

# Case Study

## Managed Care Reimbursement Analysis

A large regional health system was seeking assistance in assessing the impact of billing and collecting under its managed care contracts for a potential joint venture with a large orthopedic practice (“Practice”), aiding in a successful transaction with the Practice amidst ongoing payor negotiations.

### Situation

A large regional health system was considering a joint venture with a large orthopedic practice (“Practice”) to expand its service offerings and position itself strategically in the market. In its assessment of the potential transaction, the health system needed assistance understanding the impact of billing and collecting for the Practice’s services, post-transaction, under the health system’s managed care contracts. As the parties cannot share their managed care contract rate information with one another, there was a lack of clarity around proforma revenue and provider compensation on a go-forward basis. To further complicate matters, the health system was in ongoing negotiations with certain payors regarding its contracted rates throughout the transaction process, which may also have a material impact on proforma revenue.

### Services Provided

- Reimbursement Consulting/Black Box Analysis
- Business 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

The health system engaged VMG Health to perform a “black box” reimbursement analysis, proforma sensitivity, and valuation analysis of the Practice. VMG Health completed the reimbursement analysis to provide insight into the expected impact on Practice revenue, assuming the health system’s managed care rates. Further, VMG Health worked closely with the health system’s managed care team to develop multiple scenarios modeling the potential revenue impact associated with the health system’s ongoing payor negotiations.

### Success

Based on VMG Health’s findings, the health system was able to clearly evaluate the impacts of their current and estimated managed care rates on revenue and provider compensation at the Practice. This accurate evaluation enabled the health system to manage expectations with the Practice throughout the deal process, and ultimately led to a successful transaction between the parties.

### 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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