SEGMENT SUMMARY

Managed Care Valuation Overview









Managed care organizations, including commercial insurers, Medicare and Medicaid managed care, and pharmaceutical benefit managers all play an important role in the healthcare industry as the primary payers. They tend to have low profit margins but generate strong returns on capital for their investors.

KEY FACTORS THAT INFLUENCE MANAGED CARE VALUATIONS

- Type of organization/plan
- Local competition and market
- Medical loss ratio, administrative loss ratio, and overall profit margins
- Technology and infrastructure

- Relationships with and composition of network providers
- Size of the company
- Growth opportunities
- Control-level of subject interest

MARKET DATA FROM CONTROLLING INTEREST TRANSACTIONS

	Size Characteristics						Benchmarks		
						EBITDA	Revenue	EBITDA	
	 Price (EV)		Revenue		EBITDA	Margins	Multiple	Multiple	
10th Percentile	\$ 87,172,000	\$	243,000,000	\$	13,180,000	2.3%	0.2	5.7	
25th Percentile	\$ 164,400,000	\$	400,675,750	\$	22,447,698	3.8%	0.4	7.7	
Median	\$ 600,000,000	\$	1,203,600,000	\$	42,300,000	6.0%	0.6	9.3	
75th Percentile	\$ 2,936,559,000	\$	7,134,050,000	\$	211,239,712	8.0%	0.9	11.7	
90th Percentile	\$ 9,820,000,000	\$	21,060,901,000	\$	825,500,800	10.6%	1.1	13.9	

Source: Scope Research.

Contact BFMV at <u>info@buckheadfmv.com</u> for more details related to managed care market data, answers to questions regarding valuation issues, or a proposal. BFMV is committed to providing fast, affordable and pain-free valuation services to healthcare organizations and their representatives. Visit <u>buckheadfmv.com</u> for more segment summaries.