

Case Study

Key Opinion Leader Compensation Establishing an Internal Tool & FMV

A health system ("System") needed an internal tiered hourly rate tool and fair market value (FMV) process to compensate key opinion leaders for consulting services.

Situation

The System contracts directly with various physicians to provide their experience and expertise in the research and development of novel medicines, treatments, and devices, in addition to serving as liaisons for the education and promotion of these products. There was a desire to expedite the contract negotiation process and enhance compliance. VMG Health was engaged to develop an internal tool and streamline the FMV process.

VMG Health Service Provided

➤ Compensation Arrangement Valuation

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Contact

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Solution

To develop the internal tool, VMG Health reviewed the agreements to understand the key opinion leader consulting services. Subsequently relevant market survey data was considered including roles such as physician executive consultants, medical expert witnesses, clinical, and academic services for various specialties. Tiers were created based on various levels of experience to facilitate initial negotiations. Once the physician becomes a probable candidate, VMG Health is requested to consider the proposed services per the agreement and review the physician's CV to help select an appropriate FMV hourly rate tier for the physician. Tier selection considered the physician's clinical experience, specialty training and expertise, frequency of presentations and publications, leadership and academic roles, consulting experience, and national or international notoriety. This information was used to derive the final fair market value indication for a specific arrangement.

Success

VMG Health provided the System with a tool that outlined tiered hourly rates applicable for various specialties allowing the System to easily reference for initial contract negotiations. Then, upon client request, VMG Health would consider the specific details, facts, and circumstances of the arrangement and the physician's experience and expertise to aid in the selection of a fair market value hourly rate for regulatory and compliance purposes.

Client Results

92%

Client Satisfaction
Rating

About VMG Health

VMG Health is a leading, national, full-service healthcare strategy and transaction advisory firm providing solutions exclusively for the healthcare industry with a long-standing reputation of excellence in client service. Whether you need assistance with traditional transactions or emerging physician compensation models based on value and performance, VMG Health provides the expertise you can rely upon.

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