



VERALON[®]

TRANSFORMATIVE HEALTHCARE CONSULTING

Fair Market Value— Physician Compensation

Regulators have become increasingly aggressive about pursuing cases involving physician compensation arrangements, making it more important than ever that health assure that all of their physician compensation arrangements comply with the fair market value (FMV) and commercial reasonableness requirements of the Stark Law, the Anti-Kickback Statute, and IRS private inurement regulations.

Veralon's innovative valuation team has the experience to provide the FMV compensation opinions you need to assure regulatory compliance. Our approach is not formulaic; we determine FMV by evaluating the facts and services of a proposed arrangement, and account for unique market characteristics.

We can assist in valuation of any of the following, as required:

- Full or part-time employment
- On-call arrangements
- Income guarantees
- Subsidies/collections guarantees
- Professional services agreements
- Management services agreements
- Academic medical centers funds flow

Veralon is also expert in identifying the optimum structure for business arrangements and detailing the terms of these agreements.

WHY VERALON?

Veralon's recognized valuation credentials, industry expertise, and experience in physician compensation valuation services makes us the independent 3rd party you need to determine the FMV of any physician compensation arrangement. We offer:

Senior valuation professionals who average more than 25 years of experience, and are well-equipped to handle both the technical and political aspects of valuation

Valuation analysts accredited by the National Association of Certified Valuators and Analysts (NACVA) and the American Institute of Certified Public Accountants (AICPA)

Expertise in both FMV and hospital/physician relationships, and the ability to maintain an objective position in valuation and compensation arrangements

Extensive experience in the design of physician compensation plans and other business arrangements with physicians

Years of conducting our own market-specific physician compensation surveys (contact us to participate)

OVER

2,000

FMV Compensation Opinions

Physician Employment Valuations

To provide FMV for physician compensation arrangements, and income guarantees Veralon:

- Details the terms of physician compensation agreements:
 - Position descriptions
 - Productivity and level of effort requirements
 - Quality of care measures
- Translates administrative, supervisory, and teaching (AS&T) activities into fair and reasonable compensation ranges
- Determines service levels and compensation fair market value for contracting hospital-based physician services
- Where appropriate, defines reasonable length and terms of any subsidies

Valuation of On-Call Arrangements

Most hospitals now compensate both employed and independent physicians to provide call coverage. Veralon can help you be certain that compensation for call coverage meets FMV requirements. We:

- Evaluate “call burden” by determining:
 - The number of physicians rotating on-call responsibilities
 - The physician response time required
 - The frequency with which each physician is required to respond
 - The opportunity to receive compensation for professional services in connection with a call event
 - The risk profile of the call events and physician obligations for follow-up and documentation
- Determine whether the call panel’s burden is typical or the degree to which it is relatively higher or lower.
- Apply qualitative and quantitative factors appropriately

Academic Medical Centers and Funds Flow

Academic medical centers (AMCs) have used funds flow mechanisms for decades to compensate medical schools for the services they provide. While the components of services are typically delineated in formal contracts, the payment and service levels may not be as formally outlined. In this context, Veralon assists clients to:

- Delineate and quantify the services being provided by faculty physicians to AMCs
- Quantify program support requirements in support of AMC mission and medical school resource requirements
- Determine FMV for defined levels of service provided by one institution or department for another
- Develop and review funds flow arrangements for fair market value and commercial reasonableness