

The “Rock Star” Physician

SO....ARE THEY AS GOOD AS THEY SAY? HOW MUCH IS TOO MUCH?
– A CASE STUDY REVIEW

Introductions



Joe Aguilar, MBA, MPH, MSN, CVA
Partner, HMS Valuation Partners

- 30 Years of Healthcare Valuation Experience
- His primary focus is on overseeing:
 - Physician/ Hospital Transactions
 - Fair Market Value /
 - Commercial Reasonableness
 - Provider Compensation Design
 - APP Compliance
- Clinical Experience – 20 years
Family / Women’s Health Nurse Practitioner

Introductions



Chip Hutzler, JD, MBA, CVA
Partner, HMS Valuation Partners

- 20 Years of Healthcare Valuation Experience
- His primary focus is on overseeing:
 - Physician/ Hospital Transactions
 - Fair Market Value / Commercial Reasonableness
 - Provider Compensation Design
 - Value-Based Arrangements
- 30+ Years as a lawyer and avid national speaker on topics including Stark, AKS, and FMV/CR

Introductions

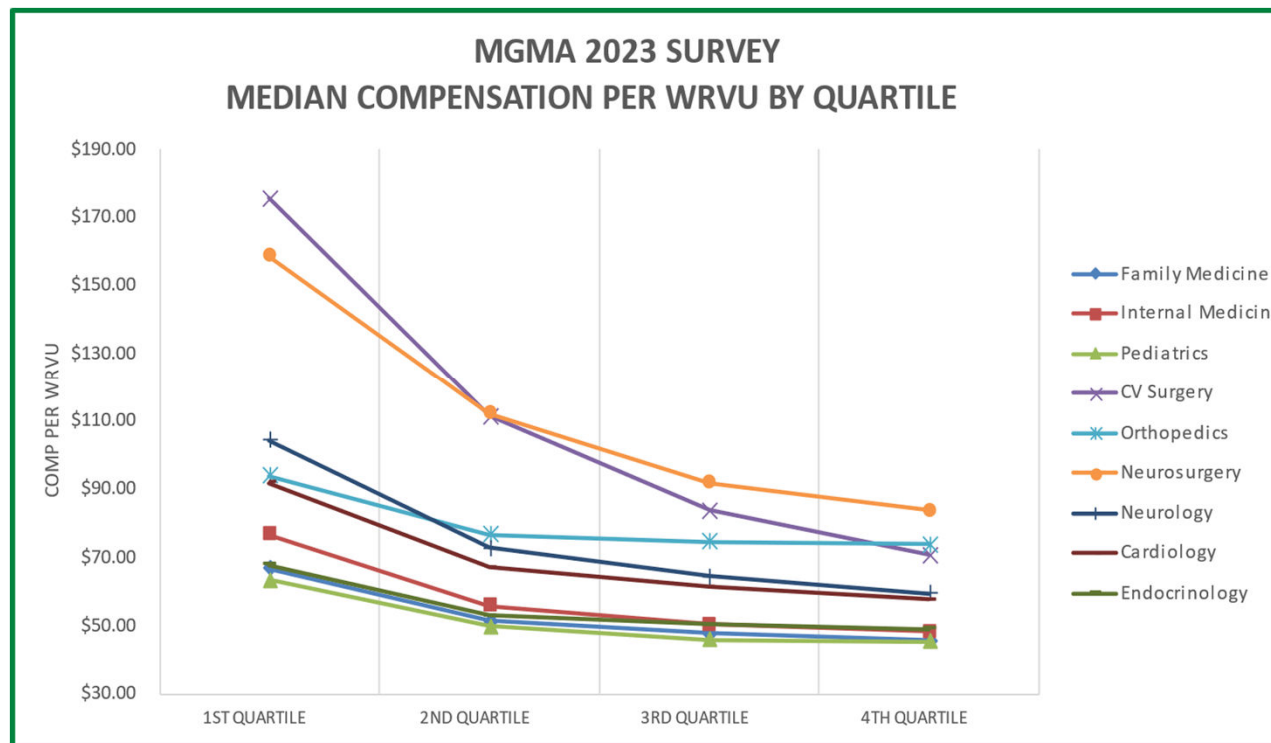


25+ YEARS
1996 - 2021

-  Physician Compensation Valuation & Plan Design
-  Value-Based Compensation
-  Hospital Coverage & ER Call Services
-  Telemedicine
-  Management Services Valuations
-  Practice Acquisitions
-  Fixed Asset Valuations
-  Real Estate Valuations
-  Medical Office Timeshares

