Patient Bankruptcy Case Study: Actual Historical Performance

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Case Study Data Specifications:

- 3 unsecured debt pools that originated at different times over an 18 month period.
- All three portfolios are Chapter 13 Bankruptcy Filings;
- Total Unpaid Balance is approximately $32 Million with a total of 16,097 accounts.
- Bankruptcy filing for case study occurred in fiscal year 2009; making these portfolios in year 3-4 of performance.
Financial Results

Creating Something from Nothing!

• The aggregate recoveries at month 36 are above the expected trend line; performing better than expected. In total 10% of face value has been recovered, which represents recoveries of ~$3,200,000, or 50% of the expected recoveries.

• Receivables are low in year 1-2 as Medical Debts are considered unsecured debt. As noted above, payback priority puts unsecured debt at the back of the line. In the first 24 months approximately $1,600,000 was recovered. From month 24-36 recoveries were $1,600,000. These three portfolios are in the period of accelerated payout by trustees.

Remaining Liquidation Expectations

Over 60 months, the expected cumulative gross receipts are projected to be 19.87% of the unpaid balance or $6,400,000.
Gross Receipts to Date
Attrition is bankruptcy cases that fall out of the performing part of the portfolio due to dismissal or case conversion (e.g. Chapter 13 converting to Chapter 7) and payments will no longer be distributed through the plan. With dismissals, the debt is not discharged (whatever remaining balance is left) but can be put back out to collections. With conversions, especially from Chapter 13 to Chapter 7, the debt is at risk for discharge. However, often with conversions, the individual has assets and there is a greater likelihood of some distribution by the trustee.

Total attrition expected is in the range of 25-30% by the time all plans in a portfolio have completed (both dismissals and conversions).
Observations

At the end of 36 months, total attrition is at approximately 18%. As time goes on, the rate of attrition slows. Acceleration of attrition occurs between months 6-15; this is when most parties cannot keep up with the payment plan. (e.g. falling off on payments or asking for a conversion to Chapter 7).

Payment Plans with No Distributions to Unsecured Creditors account for the majority of non-performing bankruptcy accounts. Generally, 50-60% of plans will pay something, and about 25% plans fall off, with the remaining plans paying nothing (e.g. trustee declares 0% payout for unsecured debt).
All Attrition: Pre- and Post Confirmation
This case study clearly proves two important points. First, Patient Bankruptcies are worth a substantial amount of money if properly filed. Second, Revenue Streams are Consistent and Predictable.

The Solution is a Proactive Approach which Value Healthcare Services is Implementing for Healthcare Facilities Across the Country.

- Fully Automated and Secure System
- Zero Patient Contact
- Limited Hospital Resources Required
- Something from Nothing!

To have a Case Study performed on your Facility call Value Healthcare Services Today and set up a Consultation. (404) 975-4135