

# HEALTH CARE



What’s ailing the health care industry? Chapter 11 filings by healthcare companies with over \$1 million of assets more than tripled in 2017 according to data compiled by Bloomberg. Challenges such as regulatory changes, value-based reimbursement programs, mergers and acquisitions, changes in health care delivery and advancements in technology are just a few of the factors taking a toll on health care company finances. While there are several factors impacting the uncertainty of the health care industry, there are many solutions available for practices facing distress.

## CHALLENGES



**The Congressional Budget Office predicts a 10% premium spike to offset the increase of uninsured patients**

The 2017 tax bill and uncertainty over the Affordable Care Act has led some insurers to increase premiums which could fuel an increase in uninsured patients and impose financial pressure on smaller health care providers.



**The urgent care industry is expected to grow 5.8% in 2018**

As the delivery of health care evolves to include more convenient and affordable options such as: specialty providers, urgent care clinics, and virtual care options, the need for primary care and hospital visits decreases.



**By 2020, experts predict that value-based payments will account for 59% of all health care payments**

As payers cut reimbursement rates and create more strict claim submission criteria to conform to value-based care, providers are faced with declining reimbursements. The shift from fee-for-service to fee-for-value reimbursement has been a challenge for health care providers as it requires them to reinvent how they deliver care, incorporate new technology, and invest in data analytics to track the value-based care model.



**There were more than 960 health care merger & acquisition deals in 2017**

Health care merger and acquisition deals have sparked fear amongst smaller practices as this further challenges them with negotiating fee schedules with insurance companies who greatly favor the large, power paying health care systems.



**New medical technology is responsible for 40-50% in annual cost increases**

Although advancements in health care technology have advanced tremendously over the past few decades, the cost of the advances are partially responsible for the industry distress.

## A STUDY IN SUCCESS

### The Problem

\$70MM annual revenue New Vision Health, LLC, owner of Gilbert Hospital, LLC and Florence Hospital at Anthem, LLC, had **prolonged financial distress** which led them to file Chapter 11 bankruptcy. A Patient Care Ombudsman was appointed to monitor and report to the court and ensure patient care and safety. With the future of the **hospitals lingering in critical care and valuable assets at stake**, Resolute was appointed as Receiver to protect the security interest while determining whether to transition or close the hospitals.

### The Demand

This situation demanded the combined knowledge and experience of the Patient Care/Safety Experts and Receiver to **uphold patient privacy, maintain continuity of care, and preserve the assets while operating both hospitals**. Protecting the assets of each hospital, which included: pharmacies, full-service laboratories, a wide range of imaging equipment including nuclear medicine, X-ray, CT scan, MRI, and ultrasound, made this situation unique due to the extensive safety precautions and the mandate to meet rules and regulations.

### The Solution

After eight days of hospital operations, it was determined that **the hospitals must close**. Resolute then **strategically decommissioned all services** and worked with the Patient Care/Safety Experts to continue to **store securely and appropriately distribute more than 250,000 patient records**. This joint effort resulted in the **successful collection of outstanding A/R totaling more than \$5MM, the sale of all FF&E** for the benefit of the creditors, a patient care wind down that **met State regulations**, and **complete avoidance of costly regulatory fines**.

## SOLUTIONS

### Restructuring Advisory

A thorough analysis of the practice operations and processes offers valuable insight for becoming more integrated and profitable.

### Corporate Renewal

With our significant financial and operational expertise, we can help evaluate the future of the practice.

### Interim & Crisis Management

Our experience provides guidance and stability with a dedication to improving performance while leading turnaround initiatives.

### Fiduciary Services

Independent and objective fiduciary experience solving complex business problems by serving as court-appointed trustee, receiver, and liquidating trustee.

Visit [resolutecommercial.com](http://resolutecommercial.com) to see our health care industry experience.

This information is provided by Resolute for educational and informational purposes only and should be considered advertising.  
SOURCES  
1. <https://www.cbo.gov/publication/53300>  
2. <http://www.healthleadersmedia.com/leadership/healthcare%E2%80%99s-consolidation-landscape>  
3. <https://www.forbes.com/sites/forbespress/2018/02/23/urgent-care-industry-hits-18-as-big-players-drive-growth/#17e2b6ab4d89>  
4. <https://www.forbes.com/sites/forbestechcouncil/2017/10/26/technology-and-rising-health-care-costs/#1e49902766b>  
5. [https://www.changehealthcare.com/docs/default-source/resources/ng/report/change-healthcare-state-by-state-vbr-study-2017-report.pdf?sfvrsn=74f2e3bd\\_0](https://www.changehealthcare.com/docs/default-source/resources/ng/report/change-healthcare-state-by-state-vbr-study-2017-report.pdf?sfvrsn=74f2e3bd_0)  
6. <https://healthpayerintelligence.com/payers-see-cost-quality-gains-with-value-based-payment-models>