HEALTH CAPITAL Topics
Volume 18
Issue 8
August 2025
Jessica L. Bailey-Wheaton, Esq., Editor
Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA, ABV, Publisher

Valuation of Care Coordination Services: Introduction

The U.S. healthcare industry has undergone a fundamental transformation over the past decade, driven by the shift from volume-based to value-based care delivery models and the growing recognition that fragmented care systems contribute to suboptimal patient outcomes and inflated costs. Care coordination services have emerged as a critical infrastructure component, bridging the gaps between primary care providers, specialists, hospitals, post-acute care facilities, and community-based organizations. This evolution has been accelerated by federal government initiatives including the Medicare Shared Savings Program (MSSP), accountable care organizations (ACO), and various payment models from the Centers for Medicare & Medicaid Services (CMS) Innovation Center that financially incentivize coordinated care. Healthcare providers increasingly rely on dedicated care coordinators, nurse navigators, and interdisciplinary care teams to manage complex patient populations, reduce readmissions, improve medication adherence, and ensure seamless transitions across care settings. The COVID-19 pandemic further highlighted the essential nature of these services, as the healthcare industry scrambled to maintain continuity of care while managing resource constraints. As healthcare continues its trajectory toward more risk-based contracts and population health management, the strategic importance and financial value of care coordination services have become paramount considerations for healthcare executives, investors, startups, and other industry stakeholders. This first installment in a five-part series on the valuation of care coordination services provides a brief overview of care coordination.

While there is no universal definition of care coordination (a 2007 systemic review identified over 40 different definitions of the term[1]) the Department of Health & Human Services' (HHS's) Agency for Healthcare Research and Quality (AHRQ) defines care coordination as:

> "the deliberate organization of patient care activities between two or more participants (including the patient) involved in a patient's care to facilitate the appropriate delivery of health care services. Organizing care involves the marshalling of personnel and other resources needed to carry out all required patient care activities and is often managed by the exchange of information among participants responsible for different aspects of care."[2]

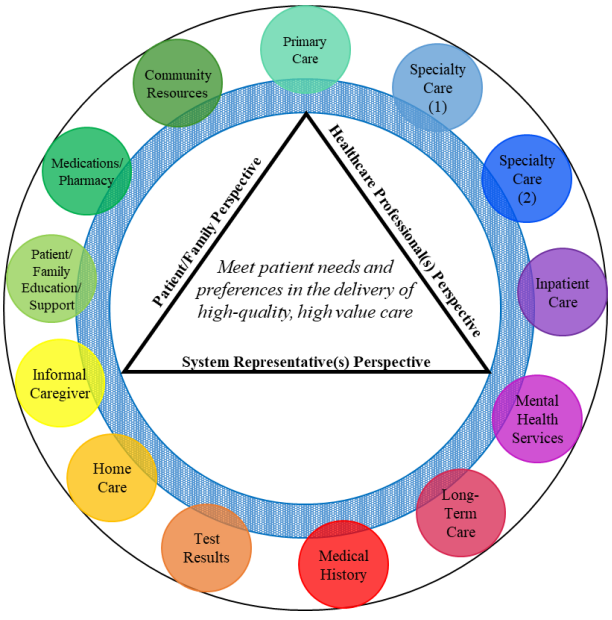
The principal goal of care coordination "is to meet patients' needs and preferences in the delivery of high-quality, high-value health care," which requires the patient's needs and preferences to be known and communicated to the correct parties at the pertinent time, in order to "guide the delivery of safe, appropriate, and effective care."[3] On a macro level, care coordination may be a key strategy to improve the effectiveness, safety, and efficacy of the U.S. healthcare system.[4]

In achieving these goals, a number of different parties must be involved in care coordination, including:

(1) The patient and the patient's family (or other informal caregivers);
(2) Healthcare professionals (e.g., physicians, nurses, social workers, care managers, supporting staff);
(3) Healthcare entities (e.g., primary care or specialty care practice, hospital or hospital department, urgent care clinic); and,
(4) Systems of care (e.g., accountable care organizations, independent physician associations).[5]

See below a pictorial description of what AHRQ has termed a "care coordination ring":

Exhibit: Care Coordination Ring[6]



(Continued on next page)

Perhaps more simply, care coordination often commences with the referral of a patient from primary care to specialty care. As specialty care has become an important element of outpatient care, primary-to-specialty care referrals have increased exponentially.[7] This referral is "a critical first step in coordination of specialty care" and should "convey a clear question and sufficient historical information about the patient and their condition to focus the consultation (i.e., the clarity and completeness of the referral)."[8] However, primary-to-specialty care referrals "can be difficult to coordinate, and shortcomings are longstanding."[9] While "[a]ppropriate, clear, and complete referrals increase the likelihood that the specialist can provide timely, thorough, and efficient care," referrals that do not meet these standards (a common issue) can result in delayed, duplicative, or incomplete specialty care evaluations, which could negatively impact the quality of patient care.[10] Therefore, the quality of the primary-to-specialty care referral is necessary in order to properly coordinate services and ensure the patient receives high-quality care.

Given the current conditions of the healthcare industry, and specifically, the care coordination sector, the increasingly important role of, and demand for, care coordination services is clear. Given that primary care referrals to specialists (the first step in care coordination) are increasing, yet are often substandard, leading to delayed, duplicative, or incomplete specialty care evaluations, there is a significant market for those who can perform some or all of these services on behalf of the primary care provider (PCP). This market opportunity is further underscored by both the primary care shortage and the dearth of available time that PCPs currently have to conduct administrative tasks such as care coordination services. These services are an important piece of the healthcare system that can: help bridge gaps between the supply and demand for healthcare services and between higher quality and lower cost of care; allow PCPs to spend more time providing clinical tasks; and, promote successful transitions of care between the PCP and the specialist. Further, demand for care coordination services is anticipated to increase, driven by the aging Baby Boomer population and the continuing paradigm shift in the U.S. healthcare delivery system, from volume-based to value-based reimbursement models. The next installment in this five-part series will explore the competitive environment in which the providers of care coordination services operate.

