



# Economic Consulting

NORTH AMERICA



# Economic Consulting At-a-Glance

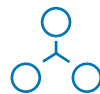
With more than 300 professionals across 12 countries, the Economic Consulting practice is a global team of highly skilled economists, accountants, financial analysts, econometricians, industry specialists, former executives, former regulators, and traders.



50+ employees in  
North America



10 offices in  
North America



10 Senior  
Managing Directors  
in North America



30+ Advanced  
Degrees

# Economic Consulting

FTI Consulting's Economic Consulting practice provides law firms, corporations and government agencies with sophisticated and comprehensive analyses of complex economic issues to assist them in understanding the threats and opportunities they face.

Our practice is involved in a wide range of engagements related to economics, finance, and accounting. We provide critical insight and expert testimony in legal and regulatory proceedings, strategic decision-making, and public policy debates.

We also have deep expertise in antitrust issues, mergers and acquisitions, securities litigation and risk management, valuation, and international arbitration.

Applying the theory and principles of microeconomics and finance, we perform many different types of economic and financial analyses, always approaching problems in a highly logical, structured, and practical way.





We have extensive modeling experience, designing and building economic and financial models for a wide range of uses and contexts. Our team of specialist econometricians also offers robust and relevant econometric and statistical analysis.

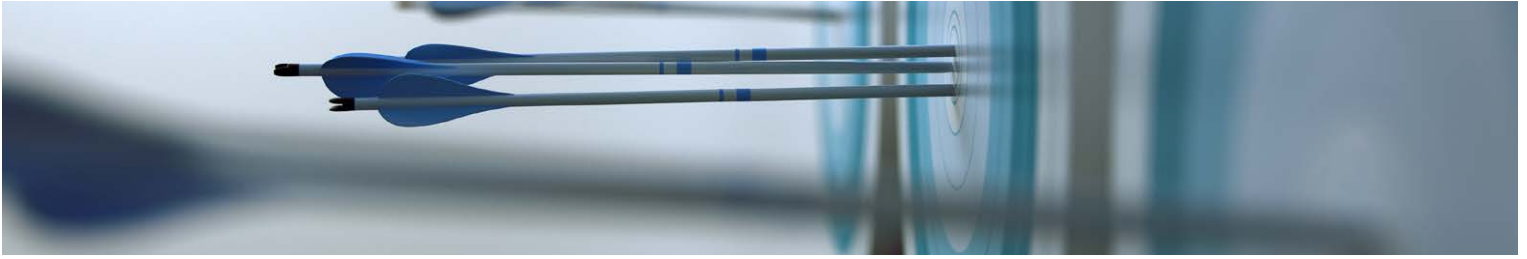


## — OUR CAPABILITIES

Our team of experts draws on a core set of skills to analyze issues and provide advice to clients across the globe. We have extensive expertise across nearly every industry.

### Our Largest Industry Groups

 Construction	 Financial Services	 Real Estate	 Healthcare & Life Sciences
 Clean Energy	 Mining	 Telecom, Media & Technology	 Retail & Consumer Products
 Insurance	 Transportation & Logistics	 Agriculture	 Hospitality, Gaming & Leisure



# Disputes - Litigation & International Arbitration

The decisions of commercial parties and regulators can have consequences spanning years, even decades. Returns from past investments, the operation of current investments and the decision to invest in the future are all influenced by the past, present and future conduct of an enterprise's stakeholders. Regulatory decisions affect the distribution of economic benefits between a company's shareholders and its customers.

Where the consequences of parties' decisions are unknown, expert evidence can help to reduce uncertainty, enabling judges, arbitrators and regulators to make informed choices. As disputes grow in cost and complexity, expert opinions about the likely economic consequences of alleged unlawful conduct and proposed regulatory change are growing in importance.

## Strength in depth

We have unparalleled depth in providing expert evidence on the quantification of economic losses in commercial and regulatory disputes. FTI Consulting is home to many of the world's leading testifying experts, with more than three times as many recognized experts as our nearest competitor and almost half of an elite list of global thought leaders.

Our experts regularly provide written and oral evidence before national courts, transnational arbitral institutions, competition inquiries, government panels and regulatory tribunals all around the world.

## — WHAT MAKES US DIFFERENT?

Our experts have years of experience and detailed knowledge, and collectively have experience across most of the world's major industries. We provide comprehensive dispute resolution support, including pre-claim assessment, document identification and disclosure requests, loss analysis, damage mitigation assessment, written and oral expert testimony, and hearing and post-hearing support.

We have provided testimony before courts and tribunals worldwide, including: AAA, CRCICA, DIAC, DIS, HKIAC, ICC, ICDR-AAA, ICSID, LCIA, SCC, SIAC and UNCITRAL.

Our experience and expertise means that we understand our clients' problems and the interaction between economic evidence and the legal process. No two matters are truly alike, and our evidence is tailored in every case to the relevant facts, the economic environment of the business and the intended audience. Our intention in every engagement is to deliver compelling evidence not only about the issues we are asked to address, but why our evidence fits the facts and context at hand.



## CASE STUDY

### Tribunal Rules in Favor of Fairmont Hotels & Resorts

#### SITUATION

Fairmont and Owners (Organización Ideal, S. de R.L. de C.V., and Impulsora de Revolcadero, S. de R.L. de C.V.) had entered into longterm management contracts for two hotels in Acapulco, Mexico. Owners unlawfully terminated the contracts early, and Fairmont claimed damages for breach of contract.

