

BOOK REVIEW

# *The Adviser's Guide to Health Care – Second Edition*

by Robert James Cimasi and Todd A. Zigrang  
New York, New York: American Institute of Certified Public Accountants, Inc., 2015.  
Two-Volume Set \$249

*Reviewed by Shawn Hyde, CBA, CVA, CMEA*

**T**he first of the eight factors to consider in the valuation of a business listed by the IRS in its Revenue Ruling 59-60 is stated as follows:

*“The nature of the business and the history of the enterprise from its inception.”*

You know you are reading a book written by a valuation professional when the first section of *The Adviser's Guide to Health Care* begins by explaining exactly where our healthcare system began, starting with a description of astrology, and moving from there into detailed descriptions of each following step until we get to where we are now. Bob Cimasi and Todd Zigrang, respectively the CEO and President of Health Capital Consultants (HCC), obviously understand the nature and history of the whole healthcare industry from its inception, and after reading Chapter 1, I now have a much better understanding than I did.

However, these books are not written with only the valuation professional in mind. True, Chapter 4 in Volume II discusses steps involved in the valuation of a practice, the methods and analyses that should be included in an appraisal, as well as, a section on the valuation of intangible assets held in a medical practice, but that is only one of the eighteen total chapters included in this two-volume, 1,300 page set.

The organization of the two volumes has been well thought out. Volume I contains introductory information and detailed descriptions of the Four Pillars of the healthcare industry: Reimbursement Environment, Regulatory Environment, Impact of Competitive Forces, and Technology Development. The last chapter of the first book discusses the *Patient Pro-*

*tection and Affordable Care Act (ACA)*, as well as the *Health Care and Education Reconciliation Act of 2010* (together also known as “Obamacare”) and how this landmark legislation will impact the healthcare industry going forward; looking at not only the professional practice providers, but also individuals, small to mid-sized employers, larger employers, and even insurers.

Some other sections in Volume I that I found to be very helpful are, in no particular order, as follows: “Reasonable Compensation” defined by the IRS; Certificate of Need (CON) laws; and, the description and explanation of the *Anti-Kickback Statute* and the *Stark Law*. The authors have done an excellent job of explaining these and many other issues impacting healthcare providers and are necessary for the CPA/healthcare industry advisor to know and understand.

The books are supplemented throughout with useful charts and graphs. They illustrate the points discussed in a more visual manner, as well as provide an occasional useful example, phrase, or anecdote that brings additional life to the pages. Each chapter begins with a chart showing what the key concepts mentioned are, along with their definitions and on what page the topic is first mentioned.

Volume II is almost twice as long as Volume I. The authors did not skimp on the sharing of their knowledge of the various areas in which consulting services offered by CPAs and other professional advisors are greatly in demand in the healthcare industry. The first half of the Volume II is focused on describing some of those consulting services that are in demand such as assistance in developing compensation plans, the valuation of healthcare practices, and the emerging models of practice operation, to name a few.

The second half of Volume II presents both factual descriptions and explanatory background as to the various types of practices and healthcare providers that currently exist. For example, as I was going through the list, I found one I had never heard of before: Otolaryngology. It is described beginning on page 378 and after reading it, I know now that otolaryngologists are head and neck specialists and it is the oldest medical specialty in the United States. There are also descriptions in Chapter 9 of the various other professional occupations that exist, in order to either assist doctors or to provide certain services in their own right, such as nurses, therapists, technologists, technicians, sonographers, dosimetrists, and others. The chapter provides a basic job description, a discussion of how the industry is trending around each one, and from where the demand for each is coming.

Both volumes of the set, *The Adviser's Guide to Health Care*, are full of exceedingly useful information that I expect to be referencing time and time again in my consulting practice. The healthcare industry has changed a lot since the year 4 BC, where Chapter 1, *Historical Development*, begins, and that change is especially notable in the past few years. How physicians get paid and how a medical practice can maintain its profitability are answered differently depending on what

is going on at any given point in time. Doctors provide very beneficial services, but each practice is also a business, and if we, as consultants, can help our medical professionals stay focused on their specialties, instead of on figuring out how to stay solvent, the rest of society will benefit as well. I believe that *The Adviser's Guide to Health Care* will be a significant asset in any consultant's library. **VE**



*Shawn M. Hyde, CBA, CVA, CMEA, is the Business Valuation Manager at Yeo & Yeo CPAs, a Top 100 Certified Public Accounting and business consulting firm with offices throughout Michigan. He has over 15 years of valuation and appraisal experience in numerous industries. He is a Certified Business Appraiser, Certified Valuation Analyst, and a Certified Machinery & Equipment Appraiser.*

*He has written and taught courses for the Institute of Business Appraisers (IBA) and for the National Association of Certified Valuators and Analysts. He has served on the IBA's Education Board, and the IBA's Board of Governors, and is a past Editor in Chief of the IBA's professional journal, Business Appraisal Practice.*