CAPTURING HEALTHCARE VALUE WITH CLARITY

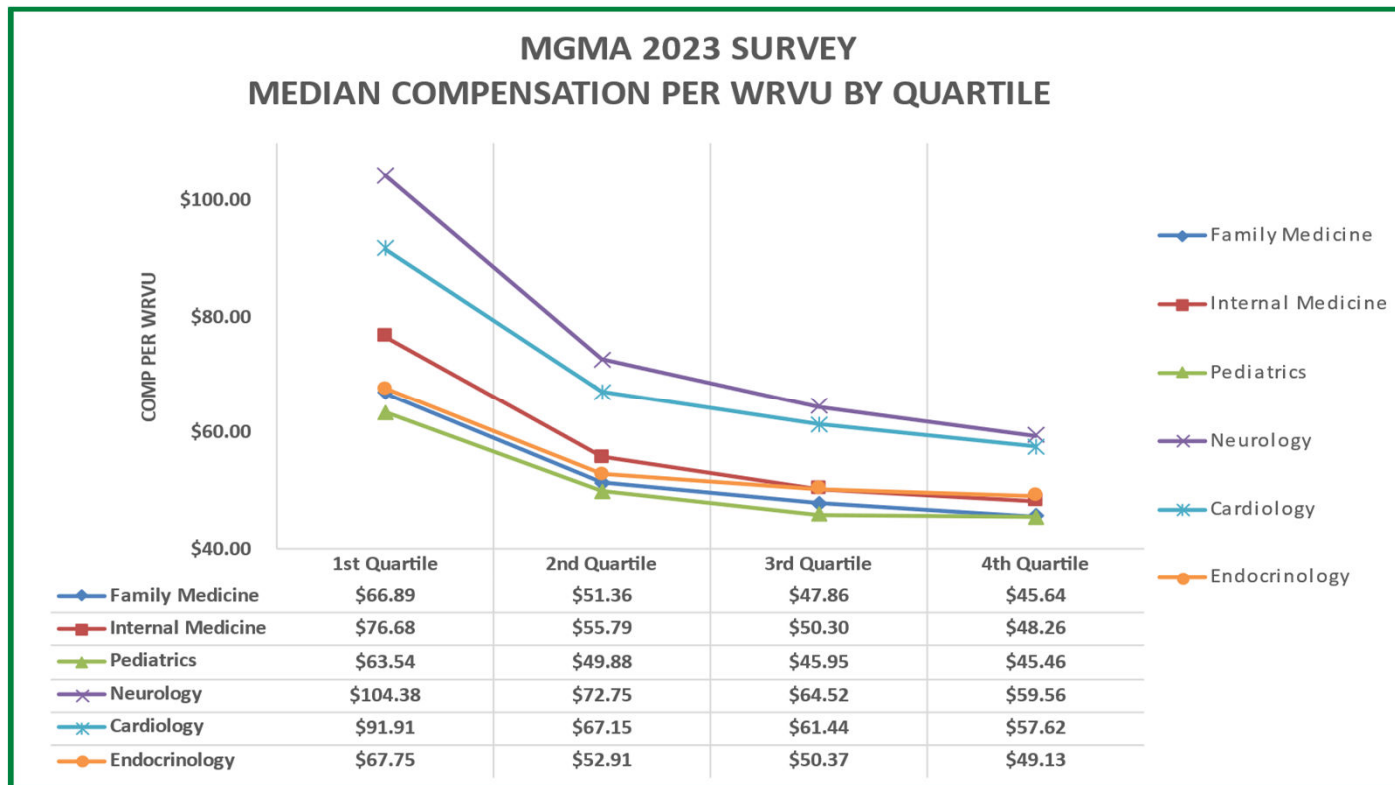
Compensation per wRVU One Size May Not Fit All



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CAPTURING HEALTHCARE VALUE WITH CLARITY