#### OUR ROLE

We were retained by Fairmont to provide expert testimony on the economic impact of Owners' unlawful breach of the hotels' management contracts.

#### OUR IMPACT

We quantified the damages on the basis of Fairmont's lost profits and projected future cash flows and discounted them using the weighted average cost of capital. The Tribunal awarded total compensation of \$12.9 million plus pre-award interest of \$1.4 million, for a total amount of \$14.4 million. In doing so, the Tribunal dismissed in their entirety every criticism leveled by the opposing side's expert in its attempt to halve the amount claimed.



## CASE STUDY

### False Claims Act Litigation

#### SITUATION

This Qui Tam / False Claims Act Litigation involved a large hospice care provider with many facilities throughout the Kansas area. Allegations against the client included submitting false Medicare claims, admitting ineligible patients, paying clinical employees based on patient census and admissions, delaying discharges of ineligible patients and using financial incentives to induce employees to admit ineligible patients.

#### OUR ROLE

We used enhanced data analytics to counter the suit's employee incentive allegations, and created visualizations of the reporting structures to show that such incentives did not exist. We also created statistical survival analyses to show that the duration of a patient's stay was not correlated with admission policies or admitting physicians.

#### OUR IMPACT

Based on our analyses, along with several declarations and expert reports in the matter, the judge ruled that the plaintiffs were not allowed to extrapolate the alleged damages from the sample to the population of claims.



## CASE STUDY

### Healthcare and Other Disputes

*BREACH OF CONTRACT DISPUTE—DAVITA HEALTHCARE PARTNERS, INC. V. BAXTER HEALTHCARE CORPORATION  
CASE NO. 2015CV32714; DISTRICT COURT, DENVER COUNTY,  
COLORADO.*

#### SITUATION

FTI Consulting Center for Healthcare Economics and Policy's was engaged by DaVita Healthcare Partners, through its outside attorneys, in its breach of contract dispute against Baxter Healthcare Corporation relating to the purchase of end stage renal peritoneal dialysis devices.

#### OUR ROLE

Our analyses and expert testimony included:

- Validation historical growth in patient demand for peritoneal dialysis, both CCPD/APD (automatic PD) and CAPD (manual PD);
- Forecasts of APD and CAPD growth in the actual versus but-for world;
- Estimates of the number of end-stage renal disease by provider in the actual versus but-for world; and,
- Identify of other lost opportunities and economic impacts of Baxter's failure to fully meet DaVita's need for PD supplies.

Provided written direct and rebuttal testimony and oral testimony at trial.

#### OUR IMPACT

- We provided written and oral testimony at trial.
- The matter was favorably settled post-trial.



## CASE STUDY

### International Oil Company Deepwater Operating Practices Arbitration

#### SITUATION

Our client, Braskem, one of the largest producers of petrochemicals and polymers, receives much of its feedstock raw material from Petrobras under a long-term supply contract. It was alleged that Braskem paid bribes to receive preferential pricing arrangements that were more favorable than standard commercial terms.

#### OUR ROLE

We analyzed the supply contract formula to determine its commercial reasonableness. We explained our analysis to Braskem and the authorities investigating this matter, and interacted with the DOJ and SEC in examining alternative methods of evaluating the contract "benefits."

#### OUR IMPACT

Damages were assigned to Braskem at a significantly lower level than originally proposed by government authorities, saving hundreds of millions of dollars in penalties and other payments. Our analysis garnered the trust of the DOJ and SEC necessary to reach an expedited settlement, which was critical to the continued commercial viability of Braskem.



# Valuation & Financial Analysis

The Economic Consulting practice provides robust, independent valuation opinions, informed by the disciplined practical application of economic and financial theory. Drawing on our extensive experience and expertise, we adopt the most suitable valuation approach for each asset under consideration, taking into account all relevant factors, including contractual or statutory requirements and case law precedent.

We undertake valuations in mergers and acquisitions, bankruptcy, portfolio liquidations, transaction unwinding and disputes, as well as for financial reporting and tax purposes, both in situations where market and financial information is abundant and where it is scarce, hard to interpret or conflicting. We specialize in “hard to value” assets whose value is contingent on the context in which they are used or whose value is only realized in conjunction with other assets.



## Businesses/shareholdings

The valuation of all or parts of complex businesses is central in many of our engagements, whether of well-established businesses in mature economies or fast-growing firms in emerging industries and/ or markets. We tailor our approach in every case to reflect the specific context and purpose of the valuation. We have extensive experience in valuing shareholdings in unlisted entities for which no market price is readily observable, including the valuation of minority stakes for which an understanding of the position, rights and obligations of the individual shareholders is critical.



## Securities

We have deep experience in the valuation of financial products, with an emphasis on complex instruments, illiquid securities and derivatives. We also provide advice on financial strategy, including hedging strategies and the development and validation of valuation models.



## Contractual claims

One main area of work is the valuation of claims arising out of breach of contracts, shareholder agreements or investment treaties. As the world’s leading provider of independent expert witness services, we have a unique depth of expertise in the valuation of economic loss in the context of complex dispute resolution, allied to persuasive written and oral testimony.



## Intellectual property

Our experts specialize in valuing intellectual property and other intangible assets that generate significant value, but whose individual contribution is often difficult to isolate. We advise on valuation, damages and licensing in respect to patents and know-how, trademarks and brands, copyright and creative content, software, database rights and customer lists, design rights, and confidential information such as trade secrets to ensure that essential measurements, controls and reporting are in place to meet the financial, operational and risk management requirements of boards, management, regulators and other stakeholders.



