

Case Study: Dialysis Medical Director Compensation Arrangement

Provider Compensation Arrangements Division

A large national dialysis services provider was renewing professional services agreements with physicians for the provision of dialysis medical director services. The provider was seeking a fair market value opinion to explore the specialized, complex nature of services for regulatory/compliance purposes and to aid in compensation negotiations.

Situation

The provider contracted directly with a physician group to provide dialysis medical director services to various provider-affiliated centers. The provider was seeking a fair market value analysis of the services prior to negotiating contract renewals to ensure compliance. In addition, the provider wanted to engage an independent third-party valuation firm with extensive experience surrounding dialysis arrangements and an understanding of the uniqueness of these arrangements. The medical director arrangements were provided to both dialysis centers along with skilled nursing facilities. In addition, the compensation structure was not hourly, but rather an annual stipend with 24/7 availability to meet the needs of the facilities.

VMG Health Services Provided

Provider Compensation Valuation



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

Contact

Bartt B. Warner

Managing Director
Compensation Arrangements
bartt.warner@vmghealth.com
615-577-4206

*Contributor: Krista Patterson,
Senior Analyst, VMG Health*

Solutions

VMG Health conducted a fair market value analysis of the dialysis medical director services consisting of cost and market approaches which included: an analysis of local market dynamics affecting physician compensation, a review of the current agreement, an analysis of both dialysis clinical compensation and medical director services compensation market survey data, dialysis medical director stipend market comparables data, a review of VMG Health's internal database of similar arrangements, and a review of the unique experience, qualifications, and expertise of the physicians providing the services. In addition, VMG Health conducted an in-depth review of the job duties and interviewed the physicians to obtain a clear picture of the intricacies of the services and to determine the appropriate split of active hours (hours spent taking calls, advising, making decisions, etc.) and inactive hours (hours where the physicians were available to respond to calls but were not actively providing services). This information was used to derive the final fair market value indications.

Success

VMG Health determined the fair market value compensation for the physician's provision of dialysis medical director services by considering the specific details, facts, and circumstances of the arrangement. The deliverable was then used by the provider to aid in the contract renewal negotiation process and for regulatory and compliance purposes.