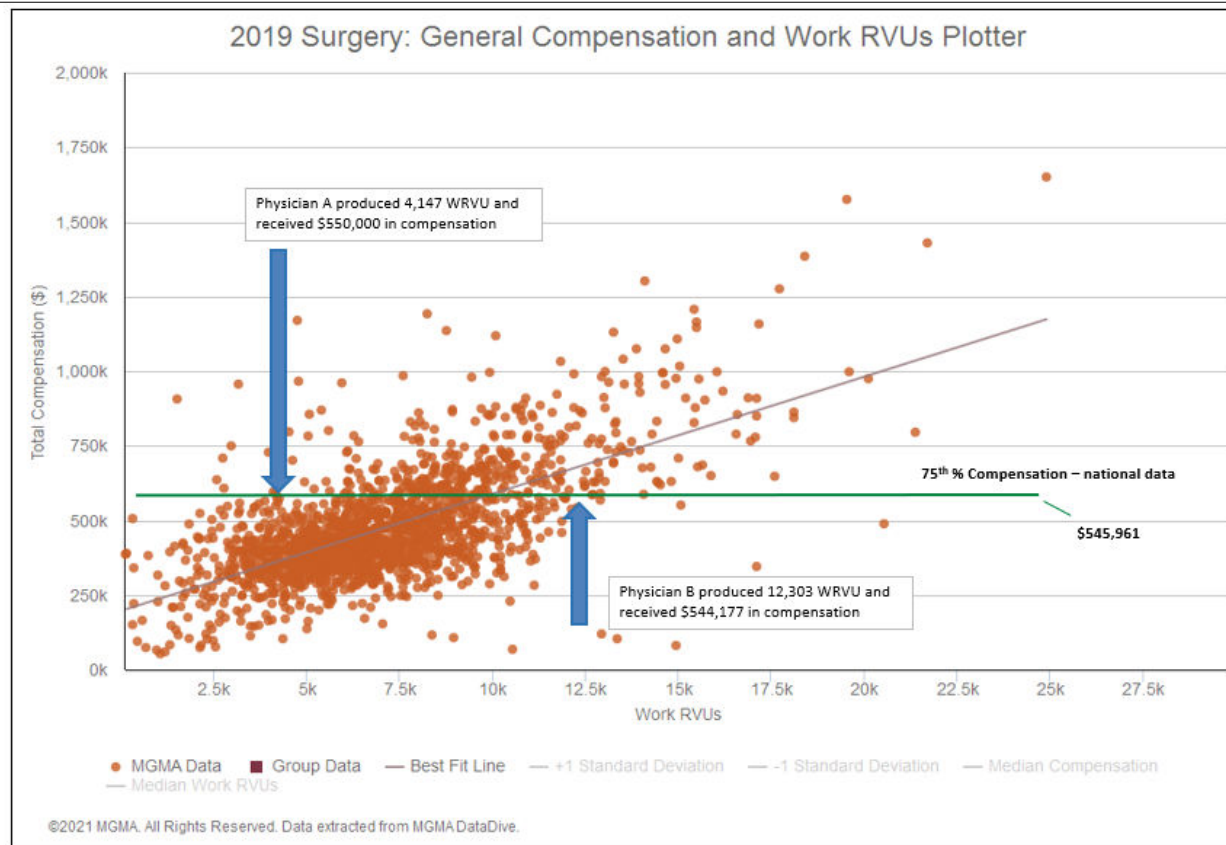
Compensation per wRVU One Size May Not Fit All