## CASE STUDY

### Evaluating a Global Mining & Metal Processing Company's Liquidity, Hedging & Financing Strategies

#### SITUATION

A global mining and metal processing company (the "Company"), leader in its market, faced a liquidity crisis at the end of 2018. The Company received financing from one of its largest shareholders (the "Shareholder") to enhance its cash position and successfully restructured its balance sheet. Following the restructuring, certain minority shareholders initiated litigation against the Company and its board of directors, alleging that the Company's actions had ultimately led to the liquidity crisis and that the Shareholder unfairly benefitted from the restructuring.

#### OUR ROLE

FTI Consulting was engaged to produce an expert report that analyzed the complex factors that eventually led to the restructuring. We provided in-depth analyses and conclusions on the Company's actions to protect its liquidity, its hedging strategies, and the value achieved for the sale of its mining assets. We appraised the types, structures and pricing of financing facilities secured by the Company to address its liquidity needs, which led to a successful restructuring of its balance sheet.

#### OUR IMPACT

FTI's expert report was used by the Company as an essential component of its defense strategy in the litigation. The client expressed their satisfaction with the extent of FTI's expertise and the depth and quality of the report, stating that FTI's Experts produced a "very high calibre report which should prove to be very helpful in the current litigation."



## CASE STUDY

### Retail Energy Provider: Review of the Closeout of a Power Hedging Portfolio

#### SITUATION

A retail energy provider (the "Company") maintained a portfolio of power hedges with a large energy trading company (the "Counterparty") to help it manage power price volatility. During winter storm Uri in 2021 ("Uri"), the Counterparty terminated the Company's hedges a few days before power prices peaked. The Company was negatively impacted by the termination of the hedges and ultimately filed for bankruptcy in the aftermath of Uri.

#### OUR ROLE

FTI Consulting reviewed the contractual framework of the trading relationship between the Company and the Counterparty and assessed termination timing issues. Using our proprietary analytics and risk management system, FTI Quantum, we independently calculated the close-out value of the power hedge book. FTI determined the termination was timed improperly and the close-out calculation was incorrect and unfavorable for the Company, setting up a potential claim against the Counterparty.

#### OUR IMPACT

Our valuation of the Company's power hedging portfolio showed the net payable due from the Counterparty to the Company to be around \$100 million, about 10 times higher than the Counterparty's initial proposal.





## CASE STUDY

### Valuation of Contingent Lease Liabilities of a Serviced Office Provider

#### SITUATION

The North American subsidiary of a global serviced office space (the “Company”) filed for bankruptcy in 2020. It had made cash distributions from two of its subsidiaries in 2019 and earlier in 2020 that were now questioned as part of the restructuring process.

#### OUR ROLE

FTI Consulting was hired to value the subsidiaries, with a focus on the Contingent Lease Liabilities, to ascertain solvency at the time of the distributions. The Company had originally hired external advisors to value the subsidiaries and argued they were solvent at the time of the distributions. FTI reviewed the subsidiaries’ valuations and the methodologies used for valuing the Contingent Lease Liabilities. We noted and addressed several deficiencies in the subsidiaries’ valuation and tested the robustness of the subsidiaries’ valuation by conducting sensitivity analysis to estimate a range of values under various assumptions.

#### OUR IMPACT

FTI Consulting found the earlier valuations were incorrect and the subsidiaries were insolvent at the time of the distributions. We presented our results to counsel and the unsecured creditor committee (“UCC”) of the Company as part of a legal petition against the Company. Counsel and the UCC were impressed by FTI’s analysis and the depth and breadth of our capabilities.

# Policy & Regulation

The Economic Consulting practice has an integrated team of highly experienced economists, industry specialists, former executives, former regulators, modelers and accountants to support clients operating in industries influenced by complex and changing regulations, public policy, legislation and market dynamics. Our experts have long been at the forefront in assessing how to pursue public policy goals within regulated markets, including those that exhibit some competitive market characteristics. Our analyses have shaped the current structure and economic vitality of numerous regulated industries both in the United States and throughout the world.



## Policymakers

Clear objectives, sound evidence, industry experience, data analytics and rigorous assessment of potential implications are the foundations of best-practice policymaking. Our team works with policymakers in designing new market structures and assessing the impact of public policy changes or private investments through our ability to model the costs and benefits of proposed alternatives and to use our experience to hone alternatives and ask the right questions. We apply these techniques in a variety of contexts, such as:

- Benefit-Cost Analysis
- Energy Market Analytics
- Economic Impact Analysis
- Forecasting



## Trade associations

For industry associations, nonprofits and professional organizations, we assess the economic impacts of public policy, private investments or changing markets. The expertise, tools and analyses we provide are used by clients to formulate their strategic plans and to educate key stakeholders on the benefits and costs of their plans when determining the best course of action.



## Regulators

We have extensive experience with economic regulation across all industry sectors. Our team of economists, econometricians and regulatory accountants has delivered robust, innovative solutions throughout the world. Our clients include regulators, regulated companies, governments, new market entrants and users of regulated services. We advise on a wide range of regulatory issues, including:

- Pricing
- Regulatory Accounting and Cost Modeling
- Regulatory Framework
- Cost of Capital
- Regulated Market Structure



## Corporations

We assist corporations in understanding and adapting to the evolving policy and regulatory landscape. This includes identifying and assessing the potential benefits and market risks of newly arising commercial opportunities. We have strong expertise in applying both micro- and macroeconomic models across a range of industries.