---

1 "Closing the quality gap: A critical analysis of quality improvement strategies" By Katheryn M. McDonald, et al., Technical Reviews, No. 9, Vol. 7, Rockville, MD: Agency for Healthcare Research and Quality, June 2007. AHRQ Publication No. 04(07)-0051-7.

2 "Chapter 2. What is Care Coordination?" in "Care Coordination Measures Atlas Update" Agency for Healthcare Research and Quality, June 2014, https://www.ahrq.gov/ncepcr/care/coordination/atlas/chapter2.html#ref2 (Accessed 8/21/25).

3 "Care Coordination" Agency for Healthcare Research and Quality, November 2024, https://www.ahrq.gov/ncepcr/care/coordination.html (Accessed 8/21/25).

4 *Ibid.*

5 Agency for Healthcare Research and Quality, June 2014.

6 *Ibid.*

7 Between 1999 and 2009, referrals in the U.S. more than doubled, from 41 million to 105 million. "Patient, PCP, and specialist perspectives on specialty care coordination in an integrated health care system" By Varsha Vimalananda, MD, MPH, et al., Journal of Ambulatory Care Management, Vol. 41, No. 1 (2018), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5726433/ (Accessed 11/3/21) (citing "Trends in physician referrals in the United States, 1999-2009" By Michael L. Barnett, et a., JAMA Internal Medicine (January 23, 2012), https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/1108675 (Accessed 8/21/25)).

8 "Tools to Improve Referrals From Primary Care to Specialty Care" By Varsha G. Vimalananda, MD, MPH, et al., American Journal of Managed Care, Vol. 25, No. 8 (2019), available at: http://ajmc.s3.amazonaws.com/_media/_pdf/AJMC_08_2019_Vimalananda%20final.pdf (Accessed 8/21/25), p. e237.

9 *Ibid.*

10 *Ibid*, p. e237, e239.

(Continued on next page)

HEALTH CAPITAL CONSULTANTS

(800) FYI -VALU

Providing Solutions in an Era of Healthcare Reform

- Valuation Consulting
- Commercial Reasonableness Opinions
- Commercial Payor Reimbursement Benchmarking
- Litigation Support & Expert Witness
- Financial Feasibility Analysis & Modeling
- Intermediary Services
- Certificate of Need
- ACO Value Metrics & Capital Formation
- Strategic Planning
- Industry Research

LEADERSHIP

Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA, ABV, is the President of **HEALTH CAPITAL CONSULTANTS** (HCC), where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 30 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,500 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of "*The Adviser's Guide to Healthcare - 2nd Edition*" [AICPA - 2015], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Guide to Valuing Physician Compensation and Healthcare Service Arrangements* (BVR/AHLA); *The Accountant's Business Manual* (AICPA); V*aluing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies; Business Appraisal Practice*; and, *NACVA QuickRead*. Additionally, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); the National Association of Certified Valuators and Analysts (NACVA); the American Health Lawyers Association (AHLA); the American Bar Association (ABA); the Association of International Certified Professional Accountants (AICPA); the Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute. He also serves on the Editorial Board of The Value Examiner and QuickRead, both of which are published by NACVA.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Certified Valuation Analyst (CVA) designation from NACVA. Mr. Zigrang also holds the Accredited in Business Valuation (ABV) designation from AICPA, and the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter. He is also a member of the America Association of Provider Compensation Professionals (AAPCP), AHLA, AICPA, NACVA, NSCHBC, and, the Society of OMS Administrators (SOMSA).

Jessica L. Bailey-Wheaton, Esq., is Senior Vice President and General Counsel of HCC. Her work focuses on the areas of Certificate of Need (CON) preparation and consulting, as well as project management and consulting services related to the impact of both federal and state regulations on healthcare transactions. In that role, Ms. Bailey-Wheaton provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services.

Additionally, Ms. Bailey-Wheaton heads HCC's CON and regulatory consulting service line. In this role, she prepares CON applications, including providing services such as: health planning; researching, developing, documenting, and reporting the market utilization demand and "need" for the proposed services in the subject market service area(s); researching and assisting legal counsel in meeting regulatory requirements relating to licensing and CON application development; and, providing any requested support services required in litigation challenging rules or decisions promulgated by a state agency. Ms. Bailey-Wheaton has also been engaged by both state government agencies and CON applicants to conduct an independent review of one or more CON applications and provide opinions on a variety of areas related to healthcare planning. She has been certified as an expert in healthcare planning in the State of Alabama.

Ms. Bailey-Wheaton is the co-author of numerous peer-reviewed and industry articles in publications such as: The Health Lawyer (American Bar Association); Physician Leadership Journal (American Association for Physician Leadership); The Journal of Vascular Surgery; St. Louis Metropolitan Medicine; Chicago Medicine; The Value Examiner (NACVA); and QuickRead (NACVA). She has previously presented before the American Bar Association (ABA), the American Health Law Association (AHLA), the National Association of Certified Valuators & Analysts (NACVA), the National Society of Certified Healthcare Business Consultants (NSCHBC), and the American College of Surgeons (ACS).

Janvi R. Shah, MBA, MSF, CVA, serves as Senior Financial Analyst of HCC. Mrs. Shah holds a M.S. in Finance from Washington University Saint Louis and the Certified Valuation Analyst (CVA) designation from NACVA. She develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition she prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams.

For more information please visit: www.healthcapital.com