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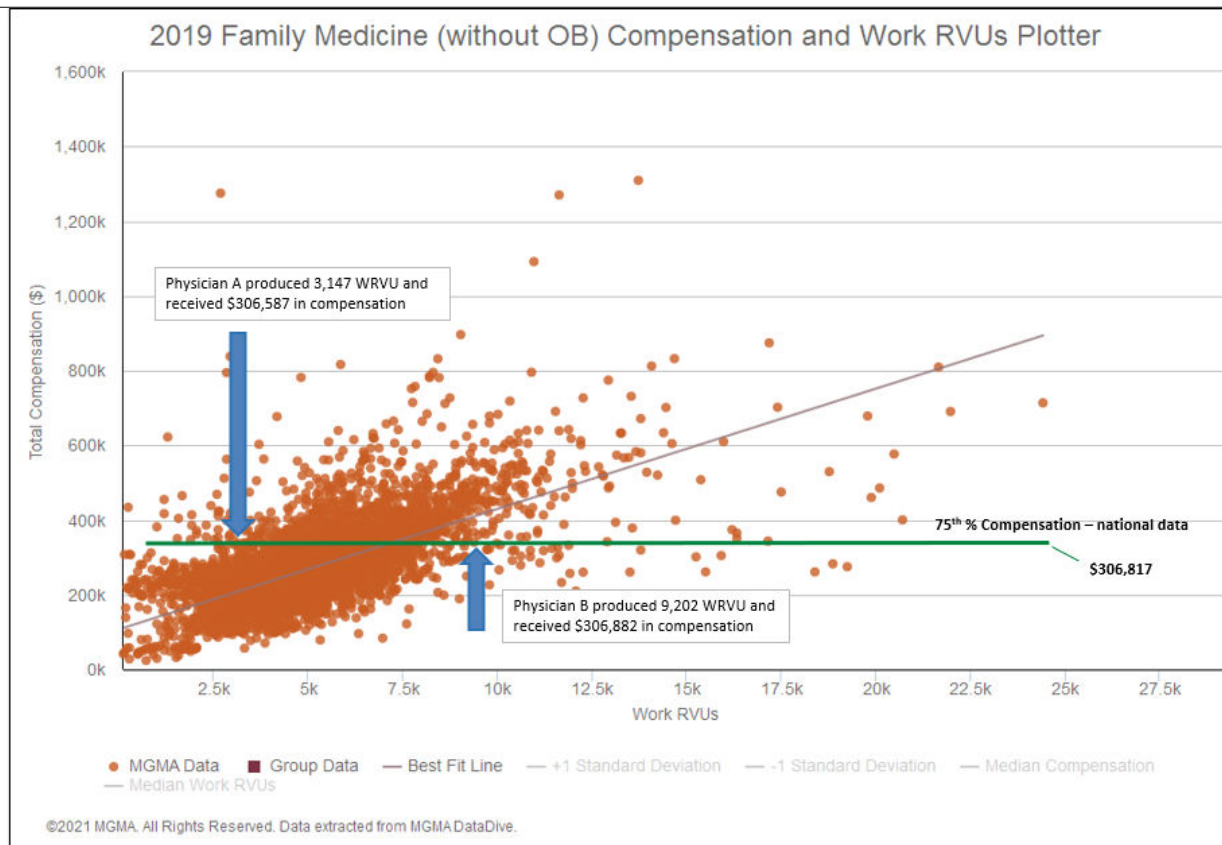
CAPTURING HEALTHCARE VALUE WITH CLARITY