## CASE STUDY

### Healthcare Reform Policy Analyses

#### SITUATION

The pace of change in healthcare is unlike any other industry. Policies are constantly being proposed and amended, implemented and later modified to address issues of access, cost, and quality.

#### OUR ROLE

- FTI Consulting's Center for Healthcare Economics and Policy examined proposed state and national policies for healthcare insurance coverage both qualitatively, providing background and context to the policy proposal, and quantitatively, evaluating the magnitude of effects that the policy might have.
- Our quantitative analysis focused on providing unique insights to the Client to help inform decision-making.
- We highlighted the proposed policy's consequences that are either underappreciated or incorrectly estimated.
- We applied economic thought and tools to public and proprietary data to deliver novel understandings for public consumption and to enrich the public debate.

#### OUR IMPACT

- In conjunction with FTI Consulting's Strategic Communications segment, we produced five issue reports examining the consequences of healthcare policy proposals at both the state and national levels.

**44,693**

Physician jobs  
lost by 2050

Medicare for All

We analyzed the impact of Medicare for All on the health care workforce.

**0.1%**

Reduction in rate  
of uninsured

State Public Options

We reviewed a proposed public option in Colorado to assess the impact on access to health care

**20%**

of state marketplaces would not  
offer a single private option by 2028

National Public Option

We estimated the speed at which a national public option would displace private insurers on the exchanges, and how residents in each state would be impacted

# M&A, Antitrust & Competition

FTI Consulting's Center for Healthcare Economics and Policy (Center)'s economic experts bring unique insights and advanced analytics from extensive experience on M&A transactions and competition issues across healthcare and non-healthcare industries contributing expert solutions to complex investigatory, transaction, regulatory and litigation matters.

Clear objectives, sound evidence, industry experience, data Our experts include PhD economists with extensive antitrust and competition experience. Supported by right-sized teams, Center economists provide expert analysis and testimony in a wide variety of matters in the U.S. and internationally. We regularly assist law firms and clients with economic analyses in antitrust or regulatory investigations on mergers, business practices, contracting, and pricing.

We have evaluated hundreds of high-profile proposed mergers and acquisitions on behalf of both government agencies and private parties. Using rigorous analytical methods grounded in economic theory and applied to complex data, clients rely on us to provide expert advice and testimony on complex antitrust matters. Our experience includes assessing anticompetitive agreements between competitors, such as price fixing; information sharing and market sharing arrangements (horizontal agreements); anticompetitive agreements between suppliers and customers, such as tying, selective distribution, exclusive supply, and resale price maintenance (vertical agreements); monopolization and attempted monopolization; exclusionary conduct through tying and bundling, predatory pricing, conditional rebates, or other pricing arrangements; and exploitative conduct, excessive pricing, and unfair trading.

Our experts also regularly assist both defendants and plaintiffs in antitrust litigation, including cases involving price fixing, monopolization, predatory pricing, bundling and tying, and various forms of alleged exclusionary conduct. An integral part of our role in many of these cases involves the estimation of lost profits or damages from elevated prices and output restrictions.

In the United States, we have provided expert testimony and presentations before federal and state courts, federal regulatory agencies (including the Department of Justice, the Federal Trade Commission, the Federal Communications Commission, the Federal Energy Regulatory Commission, the Department of Transportation, the International Trade Commission and the Surface Transportation Board), state regulatory agencies and arbitrators. Worldwide, we have provided expert testimony and analysis in a variety of jurisdictions, including Canada, the United Kingdom, the European Union, Asia, Australia and New Zealand.

## — OUR SERVICE OFFERINGS INCLUDE:

- Mergers and Acquisitions
- Price Fixing
- Monopolization and Abuse of Dominant Position
- Exclusionary Conduct
- Bundling and Tying
- Predatory Pricing
- Quantification of Damages
- Class Certification



## CASE STUDY

### Ballad Health Certificate of Public Advantage (COPA)

#### SITUATION

Two health systems – Mountain States Health Alliance (Mountain States) and Wellmont Health System (Wellmont) serving east Tennessee and southwestern Virginia proposed to form Ballad Health. Legislation in the two states enabled the health systems to seek merger approval subject to a Certificate of Public Advantage (COPA). COPA approval involved extensive review by state agencies and Attorneys General of the likely advantages and disadvantages of the transaction subject to proposed commitments and regulatory conditions for state oversight.

#### OUR ROLE

Our economists<sup>6</sup> provided an independent assessment of whether the proposed merger's likely benefits outweighed potential disadvantages of displacing competition, as set out in statutory criteria for issuing a COPA in each state. The economic evaluation included extensive review of information and data, responses to key areas of inquiry such as structural and competitive analysis of hospitals, outpatient, and physician services, evaluation of health status, quality, expected benefits, and the impact of proposed conditions such as price caps. A public expert report summarized this evaluation; major topics included:

- Evaluation of demographics, health status, and economic conditions in the Parties' areas: chronic conditions (e.g., diabetes), payer and population mix, access to physicians, healthcare services and health needs
- Consideration of proposed integrated delivery system (IDS), an Accountable Care Community (ACC) for community health, and Ballad Health Model of integrated healthcare delivery, population health initiatives and risk-based contracting, and potential benefits
- Review of potential disadvantages and impact on payers, physicians, competitors, and patients; proposed conditions (price caps and investment commitments) and impact of commitments

#### OUR IMPACT

- Our comprehensive assessment with its supporting empirical and research-based analyses of relevant COPA criteria for evaluation of advantages and disadvantages provided the competition economics and health economics basis to state regulators for their evaluation of the COPA.
- These economic analyses complemented extensive submissions by the Parties, their counsel and other experts before each state and their relevant regulatory agencies.

