

Healthcare Compensation and the Role of Reardon Consulting



Why would medical directors or practice executives decide to champion healthcare compensation planning ... It has been said that “Without question, dividing income is the single greatest catalyst for controversy, organizational instability and group practice demise”. Just the mere thought of tackling this complex, emotion laden and legal compliance minefield cries out for outsourced expertise!

Physician and Healthcare Executive Compensation Plans — Reardon Consulting is uniquely positioned to provide guidance to hospital executives, physician executives, medical valuers, healthcare facility operators, and healthcare attorneys on appropriate and permissible compensatory arrangements governed by federal regulations.

Our Focus

RC's expertise can help you to clarify the kinds of major legal risks that are implicated within healthcare arrangements involving compensatory relationships among healthcare providers. Today, providers are being required to demonstrate that their economic relationships with hospitals, other practitioners, drug companies, and ASCs are at Fair Market Value (FMV). Failure to do so can result in fines and penalties of up to three times the amount paid by Medicare/Medicaid for services, for example, or a \$10,000 fine per payment. Violations of Stark legislation may result in exclusion from Medicare/Medicaid programs or create liability under the False Claims Act. Failure to establish that their economic relationships are at Fair Market Value may also result in IRS Intermediate Sanctions, a loss of tax exemption for not-for-profits, or violations of the Anti-Kickback Statute.

We Understand The Regulatory Environment

From a “real-world” perspective, we understand the regulatory environment in healthcare and how these regulations impact not only medical group compensation plans, but other common physician and healthcare provider financial relationships, including medical directorships, stipends, personal service contracts, time share arrangements, consulting services, on-call coverage, etc. RC is positioned to help you to address the implications impacting the following perspectives:

- The current regulatory environment
- The healthcare administrator's viewpoint and objectives
- The healthcare attorney's viewpoint and how he or she perceives the valuator's role
- The valuator's approach to dealing with these issues
- The IRS's perception of reasonable compensation and current enforcement actions
- The mechanics of crafting a Reasonableness Opinion



We Understand Both The Art And The Science Of Physician Compensation Plans

RC's expertise helps you to present innovative approaches to this complex and compliance ridden arena. We are fluent with the recent trends in physician compensation and can help you to:

- Establish financial goals consistent with fair market value standards
- Use compensation models to improve performance
- Avoid compensation arrangements that conflict with the current regulatory environment
- Successfully implement a performance based compensation plan



Who Are Our Clients?

Healthcare CEO's, CFO's, healthcare administrators such as human resource managers, house counsel, and compliance officers, healthcare providers such as practice administrators and physician managers/leaders, valuers and healthcare attorneys (because most law firms do not provide legal opinions on Fair Market Value or Commercial Reasonableness).

What Makes Reardon Consulting Your Best Choice For Compensation Planning?



Gregory T. Reardon, president of [Valuation Advisors, Inc.](#) and [Reardon Consulting, Inc.](#) is a nationally known healthcare expert working closely with hospital executives and physician executives and their attorneys attempting to comply with some of the highly complex issues involving the relationships among healthcare providers and acute-care entities.

Greg wrote and for the past 10 years has taught and now co-sponsors the [Consultants Training Institute¹ \(CTI\)](#) training program "Healthcare Consulting Workshop" with the [NACVA Alliance Partners Group²](#). This is a National Workshop which is taught at multiple locations throughout the country. Each presentation encompasses 5 days of specialized training to valuers and other healthcare consultants who want to understand the dynamics of medical practices as well as to help medical practitioners and administrators refresh their knowledge in this segment of the healthcare arena. Greg developed and now presents several national Webinars also co-sponsored by the [NACVA Alliance Partners Group](#) producing a series of web enhanced national audio conferences that address topics that have an impact on the valuation community involved in the healthcare sector.

¹The Consultants' Training Institute (CTI) is a professional training organization comprised of field-leading individuals. The CTI offers a range of advanced training in a variety of consulting disciplines.

²The NACVA Alliance Partners Group is a consortium of organizations including: the National Association of Certified Valuation Analysts (NACVA), the Center for Economic and Industry Research, LLC and the International Association of Consultants, Valuers and Analysts (IACVA).



[Richard J. Lohkamp](#) is a Principal with [Reardon Consulting, Inc.](#) Dick has thirty-five years experience in healthcare management and consulting. As a consultant in strategic planning, business unit development, facility planning and performance improvement engagements, he has served over 200 health care clients - ranging from healthcare systems and academic institutions to individual medical practices - in at least 15 states. Since joining RC in October of 1998, he has served as Principal-in-Charge in merger negotiations, contract and service agreement development, strategic planning and market analyses. He has authored articles on Physician Needs Assessment and on the development of Physician Organizations.

Dick's published study on Physician Needs Assessment is still quoted today, almost 20 years after its creation.

In addition to his consulting work, Dick also teaches business ethics at Villanova University.



What We Can Deliver

Economic and regulatory solutions needed in order to successfully interpret and/or structure compensatory arrangements for physicians and non-physician providers that are designed to meet the challenges of today's environment. We understand the hot issues and know how best to field them while complying with the regulations and FMV compensatory guidelines.

Let Us Design Your Compensation Program

We are experienced in helping the boards of trustees or healthcare executives, as well as physicians and legal advisors, deal with the complexities involved in negotiating and establishing arms-length compensatory arrangements that are economically sound and are likely to survive the test of scrutiny in today's highly regulated environment. Specifically, we can assist you with the following:

- The regulatory safe harbors for determining Fair Market Value compensation and incentive compensation structures, including where and when they are most applicable
- The IRS's latest initiatives regarding reasonable compensation in the healthcare sector and the implications for physicians, executives and not-for-profit entities engaged in compensatory relationships with physicians and other participating Medicare and Medicaid healthcare providers
- Craft a Reasonableness Opinion as to the Fair Market Value (Commercial Reasonableness) of a proposed compensatory relationship among healthcare providers and a referring entity

We have the resources to enable us to determine the reasonableness of a given compensatory relationship in the eyes of regulators.



Trademark

Contact Information:

Main Office

The Reardon Group of Companies

27 Regency Plaza ❖ 871 Baltimore Pike

Glen Mills, PA 19342

Phone: 610.459.9300

DE Phone: 302.656.5530

FAX: 610.459.5122

E-Mail: trg@thereardongroup.com

Visit our Web Site:

www.thereardongroup.com