

# The Real Story of COVID-19 for Valuation and Litigation Experts

Includes a focus on the healthcare sector

By Mark O. Dietrich, CPA

A BVR  
BRIEFING

EXCERPT



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## About the Author

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Mark O. Dietrich, CPA, is a summa cum laude, Beta Gamma Sigma graduate of Boston University where he also earned an MBA with high honors. He is editor and contributing author to the Business Valuation Resources/American Health Lawyers' Association *Guide to Healthcare Industry Finance and Valuation*, 4th edition; editor and principal author of BVR's *Guide to Physician Practice Valuation*, 3rd edition; and co-editor and contributing author to the BVR/AHLA *Guide to Valuing Physician Compensation and Healthcare Service Arrangements*, 2nd edition.

Mark's career experience includes working with numerous physician practices as a tax advisor and operational consultant, designing and implementing compensation plans, negotiating managed care and Medicare Advantage contracts on behalf of a primary care physician network, serving as partner-in-charge of the audit of a tax-exempt faculty group practice affiliated with a major teaching hospital, serving as expert on behalf of both defendants and the government in qui tam actions, and performing valuations on behalf of both medical practices and tax-exempt hospitals. When he is not writing or researching some obscure healthcare industry topic, he does valuation work and tends to his farm.

## Introduction

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The print and broadcast media have become a battleground of dueling “experts” selectively chosen to support one view or the opposite about the source, treatment, and consequences of COVID-19. And, unlike the venues where valuation and litigation experts have to deal with just a few parties or litigants, millions of people are caught in the media’s “expert” crossfire. Tired of the endless finger-pointing—and both reporters and “experts” changing their stories as frequently as healthcare providers are supposed to change N95 masks—I went to the source data in various scientific journals and fact-based websites to figure out the real story.

One can ask what the relevance of all this science and study is to the financial community. The answer is that, for the economy to recover, the origin, transmission, and “hot spots” have to be understood. Much of the economy is highly localized, and the impact in one area will be different than another. Plus, the hot spots will shift from one geographic area to another. That will impact future cash flow of the smaller businesses most of us work with.

As someone with many thousands of pages in print in my articles and various books, I have certainly faced more than a few challenges to my expertise and research results, notably on the uselessness of the “surveys” of physician compensation relied on in the expression of fair market value of physician services and medical practices. I approached my research here the same way any forensic accountant would in preparing to learn about an industry or subject matter related to a valuation, commercial litigation, or damages matter—and to withstand cross-examination by an opposing attorney (unlike the “experts” interviewed in the print and broadcast media).

With decades of prior healthcare engagement experience researching such diverse topics as dental implants, the biologic macular degeneration drugs Lucentis and Avastin, the biologic rheumatoid arthritis drugs Humira and Remicade, use of laparoscopic-assisted vaginal hysterectomy (LAVH) versus traditional vaginal hysterectomy (yes, this is a true story, see [ncbi.nlm.nih.gov/pmc/articles/PMC3015867](https://ncbi.nlm.nih.gov/pmc/articles/PMC3015867)), interventional cardiology’s use of stents versus coronary artery bypass surgery and specialized post-mastectomy reconstructive surgery, as well as attending Medicare Advantage Medical Director training to learn about nonsteroidal anti-inflammatory drugs (NSAIDs—of which many expensive ones exist that I learned are no more effective than ibuprofen), and auditing medical billing for consistency of diagnosis and treatment as expressed in a CPT® code, this is nothing new to me. Just don’t ask me for a diagnosis or treatment.

And, of course, these types of valuation or litigation engagements often also *require* an epidemiologist, virologist, or other scientist, much the same as a vocational expert would be necessary in a case of

calculating damages where a surgeon suffered injury to her hands as a result of a faulty surgical instrument (been there, done that).

This paper is structured in the following manner: first, a brief explanation about how probability affects decision-making when there are no statistics for a novel disease; where the virus originated and how it got here in the U.S.—and when that was known or knowable; how the virus is transmitted; whether or not wearing a mask makes sense; structural issues on the healthcare industry that affected the response and death rates; virus testing and biostatistics; and analysis and prognostications. Also, a series of epilogues brings you up-to-date on important developments in this constantly evolving situation.

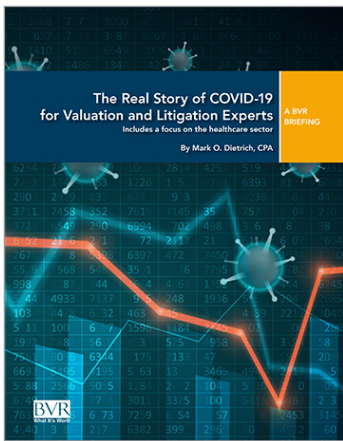
Mark O. Dietrich, CPA

### COVID-19 Casualty Count as of May 24, 2020

	Cases	Percent	Case Rate <sup>1</sup>	Deaths	Percent	Death Rate <sup>2</sup>	CFR <sup>3</sup>	Population*	Pop %	Ratio <sup>4</sup>
United States	1,667,437	100.0%	5,035	98,691	100.0%	298	5.92%	331,177,852	100.00%	1.00
New York	369,656	22.2%	18,996	29,112	29.5%	1,496	7.88%	19,459,893	5.88%	5.02
New Jersey	154,713	9.3%	17,421	11,083	11.2%	1,248	7.16%	8,880,609	2.68%	4.19
Massachusetts	91,662	5.5%	13,304	6,304	6.4%	915	6.88%	6,889,617	2.08%	3.07
Connecticut	40,022	2.4%	11,228	3,675	3.7%	1,031	9.18%	3,564,500	1.1%	3.46
Pennsylvania	71,136	4.3%	5,560	5,143	5.2%	402	7.23%	12,793,532	3.9%	1.35
Subtotal, N. East	727,189	43.6%	14,096	55,317	56.1%		7.61%	51,588,152	15.6%	3.60
Illinois	107,796	6.5%	8,507	4,790	4.9%	378	4.44%	12,671,958	3.83%	1.27
Michigan	54,365	3.3%	5,444	5,223	5.3%	523	9.61%	9,986,616	3.02%	1.76
Texas	55,485	3.3%	1,926	1,527	1.5%	53	2.75%	28,811,321	8.70%	0.18
Florida	50,127	3.0%	2,335	2,233	2.3%	104	4.45%	21,471,154	6.48%	0.35
California	92,629	5.6%	2,544	3,459	3.5%	95	3.73%	36,410,526	10.99%	0.32
Rest of Country	579,846	34.8%	3,406	26,142	26.5%		4.51%	170,238,126	51.40%	0.52

1 Case rate = number of cases per million population  
 2 Death rate = number of deaths per million population  
 3 Case fatality rate (CFR) = percentage of deaths per case  
 4 Ratio = percentage of deaths divided by percentage of population

# BVR Briefing – The Real Story of COVID-19 For Valuation and Litigation Experts



For this new BVR Briefing, healthcare valuation expert Mark Dietrich has done over a hundred hours of research digging into the “science” of COVID-19. You might wonder what all of this has to do with the valuation and financial community. The answer is that for the economy to recover, these matters must be understood.

This BVR Briefing updated through July 4th weekend cuts through the morass of information offered up by “experts” and goes directly to the source data in various scientific journals and fact-based websites to figure out the real story. What the physician scientists think is going on with this disease is important because, as Dietrich says, “I simply don’t think that we can forecast anymore if we don’t know that.”

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