Both states approved the COPAs.

# Strategy & Business Consulting

The Economic Consulting practice provides a full spectrum of strategy and business consulting services, from broad corporate growth strategies to asset-specific commercial due diligence for both private- and public-sector clients. We offer the functional, industry and geographic expertise necessary to examine opportunities and challenges of any scope, from an international, macroeconomic level to local market conditions. Our experts apply the latest quantitative tools, including statistical software packages, market models and frameworks for evaluating strategic opportunities, ensuring the delivery of relevant and evidence-based solutions for changing markets and the world.



## Strategic market entry

We excel in developing and executing go-to-market entry strategies, evaluating market attractiveness, fit and feasibility prior to executing an implementation plan. We connect clients with possible targets for mergers and acquisitions, joint ventures and partnerships, and can provide additional transaction support, including merger and acquisition integration services.



## Technology strategy

We work with a broad spectrum of technology companies to provide strategic advice with hands-on implementation for business model innovation and transformation throughout all stages of a company's life cycle. Our experts provide strategic recommendations honed by analytical rigor and expertise, focusing on implementation as a paramount objective.



## Regulatory strategy

We combine world-renowned academic expertise in economics with strong industry knowledge to advise on regulatory strategies and tactics. We provide analysis and expert testimony in disputes related to pricing, terms and conditions, and alleged breach of contracts, and regulatory due diligence for investors in regulated industries.



## Risk management

We develop, review and implement financial risk management programs and transactions, and create and apply strategies for managing market and credit risks, liquidity and operational risks, reputational risk, litigation exposures, and regulatory compliance to reduce risks and unforeseen circumstances.



## Auction strategy

We provide auction design, planning and management to businesses, governments and other market participants. We help our clients create efficient markets to maximize the value of their transactions by providing full-service solutions tailored to our clients' needs.



## CASE STUDY

### Employer-Led Collaborations for Health and Economic Well-Being

#### SITUATION

We were commissioned by the Client – a Nashville Area Chamber of Commerce’s Research Center and a private-public stakeholder group for a pilot as well as a major follow-on project to provide a complete profile of health status and healthcare cost for Nashville compared to ten peer cities, including metrics on quality costs and utilization in relation to chronic health conditions and opportunities for collaborative engagement. With the follow-on project, the Client sought more detailed assessment of the impact of poor health on Nashville’s competitiveness and business and work force and understanding of potential solutions for high priority chronic conditions.

#### OUR ROLE

We utilized extensive proprietary commercial claims data combined with large public datasets of locally relevant data to assess the effect of chronic conditions and health behaviors and poor health on Nashville’s workforce and its competitiveness. We quantified productivity and medical cost impact and conducted a detailed landscape review of potential interventions and gains from them on high priority conditions (diabetes, obesity, hypertension).

#### OUR IMPACT

The pilot established a baseline of data on the health status of the Nashville area, including the chronic conditions and behaviors associated with higher medical and productivity costs. The study and follow-on work demonstrated the linkage between poor health and competitiveness and economic impact. We identified key issues and priorities for stakeholders, including annual productivity costs that exceeded \$500 million for diabetes, hypertension, and obesity alone in the Nashville region, and millions more for other conditions. We identified successful interventions and strategies used by businesses and communities to address these conditions and to provide some ROI.



## CASE STUDY

### Economic Analysis for Certificate of Need Approval of Proposed Joint Venture

#### SITUATION

Yale New Haven Health Services Corporation (“YNHHS”) and Hartford HealthCare Corporation (“HHC”), under a newly-formed joint venture, Connecticut Proton Therapy Center, LLC (“CPTC”), applied to Connecticut’s Office of Health Strategy for Certificate of Need (CON) approval to construct and operate a new proton beam therapy center (“PBTC”) for the benefit of Connecticut’s cancer patients. The purchase and operation of this new cancer treatment required CPTC to file for approval under the Connecticut Certificate of Need (“CON”) statutes.

#### OUR ROLE

Center experts provided an analysis of the state of competition and financial viability and sustainability of PBTC nationwide as a basis for evaluating the likely success of the proposed Connecticut PBTC (“CT PBTC”). The study provided a comparative analysis of the proposed CT PBTC with other centers operating in the United States. Economic analysis included comparing the cost of proton therapy versus conventional radiation therapy for the types of cancer proposed at the CT PBTC, including the relative costs and benefits for patients, payers, the public welfare, and employer stakeholders. The study included qualitative analysis reviewing academic and professional literature on the effectiveness of proton therapy versus conventional radiation therapy and the implications of these findings for the types of cancers proposed for treatment at the CT PBTC. As part of the review, the study provided an estimate of the direct, indirect, and induced economic impacts generated from the construction of a PBT center on the state of Connecticut and New Haven County, CT, using the IMPLAN model.

#### OUR IMPACT

FTI’s expert report provided an independent review and analysis of the economic and health-related benefits of the proposed proton beam therapy center. The study also found that construction activity would generate 438 jobs, \$31M in labor income and \$40M in value-add for the State. Tax impact was estimated to be \$6M at the federal level and \$3M at the state/local level.





## CASE STUDY

### Strategic and Management Consulting

FTI Consulting worked with JobsOhio to develop a business case for Ohio's aspirations to become an industry leader in Personal Protective Equipment (PPE).

