

Case Study

Health System Outreach Lab Benchmarking and Valuation

A regional health system ("System") was seeking help assessing the financial viability and valuation of their outreach lab business, clarifying historical economics outcomes to empower the System to negotiate a significant increase in the deal price for a proposed transaction.

Situation

A regional health system was evaluating an offer they had received for their outreach lab business from a national operator. Unsurprisingly, the health system experienced several challenges in evaluating the offer, all driven by the internal structure and reporting of the organization. Such challenges are not uncommon when evaluating any departmental information across the health system enterprise.

This included fragmented and incomplete departmental financial and operating data, which, while useful in some contexts, were not helpful in determining the real economics of the outreach lab business.

Services Provided

- Business Valuation
- Reimbursement Consulting/Black Box Analysis

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

Contact

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Solution

The regional health system retained VMG Health to perform a reimbursement benchmarking, proforma sensitivity, and valuation analysis of their outreach lab business. VMG Health completed the benchmarking exercise and identified revenue at risk within the existing outreach lab business. Additionally, VMG Health performed a valuation of the outreach lab business enterprise, accounting for both a "market participant" perspective and various business case expectations as a sensitivity analysis, in the event that the health system did not pursue a transaction. Part of the VMG Health assignment included collecting, validating, and analyzing data from disparate sources, creating much-needed clarity around the historical outreach lab economics and outcomes.

Success

Based on VMG Health's findings, the health system was able to both evaluate the proposed transaction economics relative to the existing outreach lab business and evaluate the potential outreach lab business economics and revenue at risk if they did not pursue the transaction. Equipped with this perspective, the health system pursued the transaction and successfully received a significant increase in the negotiated deal price.

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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