

# Healthcare Valuation: Practices, Agreements & Facilities

There are many events that set the stage for a valuation of a healthcare enterprise, agreement, or facility. Whatever the reason for the valuation, there are significant and complex aspects of each transaction related to the reimbursement, regulatory, technology and company environments which should be carefully examined. Marshall & Stevens has the experience to provide intelligent, detailed, and supportable valuation opinions for Healthcare companies and investors. Our professionals understand the nuances of conducting valuations within the context of the Stark Law and Anti-Kickback Statutes as well as the applicable tax and financial reporting standards (FASB and IFRS).

## HEALTHCARE INDUSTRY SERVICES

Our Healthcare practice provides timely valuation analysis to the entire spectrum of participants in the healthcare segment. We pride ourselves on our ability to demonstrate a complete understanding of your needs and financial considerations, and provide the necessary input and solutions to the challenges you face.

**Our services include, but are not limited to:**

### Existing Operations

- Alternative Use Studies
- ASC 350 Impairment Testing
- Capital Asset Review "Ghost Assets"
- Claim Disputes
- Debt and Equity Valuations
- Depreciation Studies
- Litigation Support
- Insurance Valuations
- Internal Financial Planning
- Management Services Agreement Valuations
- Partial Interest Valuations
- Property Tax Consulting
- Physician Service Agreements and Vendor Contracts Valuations
- Operational Overviews
- Revenue and Expense Analysis
- Sale/Leaseback Analyses

### Merger & Acquisitions/Divestiture

- Buy/Sell Consideration
- Fairness and Solvency Opinions
- Cash Flow Analysis
- Financing Valuation
  - ❖ Including Bonds
  - ❖ HUD 232 and 242 Requirements
- Liquidation Analysis
- Purchase Price Allocation

### Pre-Acquisition and Construction

- Absorption Studies
- Current/Prospective Valuations
- Demographic Analysis
- Development Cost Analysis
- Financial Feasibility Studies
- Highest and Best Use Analysis
- Market Feasibility Studies
- Need and Supply Analysis
- Site and Area Analysis

## REPRESENTATIVE HEALTHCARE ENGAGEMENTS

Marshall & Stevens's Healthcare Practice is headed by some of the industry's leading valuation experts. With experience valuing healthcare organizations with more than \$4B in revenues and \$3B in assets, Marshall & Stevens has the expertise to handle the most complex assignments. Below is a list of a few select engagements.

### Portfolio Engagements

- Complex multi-discipline valuation of 80 business enterprises - 70 long-term care facilities (SNFs) and 10 hospitals (acute, rehabilitation and LTCH hospitals) for financing purposes
- Intellectual property valuations for a Fortune 100 pharmaceutical company in support of their developmental drug portfolio
- Business, intangible asset, joint venture agreement, and stock valuation for a \$2.8B Healthcare system

### Buy/Sell Consideration

- Opinion to the Directors of a medical group as to the fair market value of a minority equity ownership interest in the company
- Pre-Acquisition due diligence for a Fortune 500 medical services company with total revenues over \$4B

### Wealth Transfer/Tax Reporting

- Value of multiple partial interests in a national medical group and physician network for transfer to tax beneficial entities

### IRS and Related Engagement

- Valuation of an occupational health business unit and the retrospective fair market value of capital stock on a controlling interest basis for Franchise Tax Board (California) audit

### Financial Reporting Compliance

- Multiple compliance valuations for a \$500M rehab group that operates and owns 30+ long-term acute care hospitals (LTACH)
- Valuation of equity (ASC 718) and purchase price allocation (ASC 805) for the merger of five healthcare service companies into a SPAC
- Impairment testing (ASC 350) of a non-profit acute hospital system with eight hospitals operating across the U.S.
- Purchase price allocation (ASC 805) for a \$122M acquisition of a biopharmaceutical manufacturer and distributor
- Valuation of management service agreements (MSAs) for distressed hospital operator
- Valuation of real estate leases between related parties



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