

Case Study

Out-of-Market Compensation Arrangements: Urology Call Coverage

An acute care hospital ("Hospital") sought a fair market value (FMV) opinion on the out-of-market compensation arrangement for urology call coverage. This was for regulatory compliance purposes and to assist in determining appropriate guardrails to aid in compensation negotiations after facing a critically low supply of urology physicians able to provide emergency call coverage.

Situation

The subject market faced increased supply and demand issues with urology physicians due to several employed physicians leaving the local market, resulting in higher compensation demands and limited options available to service the Hospital's urology patient population. The Hospital was forced to utilize locum tenens providers to supplement the sole employed Physician, increasing the cost of the coverage significantly until an agreement could be reached with an out-of-market physician. The Hospital engaged VMG Health due to their vast experience with urology call coverage and extensive expertise surrounding unique and highly compensated call coverage arrangements.

Services Provided

➤ Compensation Arrangement
Valuation

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

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Solution

To assist the Hospital, VMG Health conducted an in-depth analysis of the burden associated with the call coverage, which included a review of in-person responses, phone call volume, payor mix, estimated time per case, among others. With this information, VMG Health completed a cost approach to determine an appropriate daily payment using market clinical compensation surveys and the application of a beeper rate percentage. To supplement the cost approach, VMG Health completed a market approach, which analyzed market call coverage surveys. Lastly, VMG Health analyzed its internal database of similar arrangements to better understand market comparables for the specific services to be provided and premiums associated with other out-of-market arrangements.

Success

VMG Health determined the FMV compensation payable by the Hospital to the out-of-market physician for the provision of urology call coverage services by considering the specific details of the subject arrangement, market dynamics, and urology call compensation trends. After issuance of the FMV analysis, the Hospital was able to enter into a professional services agreement with the out-of-market physician, reducing their locum tenens spend and allowing for improved continuity of care for urology patients.

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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