

# Case Study

## Hospice Medical Director Case Study: Physician Compensation Arrangements

A national home health, transitional and hospice care services provider (“Provider”) entering into a professional services agreement with a physician for the provision of hospice medical director services was seeking a fair market value opinion exploring the specialized and complex nature of the services for regulatory/compliance purposes and to aid in compensation negotiations.

### Situation

The Provider contracts directly with a physician to provide hospice medical director services to the Provider. The Provider was seeking a fair market value analysis of the services to ensure compliance and negotiate contract terms. Additionally, the Provider wanted to engage an independent, third-party valuation firm with extensive experience surrounding hospice arrangements and who understood the uniqueness of these arrangements as well as local market compensation trends.

### VMG Health's Services

Provider compensation valuation

VMG Health can provide an assessment of your current situation and offer potential options for a course of action.

### Contact

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### Solutions

VMG Health conducted a fair market value analysis of the hospice medical director services consisting of cost and market approaches, including an analysis of local market dynamics affecting physician compensation, review of the proposed agreement, analysis of both hospice clinical compensation and medical director services compensation market survey data, review of VMG Health's internal database of similar arrangements and of the unique experience, and qualifications and expertise of the physician providing the services. In addition, VMG Health's analysis applied a locality premium, as the locality where the subject services take place is associated with a higher cost of living and has higher physician compensation requirements than the national average. VMG Health also conducted an in-depth review of the job duties and responsibilities associated with the medical directorship, which were used to derive the final fair market value indications.

### Success

VMG Health determined the fair market value compensation for the physician's provision of hospice medical director services considering the specific details, facts, and circumstances of the arrangement. The Provider used VMG Health's determination to aid in the contract negotiation process and 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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