

Reasonableness Opinions from Reardon Consulting...

Fair Market Value—Healthcare Compensation and the Role of Reardon Consulting as the Valuation Consultant:

RC is uniquely positioned to offer guidance to CEO's, CFO's, administrators, healthcare facility operators, and healthcare attorneys on Fair Market Value compensatory arrangements governed by federal regulations.

Employers of medical providers today 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.

RC's Focus:

We will work closely with your counsel to address the major legal risks that may be implicated within the healthcare market segment involving compensatory relationships among healthcare providers. 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. We are prepared to address the implications from 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 perception of reasonable compensation and current enforcement actions
- Properly crafted Reasonableness Opinions



Trademark





Gregory T. Reardon is president of Valuation Advisors, Inc. and Reardon Consulting, Inc. Greg works closely with hospital executives and physician executives and their attorneys attempting to comply with some of the highly complex issues involving compensatory relationships among healthcare providers and acute-care entities. Greg is a certified valuation analyst with the National Association of Certified Valuation Analysts (www.NACVA.com). He has hosted several forums on this subject including sponsoring annual National Webinars commencing in 2006 on this timely topic. Mr. Reardon has been quoted in *Medical Economics* and *Physician's Digest* regarding matters impacting the healthcare community.

Our Advantage:

We understand the types of issues that bring valuers into play in helping the boards of trustees or executives of these entities, as well as their physicians and attorneys, deal with the complexities involved in negotiating and establishing arms-length compensatory arrangements that are likely to survive the test of scrutiny in today's highly regulated environment. Specifically:

- **We** are conversant with the regulatory safe harbors for determining **Fair Market Value** compensation, including where and when they are most applicable;
- **We** are able to assist in complying with the IRS's latest initiatives regarding reasonable compensation within the healthcare sector and the implications for taxpayers and not-for-profit entities engaged in compensatory relationships with physicians and other participating Medicare and Medicaid healthcare providers;
- **We** have the resources available to enable us to determine the reasonableness of a given compensatory relationship in the eyes of regulators, and
- **Our** Certified Valuation Analyst can produce a Reasonableness Opinion as to the Fair Market Value (Commercial Reasonableness) of a proposed compensatory relationship among healthcare providers and a referring entity.

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