#### SITUATION

Ohio is already a national and regional leader in manufacturing labor force and output. Multiple ongoing initiatives, such as re-purposing and re-tooling to make PPE, are generating success in responding to current PPE shortages. To further advance reshoring and economic development goals, JobsOhio requested business and implementation plans to advance its goal to become the national leader in PPE innovation, production, distribution and stockpiling to meet current and future PPE needs, including future pandemic responses.

#### OUR ROLE

FTI Consulting was retained to build four business cases which outlined the costs and benefits, across multiple PPE categories, for companies to reshore or onshore PPE innovation, production, distribution and stockpiling within Ohio.

FTI Consulting's [Center for Healthcare Economics and Policy](#) developed the Innovation business case and conducted economic impact analyses of investment in new PPE production and stockpiling facilities. We examined regulations governing the medical use of PPE and researched current noteworthy PPE product innovations to inform the development of next generation PPE products at low cost that would enable economies of scale. We provided quantitative analysis including PPE demand modeling and economic impact modeling to help inform decision-making. FTI's Strategic Communications segment led this engagement. FTI's Corporate Finance Business Transformation practice prepared the business cases for production, distribution and stockpiling.

#### OUR IMPACT

FTI Consulting's Center for Healthcare Economics and Policy and Strategic Communications segments produced four business cases, including implementation plans to:

- Capture new investment into the State
- Define KPIs to measure sustained success and achievements
- Map and advocate with key stakeholders to best position Ohio as the clear-cut, strategic North American hub for PPE

# Economic Modeling

Our team of economists, econometricians, accountants, engineers, traders, energy experts and financial analysts combine technical modeling and industry expertise to construct empirical and analytical models to inform business and litigation strategies. We use robust, industry-accepted and innovative analytical models to tackle complex issues confronting clients, such as determining how best to minimize risks, negotiate contracts, inform investment and pricing strategies, and restructure networks and healthcare delivery systems. Our models have been used extensively in litigation to assess causation, assess damages, detect potentially illegal behavior and develop litigation strategies and negotiate settlements.



## Business strategy

Our experts have extensive experience and training in high-level predictive and statistical modeling under uncertainty. Such techniques are particularly effective for developing strategies to capture uncertainty and manage risks, and for negotiating and setting pricing. From PC-based spreadsheets to highly complex predictive network models, auction design and simulation modeling, our team has proven the reliability and value of economic and financial models to inform business decisions and strategies.



## Litigation support and strategy

Our modelers have successfully constructed and used standard and innovative modeling to address the economic and financial effects arising from potentially illegal behavior, such as healthcare claims fraud, anticompetitive conduct, and other behavior. Our experts have constructed empirical models to analyze causation, assess damages claims and determine the effects of anticompetitive behavior such as exclusionary and predatory conduct. We also have constructed models to evaluate the overall litigation risks associated with major legal proceedings.



## Industry application

Our team has developed models to address complex economic and financial issues, including:

- Restructuring of networks including telecom and healthcare delivery systems
- Population health and chronic disease, and effects of new model-of-care designs
- Development of network component costs
- Estimated stand-alone costs for internal pricing decision for railroad and other transportation systems
- Detection of false and fraudulent claims for medical reimbursements
- Auctioneering design services (software technologies, game theory, etc.)



## CASE STUDY

### Public Nuisance Class Action Litigation

#### SITUATION

The Plaintiffs filed a lawsuit alleging that the Defendant, a leading manufacturer of corn-based products, facility allegedly released foul-smelling and irritating air contaminants that diminished the class members' full use and enjoyment of their properties.

#### OUR ROLE

We reviewed the Plaintiffs' experts' reports to analyze and assess the methodologies and data used by the Plaintiffs' experts. We performed a robust analysis of 500 million records of simulated air contaminant concentrations for the area surrounding the plant. This analysis resulted in the identification of inconsistencies and inexplicable results in the Plaintiffs' experts' damage model. This was followed by the submission of two rebuttal reports. We submitted a supplemental report showing that the revised damage models failed to correct the fundamental problems and inexplicable results of the original damage model.

#### OUR IMPACT

Eventually, we created a damage allocation model that was accepted and used by the court to allocate settlement payments based on simulated contaminant concentrations at over 2,000 parcels during the damage period.



## CASE STUDY

### Overpayments Deep Dive

#### SITUATION

A large health insurer knew it was paying too much to providers and facilities after FBI stings revealed systematic fraud among its participants.

#### OUR ROLE

We provided quantitative analysis to find the overpaid claims and quantify the total overpayments. Our team constructed over one million patient episodes from the claims data and performed advanced regression analysis using more than 1,000 explanatory variables. Both time series and cross-section techniques were used to predict the appropriate amount of payment that should have been made. Predictions varied from actual amounts by less than 0.5%, validating the model's reliability.

#### OUR IMPACT

Based on our reliable regression results, our client was able to negotiate a much better settlement than it otherwise would have. The client was also able to partition liability and seek different settlements from different entities for amounts that were each quantified by the regression analysis.



## CASE STUDY

### Healthcare Modeling and Transformation

#### SITUATION

NHS West Essex Clinical Commissioning Group (CCG) and Princess Alexandra NHS Trust in the UK requested support from FTI Consulting's Center for Healthcare Economics and Policy to reduce healthcare expenditures on respiratory services. The objective of this project was to develop a new model of care for respiratory services, specifically COPD and asthma, and develop an outcomes-based contract that would deliver better outcomes and greater patient experience at better value for money. The challenge was to deliver transformational change where the benefits emerge over the long run within a local healthcare economy that in the short term faces significant financial challenges.

