

# Case Study

## System-Wide FMV Compensation Review 1500+ Physicians

A large health system ("System") needed assistance with a system-wide physician compensation review to ensure the compensation paid to over 1,500 physicians was consistent with fair market value (FMV).

### Situation

The System employs over 1,500 physicians covering 90+ sub-specialties. These physicians provide a wide range of services including clinical services, administrative services, and on-call services. The System needed to engage a third-party valuation firm to evaluate the compensation of the physicians for compliance purposes. The goal was to document FMV for all physicians in an efficient and cost-effective manner.

### VMG Health Service Provided

- System-Wide Physician Compensation Review
- Medical Director & Administrative Services Compensation Valuation
- Clinical Compensation Valuation
- On-Call Compensation Valuation

*Does your organization have a valuation, strategy, or compliance need? Reach out today for a complimentary assessment from a VMG Health expert.*

### Contact

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### Solution

To streamline the FMV compensation review for the System, VMG Health conducted the analysis in two phases. The first phase consisted of a general assessment of the compensation paid to each physician utilizing productivity, FTE status, and market survey data to determine whether the physician's total cash compensation was in alignment with market benchmarks. Through this Phase 1 assessment, VMG Health was able to identify that a significant portion of the employed physicians' total cash compensation was low risk and consistent with FMV.

The remaining physicians received further review by VMG Health under a Phase 2 analysis where all services were valued individually and together. For clinical services, VMG Health considered the productivity and FTE status dedicated to the clinical services. For administrative roles, VMG Health considered the FTE status dedicated to the role, as well as the experience and qualifications of the physician. For on-call services, VMG Health considered the burden of call and excess shifts covered by the physician. All of these services were stacked together, and the reasonableness of the hours dedicated by the physician in totality was assessed to ensure the total hours of services could be reasonably provided by the physician without duplicative consideration of hours/effort.

### Success

VMG Health was able to quickly and cost effectively provide the System with a compensation assessment across all 1,500+ physicians. This assisted the System with due diligence related to ensuring that the compensation it paid its physicians was reasonable and in compliance with the FMV standard.

### 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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