

Book Review: *Healthcare Valuation: The Financial Appraisal of Enterprises, Assets, and Services* by Robert James Cimas

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Healthcare Valuation: The Financial Appraisal of Enterprises, Assets, and Services, is an authoritative text authored by Robert J. Cimas, one of the leading health care valuation experts in the country. Cimas has taken the U.S. health care delivery system, a topic of exponentially growing complexity, and crafted a logical structure through which the volatile health care industry can be examined and understood by both seasoned analysts, as well as clients' other professional advisers

INTRODUCTION

Healthcare Valuation: The Financial Appraisal of Enterprises, Assets, and Services (John Wiley, March 2014, hardcover and e-book, \$140), a two-volume, 1,800-page authoritative text (with accompanying website), is the latest work by health care industry thought leader, Robert James Cimas, chief executive officer of Health Capital Consultants, a national health care financial and economic consulting firm headquartered in St. Louis, Missouri, since 1993.

BACKGROUND AND STRUCTURE OF THE TEXT

Healthcare Valuation is set within the conceptual construct of the Four Pillars of Health Care Value—(1) reimbursement, (2) regulatory, (3) competition, and (4) technology environment—in which health care enterprises, assets, and services operate within the current transactional environment. Volume 1 of the text begins with a foreword by Shannon Pratt and a chronology of the U.S. health care delivery system, before delving into the intricacies of each of the Four Pillars [Chapter 2—Reimbursement; Chapter 3—Regulatory; Chapter 4—Competition; and Chapter 5—Technology] as they apply, generally, to the valuation of health care enterprises, assets and

services. Chapter 6—An Era of Healthcare Reform, concludes Volume 1 and serves as a bridge between a description of each of the Four Pillars and the application of the Four Pillars to the valuation of health care enterprises, assets, and services.

Of note is the in-depth treatment of the health care revenue cycle in Chapter 2—Reimbursement Environment, and the health care regulatory environment in Chapter 3, as well as the thorough description of the Affordable Care Act (ACA) and its applicability to health care transactions in Chapter 6—An Era of Healthcare Reform.

After providing the reader with the requisite health-care-related industry background and marketplace forces, Volume 2 begins with an in-depth discussion of basic valuation tenets (Chapter 7), as well as a presentation of the generally accepted valuation approaches, methods and techniques (Chapter 8), before discussing the cost and sources of capital (Chapter 9) and the planning and process elements related to undertaking a health care valuation engagement.

Chapters 11 through 13 discuss the valuation of specific types of health care enterprises—that is, inpatient, outpatient, and “other” health-care-related enterprises, such as managed care organizations and accountable care organizations, before moving into a discussion of the valuation of

health care tangible and intangible assets (Chapter 14) and health care services (Chapter 15).

The last chapter of *Healthcare Valuation* is devoted entirely to the expanding scope of providing a “commercial reasonableness” opinion as it applies to health-care-related transactions in the current regulatory risk-intensive marketplace. Volume 2 concludes with a detailed glossary, index, and bibliography of over 75 pages.

ANALYSIS AND EVALUATION OF THE TEXT

Healthcare Valuation is a significant contribution to the cannon of valuation professional literature. In utilizing the Four Pillars construct, Cimasi has taken the U.S. health care delivery system, a topic of exponentially growing complexity, and crafted a logical structure through which the volatile health care industry can be examined and understood by both seasoned valuation analysts, as well as clients’ other professional advisers.

Health care C-suite executives and their legal counsel will find this text to be a useful primer on health care valuation, particularly due to the high frequency and detailed nature of footnotes, key terms, key concepts, and acronyms, as well as numerous “factoids” and key sources included throughout each of the 16 chapters.

In addition to the accompanying website (which contains numerous exhibits, schematics, and templates), the charts, tables, checklists and other resource materials included in *Healthcare Valuation* make it a “must read” for those analysts undertaking health-care-related assignments in an era of health care industry volatility and reform.

ABOUT THE AUTHOR

Robert James Cimasi has been serving clients in the health care industry for over 30 years. He is chair of the American Society of Appraisers Healthcare Special Interest Group (HSIG) Subcommittee, and serves on the editorial board of the Business Appraisal Practice Journal of the Institute of Business Appraisers (IBA), of which he is a member of the College of Fellows.

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