

Case Study

Proving Rural Hospital Viability for State Funding: A Feasibility Study

A buyer sought a feasibility study specific to a rural hospital on the East Coast, which was looking to receive state funding.

Situation

After completing the purchase of a rural hospital, a buyer was looking to receive state funding. The buyer had to prove that, based on its initiatives and turnaround plan, it would be able to demonstrate a financially sustainable healthcare service model for the community in which the hospital was located.

Services Provided

- Financial Due Diligence
- Financial Feasibility Study
- Pro Forma

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

Contact

Ingrid Aguirre, CFA

Director
ingrid.aguirre@vmghealth.com
972-616-5920

Solution

VMG Health provided a financial due diligence analysis of the financial and operational feasibility of a turnaround plan put in place by a contemplated buyer. VMG Health assessed the reasonableness of the buyer's assumptions and information used to develop the hospital's pro formas, evaluated the likelihood of achieving those projections, and determined whether the plan demonstrated a financially sustainable healthcare service model.

VMG Health analyzed the hospital's historical operations and financial performance, discussed the post-transaction operational and financial changes that the new buyer would enact, reviewed the buyer's background and qualifications, reviewed the pro formas prepared by the buyer, performed industry analysis and research, and conducted interviews with key personnel.

Because of the many service lines offered at the hospital, VMG Health also analyzed the financial and operating statistics of each service line and performed a benchmarking analysis.

Success

After a thorough analysis of the market and the buyer's pro formas and turnaround plan, VMG Health concluded that the buyer's pro formas represented a reasonably feasible set of projections and financial results, which—if achieved and sustained—demonstrated a financially sustainable healthcare service model for the community in which it operated. The state awarded the hospital the significant loan it requested, and the buyer proceeded with its capital improvements at the hospital.

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.

vmghealth.com