

Case Study

Fair Market Value Physician Compensation: World-Renowned Neurosurgeon

A California-based regional health system (“Health System”) was creating a state-of-the-art neuroscience center (“Neuroscience Center”), which would be professionally staffed under a foundation model (Foundation Model) by a world-renowned Neurosurgeon (Practice Leader) along with his neurosciences physician team (Physicians).

Situation

Due to the uniqueness of the Practice Leader and compensation expectations (Physicians providing clinical, administrative, and call coverage services to the Health System and being compensated once annually), the Health System sought a fair market value (FMV) opinion from VMG Health for regulatory compliance purposes and to determine appropriate guardrails to aid in compensation negotiations. The creation of the Neuroscience Center would allow patients needing advanced neurological, neurosurgical, and comprehensive spine care to receive treatment at a central center of excellence. The subject market had faced a critical need for advanced neurological and stroke care, and had a limited supply of physicians capable of treating their complex cases. As a result, the Health System identified the Practice Leader who was a highly productive, world-renowned neurosurgeon and had previously helped create and staff multiple, state-of-the-art neurosciences programs throughout the United States.

Services 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

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Solution

VMG Health conducted an in-depth analysis of the services to be provided by the Practice Leader and Physicians. This analysis included multiple interviews with the Practice Leader, Physicians, and Health System leadership along with a thorough review of their experience and expertise. In addition, VMG Health valued the clinical services by analyzing projected productivity compared to market compensation surveys, current compensation terms, and public data surrounding other physicians who currently serve in similar roles. Lastly, VMG Health reviewed various market sources to determine an appropriate locality adjustment, as the clinical services will be provided in a unique, high-cost-of-living market.

Success

VMG Health determined the FMV compensation and provided the Health System with appropriate guardrails to determine the compensation terms under the Foundation Model. The Health System then used the deliverable to successfully aid in the 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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