Concierge Medical Practice Network Acquired by P&G

Cleared by the Federal Trade Commission on December 11, 2009, Proctor and Gamble (P&G), a Cincinnati based consumer and household product giant, will be acquiring complete ownership of MDVIP, Inc., a concierge medicine network that they had acquired a 48% minority stake in 2007. Based out of Boca Raton, Florida, MDVIP serves over 111,000 patients in 28 states and the District of Columbia through a network of over 310 physicians. Each physician’s practice case load is limited to a maximum of 600 patients, allowing them provide more timely and customized services to each patient, in addition to providing a more comprehensive personal healthcare plan.

Physicians in concierge medicine provide care to their patients for an annual retainer fee, a significant portion of which is retained by the physician. Although the services provided by these physicians are similar to those provided by traditional physician offices, concierge medicine allows for same day appointment availability; longer patient visits; and, home visits, benefits which are often not feasible in modern primary care delivery. Additionally, concierge medicine often provides a greater proportion of health and wellness services, which emphasize preventative care and cooperative care plans. Patients benefit from increased access to physicians, who assist in guiding them through the continuum of care. Benefits to physicians include a lighter patient load, more time spent with individual patients, and less administrative paperwork. Although hospitalizations or other problems that cannot be dealt with in-network are not covered by the concierge fee, patients can often supplement their concierge network with insurance coverage or pay out-of-pocket for these services.

P&G currently have no reported plans to change the management or strategy of MDVIP, which will continue to operate, for now, as a wholly owned subsidy. Prior to purchasing MDVIP, 20.8% of the products sold by P&G were products related to health and wellness. However, in August 2009, P&G announced plans to sell its prescription drug operations to Warner Chilcott Ltd. allowing P&G to invest in its more lucrative consumer healthcare businesses. The acquisition of MDVIP marks P&G’s continued expansion and growth within the healthcare industry and the growing popularity of concierge medicine as a healthcare delivery model.

References:


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Robert James Cimasi, MHA, ASA, FRICS, MCBA, AVA, CM&AA, serves as President of HEALTH CAPITAL CONSULTANTS (HCC), a nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, MO, serving clients in 49 states since 1993. Mr. Cimasi has over thirty years of experience in serving clients, with a professional focus on the financial and economic aspects of healthcare service sector entities including: valuation consulting and capital formation services; healthcare industry transactions including joint ventures, mergers, acquisitions, and divestitures; litigation support & expert testimony; and, certificate-of-need and other regulatory and policy planning consulting.

Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Intuition of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: “The U.S. Healthcare Certificate of Need Sourcebook” [2005 - Beard Books], “An Exciting Insight into the Healthcare Industry and Medical Practice Valuation” [2002 – AICPA], and “A Guide to Consulting Services for Emerging Healthcare Organizations” [1999 John Wiley and Sons].

Mr. Cimasi is the author of numerous additional chapters in anthologies; books, and legal treatises; published articles in peer reviewed and industry trade journals; research papers and case studies; and, is often quoted by healthcare industry press. In 2006, Mr. Cimasi was honored with the prestigious “Shannon Pratt Award in Business Valuation” conferred by the Institute of Business Appraisers. Mr. Cimasi serves on the Editorial Board of the Business Appraisals Practice of the Institute of Business Appraisers, of which he is a member of the College of Fellows.

Todd A. Zigrang, MBA, MHA, ASA, FACHE, is the Senior Vice President of HEALTH CAPITAL CONSULTANTS (HCC), where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing.

Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia, and is a Fellow of the American College of Healthcare Executives. He has co-authored “Research and Financial Benchmarking in the Healthcare Industry” (STP Financial Management) and “Healthcare Industry Research and its Application in Financial Consulting” (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser’s Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.

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