Compensation should be Specific to the facts



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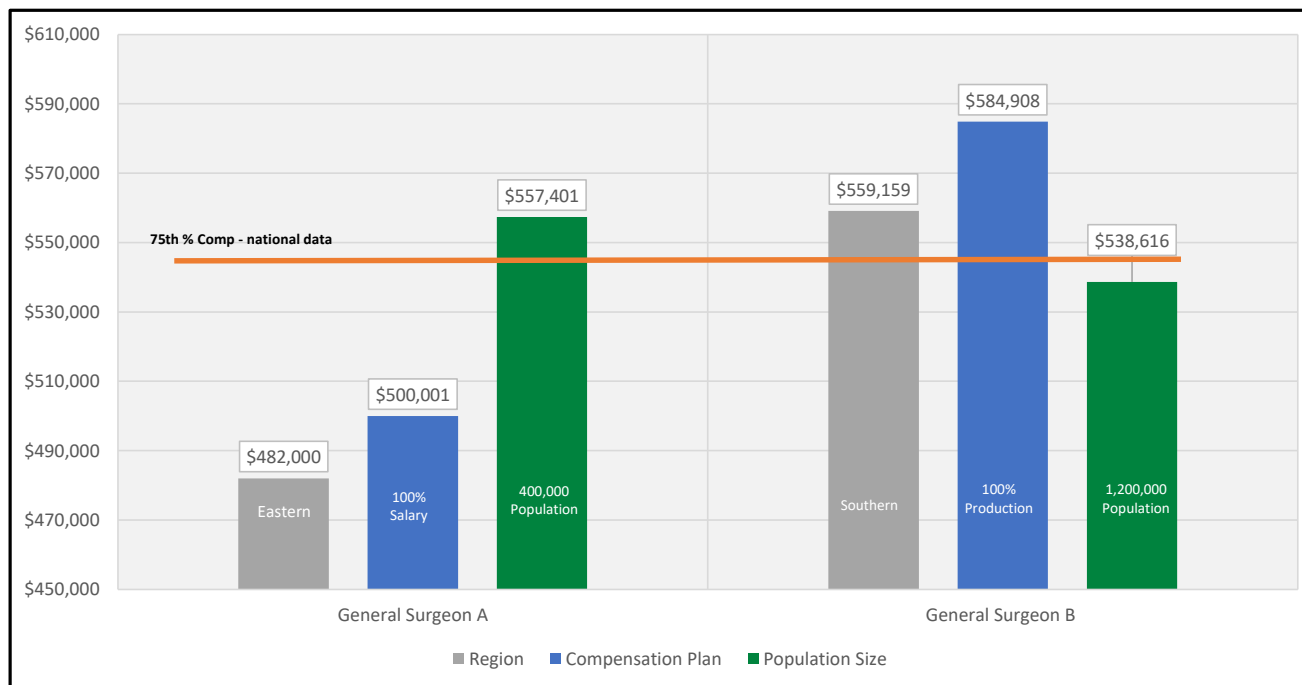
Compensation should be Specific to the facts



CAPTURING HEALTHCARE VALUE WITH CLARITY

Compensation should be Specific to the facts

Comparison between 2 physician transactions (General Surgery):
75th percentile MGMA compensation national data



2019 General Surgery Compensation
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Clinical Compensation vs Administrative Compensation



Percentiles	25 th %	50 th %	75 th %	90 th %
Family Med Clinical Comp	\$225,708	\$268,919	\$328,402	\$404,225
Family Med Executive	\$230,000	\$269,762	\$276,000	\$285,200
Gen Surgery Clinical Comp	\$373,271	\$454,645	\$558,610	\$708,590
Gen Surgery Executive	\$276,000	\$331,200	\$391,865	\$455,676
Neurosurgery Clinical Comp	\$689,788	\$873,598	\$1,141,927	\$1,417,632
Neurosurgery Executive	\$276,000	\$515,200	\$621,442	\$753,719

Notes:

1. Clinical compensation data comes from the MGMA 2022 Provider Compensation Survey, using 2021 data.
2. Administrative compensation data comes from the MGMA 2022 Medical Directorship Survey, using 2021 data.
Effective annual compensation based on 1,840 annual hours for illustration purposes.

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CAPTURING HEALTHCARE VALUE WITH CLARITY

CR Threshold Analysis



Commercial Reasonableness Threshold Analysis	
CR Threshold Test	Guiding Questions
Business Purpose	<ul style="list-style-type: none"> Does the transaction serve a legitimate business purpose? Does the transaction align with the organization's mission, satisfies a regulatory obligation, or meets licensure criteria? Is the arrangement appropriate given national, state, and local economic conditions and future outlook?
Service Specific Needs / Demand for Specialty	<ul style="list-style-type: none"> Is there a need and/or demand for the services under the arrangement? Do the services require a particular set of skills and/or experience? Do the services correspond to data provided in a community needs assessment report or a community health needs assessment?
Subject Agreement / Compensation Terms	<ul style="list-style-type: none"> What is the subject agreement compensation terms? Is it structured as a base guarantee or is it based on a set of performance metrics? Does the compensation in the arrangement correspond to the manner in which other providers with the same qualifications are paid under similar conditions?
Alternative Options / Duplicative Services	<ul style="list-style-type: none"> Do the services in the agreement require a physician? Do they require a physician with a particular specialty? Are the services being performed superfluous? Are there any reasonable lower cost alternatives to the subject agreement transaction? Are the services duplicative?
Financial / Production Review	<ul style="list-style-type: none"> Where does compensation benchmark? Where does production (wRVU/Collections) benchmark? How do they relate to each other and how do they relate to the facts and circumstances surrounding the transaction?

Questions



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