / Status
<input type="checkbox"/>	Copies of major payer contracts and fee schedules	
<input type="checkbox"/>	Contract renewal and termination dates	
<input type="checkbox"/>	Pending or recent payer audits (requests and results)	
<input type="checkbox"/>	Overpayment demands or recoupment actions	
<input type="checkbox"/>	Credentialing status for all providers (for each payer)	
<input type="checkbox"/>	Participation in value-based care or incentive programs (Outline, metrics, and history of meeting goals)	
<input type="checkbox"/>	Billing and coding compliance audit history	



✓ Patient Panel & Operations		Notes / Status
<input type="checkbox"/>	Total active patient count and trend over 3 years	
<input type="checkbox"/>	New patient volume per month	
<input type="checkbox"/>	Patient retention and attrition rates	
<input type="checkbox"/>	Referral sources and relationships	
<input type="checkbox"/>	Average daily patient visit volume by provider	
<input type="checkbox"/>	No-show and cancellation rates	
<input type="checkbox"/>	Patient satisfaction survey results	

✓ Staffing & Employment		Notes / Status
<input type="checkbox"/>	Physician and mid-level provider employment contracts	
<input type="checkbox"/>	Staff roster with roles, tenure, and compensation	
<input type="checkbox"/>	Employee benefit obligations (health, retirement, PTO)	
<input type="checkbox"/>	Pending or recent HR complaints or litigation	
<input type="checkbox"/>	Staff turnover rates	
<input type="checkbox"/>	Independent contractor agreements (if any)	



✓ Malpractice & Litigation		Notes / Status
<input type="checkbox"/>	Current malpractice insurance policy and coverage limits	
<input type="checkbox"/>	Claims-made vs. occurrence-based policy details	
<input type="checkbox"/>	Tail coverage obligations	
<input type="checkbox"/>	History of all malpractice claims (open and closed)	
<input type="checkbox"/>	Pending lawsuits or regulatory actions against the practice	
<input type="checkbox"/>	NPDB (National Practitioner Data Bank) reports for all providers	

✓ Real Estate & Facilities		Notes / Status
<input type="checkbox"/>	Lease agreement(s) and terms	
<input type="checkbox"/>	Lease renewal options and escalation clauses	
<input type="checkbox"/>	Personal guarantees on leases	
<input type="checkbox"/>	Fair market value assessment of rent (if landlord is a partner)	
<input type="checkbox"/>	Facility condition and upcoming maintenance or renovation needs	
<input type="checkbox"/>	Zoning and regulatory compliance	

✓ Regulatory Compliance		Notes / Status
<input type="checkbox"/>	HIPAA compliance program documentation	
<input type="checkbox"/>	OSHA compliance records	
<input type="checkbox"/>	CLIA certificate (if lab services are provided)	
<input type="checkbox"/>	State licensure and DEA registrations	
<input type="checkbox"/>	OIG exclusion list verification for all staff	
<input type="checkbox"/>	Compliance training records	



✓ Technology & Infrastructure		Notes / Status
<input type="checkbox"/>	EHR system details, contract, and costs	
<input type="checkbox"/>	Practice management software details	
<input type="checkbox"/>	IT infrastructure and cybersecurity measures	
<input type="checkbox"/>	Telehealth platform and utilization data	
<input type="checkbox"/>	Upcoming technology capital needs	
<input type="checkbox"/>	Data backup and disaster recovery plan	

✓ Exit & Transition Provisions		Notes / Status
<input type="checkbox"/>	Buyout formula and terms upon departure	
<input type="checkbox"/>	Mandatory hold period before sale of interest	
<input type="checkbox"/>	Non-compete restrictions upon exit	
<input type="checkbox"/>	Disability and death provisions	
<input type="checkbox"/>	Dispute resolution mechanisms (mediation, arbitration)	
<input type="checkbox"/>	Transition timeline and onboarding plan for new partner	

✓ Transaction Key Provisions		Notes / Status
<input type="checkbox"/>	Stock versus Asset sale/purchase	
<input type="checkbox"/>	Up front payment versus amount paid over time	
<input type="checkbox"/>	Disposition of cash in bank at time of transaction	
<input type="checkbox"/>	Disposition of accounts receivables at time of transaction	
<input type="checkbox"/>	Terms governing a new partner's right or requirement to buy into the real estate when practice facilities are owned by current members of the group	