ENGAGEMENT BRIEF · CS-0037 · ANONYMIZED · ON REFERENCE

QUARTZ MAP

Forty-seven million dollars of yield, recovered from where it had always been.

The client

A publicly traded integrated healthcare network (M.H.C.) operating 19 acute-care facilities and 84 ambulatory sites across four U.S. states and one Canadian province. Reported annual revenue at engagement opening: USD 6.1B. The CFO's office had standardized on a yield taxonomy designed in 2009, partially updated in 2017, and not subsequently revisited.

The challenge

For two consecutive quarters the audit committee had asked management to explain a delta between forecast and realized contribution margin that mapped cleanly to neither case mix nor payer mix. Internal audit had been unable to close the explanation gap. The firm's stakeholder taxonomy recognized four classes — patients, payers, providers, regulators. Our hypothesis: material value was being produced through interactions with a fifth class, characterizable as *adjacent participants*, for which no recognition framework existed and therefore no measurement existed.

PRACTICE
Stakeholder Yield Optimization

SECTOR
Healthcare networks

REGION
Great Lakes · ON

DURATION
9 months (May 2025 – Jan 2026)

LEAD PARTNER
J. A. Mercer

ENGAGEMENT FILE
CS-0037

APPROACH

01
Confirm

Stratified sampling of 240 revenue-adjacent flows against the standing attestation workflow, at a standard of evidence the audit committee could rely on. The fifth class was confirmed in 42 of the 240 flows examined.

02
Frame

A recognition framework for adjacent-participant yield drafted with the chief compliance officer, designed to be acceptable to the firm's external auditors under existing standards — no novel accounting treatment required.

03
Recognize

Framework adopted into the quarterly reporting cycle; trailing six quarters restated internally; forward recognition run against seasonality-adjusted expectations.

OUTCOME

Yield recognized; framework adopted; auditors satisfied.

The audit committee accepted the recognition framework on second review. USD 47.2M of previously unrecognized yield was recorded against the trailing six quarters; an estimated USD 9–11M is expected per quarter on a forward basis, subject to seasonality. The external auditors raised no exception. The fifth stakeholder class is now a standing element of the quarterly reporting cycle, and the methodology has been adopted by two regional subsidiaries in advance of any contractual extension.

$47.2M	42 / 240	5	+68
UNRECOGNIZED YIELD RECOVERED	FLOWS CONFIRMED IN THE FIFTH CLASS	STAKEHOLDER CLASSES (VS. 4 PRIOR)	AUDIT-COMMITTEE NPS (POST)

> *The value was not created by the engagement. It was recognized by it. The distinction matters to auditors, and to the fifth class.*

Related practice: Stakeholder Yield Optimization (liminalconsultants.com/services/stakeholder-yield-optimization). Methodology: Engagement Yield Gap working paper. The engagement remains on reference, subject to the retention clauses in our legal disclosures. Metrics are observed where observation was possible.