#### OUR ROLE

We used microsimulation modelling to project population growth and changes in the demographics of the population, smoking status, and subsequently COPD and asthma prevalence and incidence. Annual population counts by condition and resource utilization data received from the provider and CCG were used to estimate resource utilization at the inpatient, outpatient, A&E, and GP practice level. Patient expenditures were calculated using both the patient-specific activity data and condition-specific epidemiology and other clinical research on COPD and asthma. We modelled optimal and optional risk-based contracting schemes involving hospital services, outpatient services, and community-based public health support services in delivering the new respiratory care model.

#### OUR IMPACT

- From this assessment, FTI Consulting articulated a case for change consistent with stated transformation of care objectives.
- We provided qualitative and quantitative assessments of the risks and benefits of each of nine initiatives that were key to the new respiratory model of care, focusing on mitigations to minimize risks and achieve success.



## CASE STUDY

### Third-Party Administrator Litigation

#### SITUATION

A self-funded health plan identified systemic overbilling and improper claims processing by its third-party administrator. By failing to properly adjudicate claims according to usual and customary charges, the third-party administrator overpaid on hundreds of millions of dollars of medical claims. The total amount of healthcare claim charges in the matter was almost \$1 billion associated with almost 4 million patient episodes.

#### OUR ROLE

We performed a quantitative claims analysis on the millions of claims processed by the third-party administrator, including in-network (INET) and out-of-network (ONET) claims. For our analysis, we classified the claims by patient-day-of-treatment based on CPT and diagnosis codes. We performed a complex statistical regression analysis to isolate each factor's influence on the amount paid. The regression coefficients for correctly adjudicated claims were used to calculate damages for overpaid claims.

#### OUR IMPACT

Our regression analysis accurately modeled a but-for world that allowed the client to obtain a favorable settlement. In addition, our analysis was used to detect fraudulent billing patterns that led to additional well-supported lawsuits and favorable settlements for our client.



## CASE STUDY

### Derivatives Portfolio Analysis for an Agricultural Commodity Trading Firm

FTI Consulting (“FTI”) advised an agricultural commodity trading firm (the “Trader”) in the analysis of its portfolio of structured derivatives trades and hedges.

#### SITUATION

The Trader is a US grain merchant that offers structured derivative contracts (the “Contracts”) to purchase corn, soybeans, and wheat from local farmers. The Trader hedges the structured contracts using exchange traded and over-the-counter derivatives (the “Hedges”). The Contracts and the Hedges form together the Trader’s derivatives portfolio (the “Portfolio”).

The Trader meets the margin requirements of the Hedge through a financing facility from a bank (the “Bank”) that is not a counterparty to any of the trades in the Portfolio.

Due to price volatility of the underlying commodities and the complexity of the Contracts, FTI Consulting was retained by the Company to value the Portfolio, analyze its risk profile, measure the effectiveness of the Hedges, and provide a summary report to the Trader to be shared with the Bank.

#### OUR ROLE

Our team worked closely with the Trader and integrated the Portfolio (of more than 10,000 derivatives positions) into FTI Quantum, our proprietary analytics and risk management system. By leveraging Quantum, we were able to develop quickly custom pricing models for the Portfolio, which included exotic structures with complex binary payouts. We provided a comprehensive analysis of the Portfolio’s risk to the commodity forward curves and volatility surfaces and developed customized stress tests. Our team of experts evaluated the effectiveness of the Hedges in response to changes in the forward curves, volatility surfaces, and time. We also assessed the liquidity of the portfolio and analyzed issues created by illiquid positions.

The team provided recommendations to the Trader on how to improve their risk profile going forward. For instance, the portfolio consisted of many long-dated exposures (up to 5 years) that required proxy hedging due to illiquidity in long-dated contracts. We provided an independent report for the Trader’s bank in the context of their assessment of the increased margin financing requirements of the business.

#### OUR IMPACT

The team produced a detailed and actionable report leveraging our commodity trading expertise and proprietary Quantum technology. Our analysis was critical in the Trader securing additional financing from the Bank to support the margin requirement of its trading and hedging activity. Our team’s analysis also helped the Trader restructure its portfolio and adjust its risk profile to be aligned with the Trader’s risk appetite and strategic objectives.



# Key Contacts

For further information, please contact:



**JOSÉ ALBERRO**

Senior Managing Director  
+1 202 753 5200  
jose.alberro@fticonsulting.com



**SUSAN MANNING**

Senior Managing Director  
+1 202 589 3458  
susan.manning@fticonsulting.com



**MIKE BARANOWSKI**

Senior Managing Director  
+1 571 830 1050  
mike.baranowski@fticonsulting.com



**FRANCK RISLER**

Senior Managing Director  
+1 212 841 9348  
franck.risler@fticonsulting.com



**MARGARET GUERIN-CALVERT**

Senior Managing Director  
+1 202 589 3451  
meg.guerin-calvert@fticonsulting.com



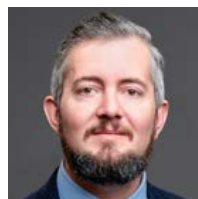
**JASON SHAFRIN**

Senior Managing Director  
+1 213 452 6483  
jason.shafrin@fticonsulting.com



**RANDAL HEEB**

Senior Managing Director  
+1 703 785 9012  
randal.heeb@fticonsulting.com



**NATHAN ZEBROWSKI**

Senior Managing Director  
+1 571 830 1058  
nathaniel.zebrowski@fticonsulting.com



# About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organizations **manage change, mitigate risk and resolve disputes**: financial, legal, operational, political & regulatory, reputational and transactional.

