

Case Study

Hospital & Health System Services Assessment Expansion of Geographic Footprint and Specialized Services

A not-for-profit regional health system (“Regional System”) contemplated expanding its footprint by acquiring a smaller health system (“Local System”) in its local market.

Situation

The COVID-19 pandemic induced incredible financial and operational stress on businesses across the healthcare industry. Hospitals and health systems were especially affected as elective healthcare procedures were intermittently prohibited, medical supply chains were disrupted, and staff shortages emerged—all while health systems were tasked with serving an influx of patients battling a novel virus. Community hospitals had long faced operational challenges that were only exacerbated by the COVID-19 pandemic. As these impacts continued to strain one Local System, it sought to align with a partner that shared its desire to continue providing crucial healthcare services to its surrounding community. The Regional System recognized that an opportunity to partner with the Local System could broaden both its geographic footprint and specialized services offered. The Regional System also acknowledged that pursuing a transaction of this nature would entail many nuances and complexities that must be adequately assessed.

Services Provided

- Business Valuation
- Financial Due Diligence/Quality of Earnings
- Reimbursement Consulting/Black Box Analysis
- Coding & Compliance

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

Contact

Colin McDermott, CFA, CPA/ABV
Managing Director
colin.mcdermott@vmghealth.com
972-616-7808

Kevin McDonough, CFA
Managing Director
kevin.mcdonough@vmghealth.com
214-545-5879

Contributor: Tim Spadaro, CFA, CPA/ABV

Solution

The Regional System retained VMG Health to perform a comprehensive scope of services that thoroughly examined the target health system. VMG Health completed several in-depth analyses, including detailed financial due diligence, a valuation of the business enterprise, an assessment of the potential post-transaction impact on reimbursement, and coding and compliance reviews. VMG Health concurrently conducted the analyses to allow the Regional System to evaluate the combined effect of the overall findings.

Success

The analyses performed by VMG Health helped identify potential risks and opportunities for the Regional System in pursuing the transaction. Though the Regional System ultimately determined that it wasn't the right time to acquire the business, the analytical framework provided by VMG Health enabled them to make an informed decision based on a comprehensive review of the target rather than assessing each factor in isolation.

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

