

# Case Study

## Post-Acute Market Assessment and Feasibility Study

A national post-acute operator (“Operator”) sought a market assessment and demand study to determine the feasibility of building and operating a post-acute service in a predetermined geography in the United States.

### Situation

The Operator contemplated the purchase of land in the desired market to develop real estate and operate post-acute services. One of the defining analytics was to consider the viability of obtaining referrals from local hospitals and health systems. The feasibility study allowed the Operator to understand the market utilization, capacity constraints, and forecasted demand for additional post-acute services. Each factor was considered within the framework of population growth trends and competitor analysis. Additionally, the Operator asked VMG Health to create a 10-year, multiscenario, financial forecast with detailed revenue and expense buildups to determine whether the Operator’s required internal rate of return (IRR) would be met through the selected post-acute market strategic plan.

### Solution

To determine demand in the desired market, VMG Health focused on three distinct categories in our analysis: demographics; competitors, potential referral sources, and market-share opportunities; and analytical approaches. VMG Health conducted demographic analysis for the targeted and surrounding geographic areas, sourcing statistics including population, age, Medicare beneficiaries, Medicare Advantage population, household income, and unemployment from multiple databases covering Hospital Referral Regions (HRRs), Metropolitan Statistical Areas (MSAs), and Public Use Microdata Areas (PUMAs). Additionally, competitor locations and services in the post-acute market were determined within a selected radius of the Operator’s target location, followed by compiling statistics such as bed count, discharges, patient days, and occupancy to assess post-acute need and potential market share opportunities. VMG Health also employed proprietary quantitative approaches, considering Medicare beneficiary discharges in the market’s hospital referral region and the market’s ability to support incremental capacity given competitive dynamics, to assist in scenario analytics supporting the Operator’s targeted IRR.

### Success

After determining market demand and service need and confirming IRR requirements in the selected geography, VMG Health presented its conclusions to aid the Operator in gaining board approval to seek financing and development for the de novo, post-acute site of service. Through the feasibility process and methodology, the Operator successfully identified and executed multiple de novo locations over a three-year period. While this engagement was specifically tailored to the post-acute market, VMG Health has successfully assisted clients with feasibility studies in the behavioral health, physician practice, ambulatory surgery center, and proton therapy industries.

### Services Provided

- Market Assessment
- Feasibility Study

*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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### 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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