Each practice is a leader in its specific field, staffed with experts recognized for their **depth of knowledge** and a track record of **making an impact**. Collectively, FTI Consulting offers a comprehensive suite of services designed to assist clients across the business cycle – from proactive risk management to providing rapid responses to unexpected events and dynamic environments.

## Our Largest Industry Groups



Transportation & Logistics



Financial Services



Real Estate



Healthcare & Life Sciences



Energy, Power & Products (EPP)



Mining



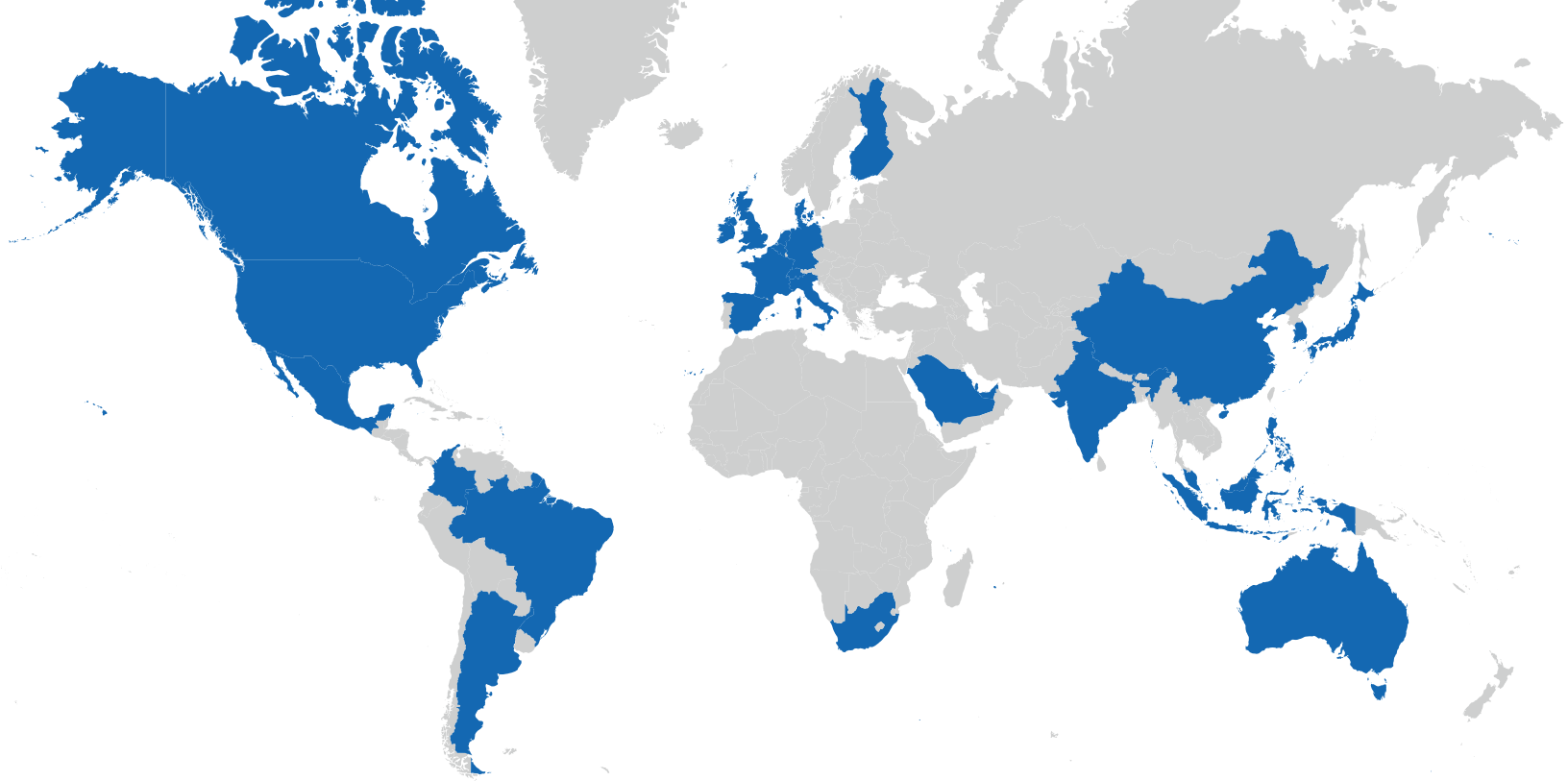
Telecom, Media & Technology (TMT)



Retail & Consumer Products



Insurance



# EXPERTS WITH IMPACT™

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Our clients include Fortune 500 corporations, FTSE 100 companies, global banks, major and local law firms and state and national governments and agencies in the U.S. and other countries. In addition, major U.S. and international law firms refer us or engage us on behalf of their clients.

**31**

Countries

**1982**

Year Founded

**7,800+**

Employees Worldwide

**NYSE:FCN**

Publicly traded

**Top 50**

Advisor to the world's top 50 bank holding companies

**99/100**

Advisor to 99 of the world's top 100 law firms

**\$6.0B**

Equity Market Cap\*

**82/100**

82 of Fortune Global 100 corporations are clients

\*Number of total shares outstanding as of July 20, 2023, by the closing price per share on July 27, 2023.





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