

Yampa Valley Medical Center Merges with Uchealth to Develop Clinically Integrated Network

Yampa Valley Medical Center (YVMC) is a nonprofit acute care health system in Steamboat Springs, Colorado. YVMC generates over \$100 million in revenue, offers numerous highacuity services (cancer care, orthopedics, cardiology, robotic surgery and others) and is a major provider of care to the U.S. Ski Team. The facility is designed with the rustic features of a ski lodge and is idyllically nestled near the ski slopes of Mount Werner and Steamboat Ski Resort, which drive heavy demand for orthopedic services.

Challenge

In July 2016, YVMC announced its decision to seek a strategic partner in the Front Range (an area in central Colorado that spans from Denver to southern Wyoming) with the resources to execute on YVMC's mountain strategy and implement a clinically integrated network (CIN). Through the CIN, YVMC planned to increase access to specialty services and improve care coordination among its patients, the hospital and its 80-plus physicians (both independent and employed). In addition, the board desired to develop centers of excellence in cancer care and orthopedics while simultaneously maintaining YVMC's culture and connection to the local community.

Results

University of Colorado Health (UCHealth) was selected as YVMC's partner, and the transaction closed on September 1, 2017. Publicly disclosed terms included more than \$105 million in investments into the YVMC community from UCHealth, as well as a significant donation to the YVMC Foundation, partnership in the UCHealth Integrated Network, implementation of the Epic electronic medical records system, resources for an expanded emergency department, ongoing infrastructure improvements, and resources for additional behavioral health and substance abuse work.

Approach

YVMC retained Huron in August 2016 to support the implementation of a CIN and advise on a transaction with a Front Range health system. Huron designed a comprehensive, multidisciplinary search process, which promoted interaction and transparency among YVMC's key constituencies. The process included a review of YVMC's strategic plan; numerous education sessions with YVMC's CIN committee, which consisted of approximately a dozen physicians; an assessment of information technology (IT) services and how YVMC and CIN might receive IT services from the selected partner; and numerous advisory services related to the selection of the Front Range partner.

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Huron's licensed investment banking affiliate, Huron Transaction Advisory, led the proposal process for the identification and selection of a preferred partner. Huron Transaction Advisory began the process by establishing affiliation criteria that met the objectives of the various constituencies. Other key steps included identifying suitable partners, soliciting interest, providing regular updates and materials to leadership, managing the decision makers through the selection process, coordinating due diligence and assisting with negotiations. Proposals were received from both nonprofit and for-profit organizations, with options for asset acquisitions, joint ventures and minority-interest transactions. Ultimately, the YVMC board elected to pursue a merger with an academic medical system in order to fully align the priorities and visions of the parties.

Throughout the engagement, YVMC utilized complementary services offered by Huron, including the following:

- Huron's strategy experts assessed and refined the strategic plan for CIN options.
- Huron's physician services team educated and worked with YVMC's CIN committee, which consisted of approximately a dozen employed and independent physicians, regarding their options for a CIN.
- Huron conducted a comparative IT analysis of the potential candidates and performed an assessment related to YVMC CIN integration options and associated IT services.
- Huron's valuation team developed preliminary pricing expectations for negotiating purposes.
- Huron facilitated a cultural assessment of YVMC and the finalist to identify and manage any gaps in cultural fit between the organizations.



Securities transactions provided by Huron Transaction Advisory LLC, member FINRA/SIPC.*



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