

Case Study

Imaging Center Operator & Provider Group Technical Compensation Arrangement

A large imaging center operator (“Operator”) wanted to expand the scope and reach of its business into a new geographical market by collaborating with an independent radiology group (“Group”). The Operator was seeking a fair market value (FMV) opinion to ensure that the compensation payable by the Group to the Operator for its provision of the technical imaging services was consistent with FMV for regulatory and compliance purposes.

Situation

The Operator and Group planned to set up new imaging centers in a specific geographical market. Through the arrangement, the Group would bill and collect on a global basis for all imaging services and be responsible for providing the professional component of the operations. The Operator would serve the technical side of the business which included, but was not limited to, providing the technical staff, the imaging equipment, the space, supplies, and other services. In return for its provision of the technical services, the Operator would receive a fee based upon a predetermined percentage of global collections.

VMG Health Service Provided

➤ Compensation Arrangement
Valuation

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Solution

VMG Health conducted an FMV analysis of the technical services fee by considering the expenses the Operator would incur to provide the technical services to the imaging center along with a reasonable rate of return. To determine an appropriate market rate of return, VMG Health considered the technical imaging services listed in the agreement, as well as the nature of the Operator’s expenses and returns earned by similar companies. In addition, VMG Health analyzed the specific CPT codes the Group would bill for and analyzed the professional/technical reimbursement split as reported on the Physician Fee Schedule published by CMS. Lastly, VMG Health benchmarked expected productivity metrics to published surveys to determine a reasonable level of compensation to be earned by the Group. The indications from each of these analyses were considered in deriving the final FMV range.

Success

VMG Health determined the FMV technical services fee for the Operator’s services by considering contractual details, costs, and market data. The FMV report was then used by the Operator to aid in determining the technical fee amount to be included in the technical imaging services agreements in the new geographical market.

Client Results

92%

Client Satisfaction
Rating

About VMG Health

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