

Case Study

Imaging Center

Professional Interpretation Services Arrangement

A health system ("System") needed to establish fair market value (FMV) compensation for a new professional services agreement with a radiology physician group ("Group") for the provision of professional radiology interpretation services.

Situation

The System intended to end a joint venture imaging center with the Group, but wanted the Group to continue to provide the professional interpretation services at the imaging center under a professional services agreement. As such, the System needed to engage a valuation firm to assist with establishing a compensation structure amenable to the Group that was consistent with FMV.

VMG Health Service Provided

➤ Compensation Arrangement Valuation

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

Contact

Ben Ulrich, CVA

Managing Director
Compensation Arrangements
ben.ulrich@vmghealth.com
972-616-7798

Contributor: James Tekippe, CFA

Solution

VMG Health began this engagement by working with the System to outline the expected coverage to be provided by the Group, along with the historical and expected productivity. This enabled VMG Health to compare the services and production of the Group to radiology data contained in national market salary surveys. VMG Health used multiple approaches to benchmark the services which resulted in an aggregate compensation figure for the services. Subsequently, VMG Health worked with the System to identify a FMV compensation structure that was acceptable to the Group and could be easily implemented by the System. After analyzing several potential structures, the System settled on a dollar per WRVU indication.

Success

VMG Health determined the FMV compensation for the Group's provision of professional radiology interpretation services by considering the specific facts and circumstances of the arrangement, and an analysis of market compensation data for similar services. The deliverable was then used by the System to aid in the contract renewal 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.

vmghealth.com

