

# Microdosing

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Nearly every major health system acquisition evaluates and quantifies its brand as part of the transaction. The brand operates as an intangible asset representing physician trust, patient loyalty, and community reputation.

The clearest public example comes from One Medical itself: when it acquired Iora Health in 2021, the final purchase price allocation assigned \$363 million to intangible assets tied to the Iora trade name and contracts. The same exercise sits inside the megadeals. Neither CVS Health's \$10.6 billion purchase of Oak Street Health nor Amazon's \$3.9 billion purchase of One Medical disclosed a standalone brand figure, but anyone running a standard brand valuation model would likely place each brand's value in the \$100 million to \$200 million range.

Outside the US, many international regulatory bodies require organizations to routinely report the value of their brands. This is the role of the international standard, ISO 10668, which defines the generally accepted methodology for calculating brand value. This is all to say that a brand, or a portfolio of brands, has real monetary value that plays an active role in business transactions.

Most organizations know this, but few calculate it regularly. Many make the mistake of assuming that more brands means a higher collective valuation. The opposite is true, particularly with health systems. The law of averages takes over: the number in the denominator is more detrimental than the numerator. Put plainly, the more brands a system carries, the greater the dilution. It occurs in three main areas: the number of competing system brands it outperforms, employment attractiveness for clinicians, and leverage in payer negotiations.

### Competitiveness of the Brand versus Other Systems

This dimension works for both patients and clinicians. How likely is a mother to choose a given system for pediatric care, and how likely is a PCP to refer her to a given system? One cannot have their appendix removed by two providers. Healthcare is built around isolated, single-choice experiences.

Is the average brand in a health system preferred over five other competitive brands? A brand that primarily competes with one other system in the Sioux Falls metro, and a handful of smaller players, is preferred over seven other alternatives. Outside of Sioux Falls, it operates in several other states. By using that same brand, it can be declared that Sanford Health is preferred over a dozen other brands, maybe two or three dozen if we count smaller players. A brand that is more attractive than twenty others is more valuable than four brands that are more attractive than five others each. A fragmented portfolio is also more expensive to manage. The valuation dilutes, and brand operations costs

go up. As a mental exercise, imagine Amazon used a different brand in each of the 50 states. Would those fifty individual brands be worth more or less than that one powerful Amazon brand?

### Employment Attractiveness for Clinicians

They see than the company they are employed by. It is rare for a patient to willingly switch primary care providers or their specialists. And if their doctors move to another company, brand value plays a bigger role in attracting and retaining clinical talent. Win with the company. Brand value plays a bigger role in attracting and retaining clinical talent. Win with the company. Brand value plays a bigger role in attracting and retaining clinical talent. Win with the company.

Today, most doctors and nurses feel they need to regularly switch employers to advance their careers. A substantial share of physicians, APPs, and nurses leave their first employer within two years, especially early-career nurses and APPs. And it is safe to assume most physicians will have several employers over their careers. Clinicians employed by large, well-run health systems may change employers less often because these organizations can offer stronger support, more stability, and clearer internal career pathways. If a system is carrying multiple brands, those perceived pathways shorten and become less attractive.

### Leverage in Payer Negotiations

Provider and payer disputes in 2025 reached an all-time high, including high-profile disputes. Narrower networks to control premiums. The moment of truth for most provider selections is no longer a care event; it's open enrollment. The fewer networks a system is in, the more it misses out on annual patient volume from certain populations.

At locations, a payer like UnitedHealthcare could argue that its patients still have access to Avera Health, another very strong health system. But since Sanford is weighing coverage for its Sioux Falls area, if it curtails coverage across SD, ND, MN, IA, WI, WY, and the UP of MI. A single-branded health system raises the cost to a payer of walking away from a dispute.

Multi-branded systems give payers leverage to pick and choose. As such, fewer strong brands lead to higher brand valuation.

## Valuations Are Always Future-Looking

Just like business valuations are always centered around future value, so are brand valuations. Nobody pays a premium for a business because it was successful in the past. Brand value is derived from future potential, not nostalgia, and sentimental value. Therefore, every brand has equity, as somebody somewhere is aware of it and likely thinks fondly of it. Retiring a brand retires its value. This is true. But holding onto every legacy brand means staying perpetually linked to undervalued brands.

At some point, an organization has to move away from sunk costs, or in this instance sunk value, and embark on building an asset portfolio that is more efficient to manage and is associated with a higher multiple in its value. That asset is the brand portfolio. One brand (or at least a few) that can outperform a growing list of competitors, attract and retain top talent, and work as a powerful negotiating lever with payers will always be worth more than a fragmented brand portfolio. Anyone conducting a brand valuation assessment will identify whether the brand is an attractive asset. A single strong brand normally carries a multiple and is seen as an attractive asset. Meanwhile, a large, fragmented brand portfolio is often tied to operational inefficiency, and creates a drag on enterprise value.

One last dose of reality: not every health system deal includes a brand valuation at all. In most other industries, the exercise is universal. Nobody buys a beverage company or an apparel label without pricing the brand. But in some health system transactions, the deal team never even qualitatively assesses the acquired brands. They're treated as not worth the time. Think about what that says: in the eyes of investors, many health system brands carry so little equity that nobody bothers to measure them. And if a brand's asset value is negligible, then retiring it carries little risk, and the decision comes down to brand operating costs. Every road leads back to the same simple conclusion: Most systems just aren't doing it.