

# Case Study

## Pulmonary Medicine Critical Care Agreement Part-Time Rural Coverage

A hospital ("Hospital") was seeking to expand an existing pulmonary medicine critical care coverage arrangement to cover an affiliated outpatient clinic ("Clinic") in an underserved rural area.

### Situation

To expand coverage to the Clinic, the Hospital planned to bill and collect for the professional services rendered by a pulmonary group ("Group") that was already providing coverage to the main hospital. The Hospital would pay the Group a daily rate for the clinical services to include travel and lodging costs. The Hospital was seeking valuation services from an independent third-party valuation firm with extensive experience in hospital coverage arrangements to establish fair market value ("FMV") compensation for the arrangement.

### VMG Health Service Provided

#### ➤ Compensation Arrangement Valuation

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### Contact

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### Solution

VMG Health conducted an FMV analysis of the coverage agreement by reviewing the proposed agreement terms, coverage schedule, and assessing the proposed compensation and travel costs. The analysis included a build-up of physician costs based on market compensation and benefits survey data. VMG Health also considered the physician full-time equivalents required to cover the Clinic based on a projected coverage schedule of twice per week, and benchmarking of productivity data. Lastly, the analysis included a provision for travel and lodging costs (airfare, rental car, per diem food, hotel stay, etc.).

### Success

VMG Health determined the FMV compensation for the Group's provision of coverage services at the Clinic by considering the specific details, facts, and circumstances of the arrangement. The deliverable was then used by the Hospital and Clinic to aid in the successful 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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