



**VERALON**<sup>®</sup>

TRANSFORMATIVE HEALTHCARE CONSULTING

# Do Your Physician Business Arrangements Meet Regulatory Requirements?

Most health systems have numerous business arrangements with independent physicians, from medical directorships to management agreements to practices leases. There is nothing cookie-cutter about the forms these arrangements may take. Only those with extensive experience with the operations, payers, and relationships involved can help you determine the ideal structure for each specific relationship.

For some types of arrangements, the challenge to the valuator may lie in making sure that the “comparables” used in the analysis properly match the services and resources being provided. Or there may be concerns about whether the arrangement is sufficiently inclusive.

**Veralon has that experience and knowledge, as well as the creativity and flexibility to value the full gamut of physician business arrangements:**

- Medical directorships
- Management and co-management agreements
- Practice and other lease arrangements  
(professional services and practice resources leases)
- Session and equipment leases

## WHY VERALON?

Veralon’s recognized valuation credentials, industry expertise, and experience in physician compensation valuation services makes us the independent third party you need to determine the FMV of any physician business arrangement.

**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 business arrangements with physicians**

## Veralon can assist you in every aspect of valuing business arrangements with your physicians.

### Valuing Practice Leases

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- Identifying and adjusting appropriate comparables
- Adjusting for carve-outs excluded from the lease arrangement
- Assuring that the arrangement is sufficiently inclusive to meet requirements for commercial reasonableness
- Evaluating the change in compensation as a result of the arrangement
- Considering post-transaction profitability
- Determining whether all aspects of the arrangement, taken together, meet benchmark requirements

### Service Arrangements

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- Interviewing leadership to determine roles and responsibilities for the physician arrangement proposed
- Establishing work effort estimates to meet those responsibilities
- Applying those estimates to compensation benchmarks for relevant specialties to determine acceptable compensation under the arrangement