

# Legal Trends in Healthcare Mergers & Acquisitions

Presented By : Benjamin Gaines, Esq.

---



Contact us for more info



[healthlaw@gachassin.com](mailto:healthlaw@gachassin.com)



400 E. Kaliste Saloom Rd., Ste. 6100  
Lafayette, LA 70508



337-235-4576



[www.gachassin.com](http://www.gachassin.com)

May 1, 2023

# Legal Trends in Healthcare Mergers & Acquisitions

## SUMMARY:

- **Affordable Care Act**
- **Transactions in Healthcare from 2010 to Present**
- **Current Trends**
- **Legal implications affecting M&A**





# Affordable Care Act

- Purpose
- Coordination of Care, Value-Based, Shared Savings, EHR, Bundled Payments, Accountable Care, Population Health....
- Result?



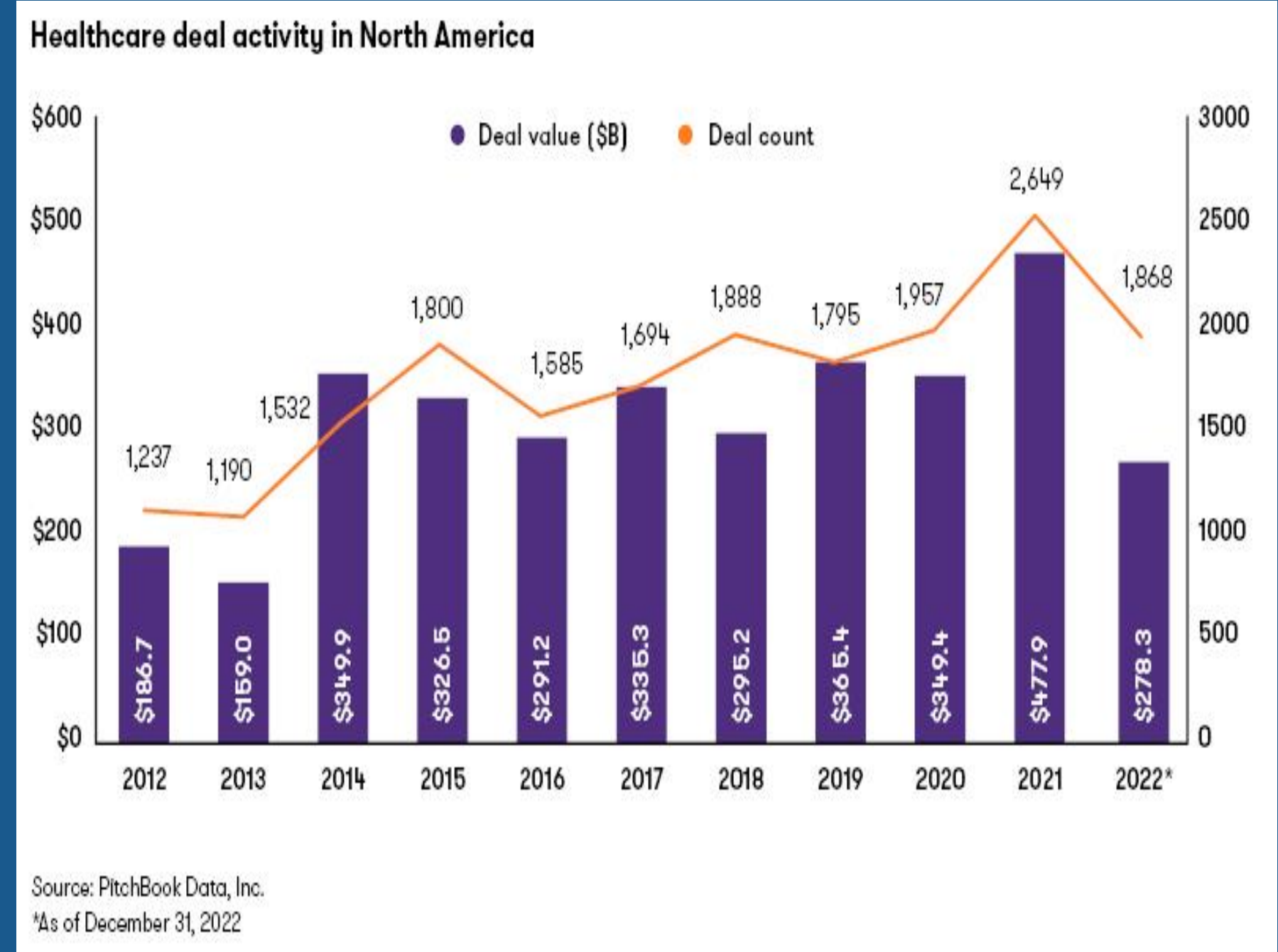
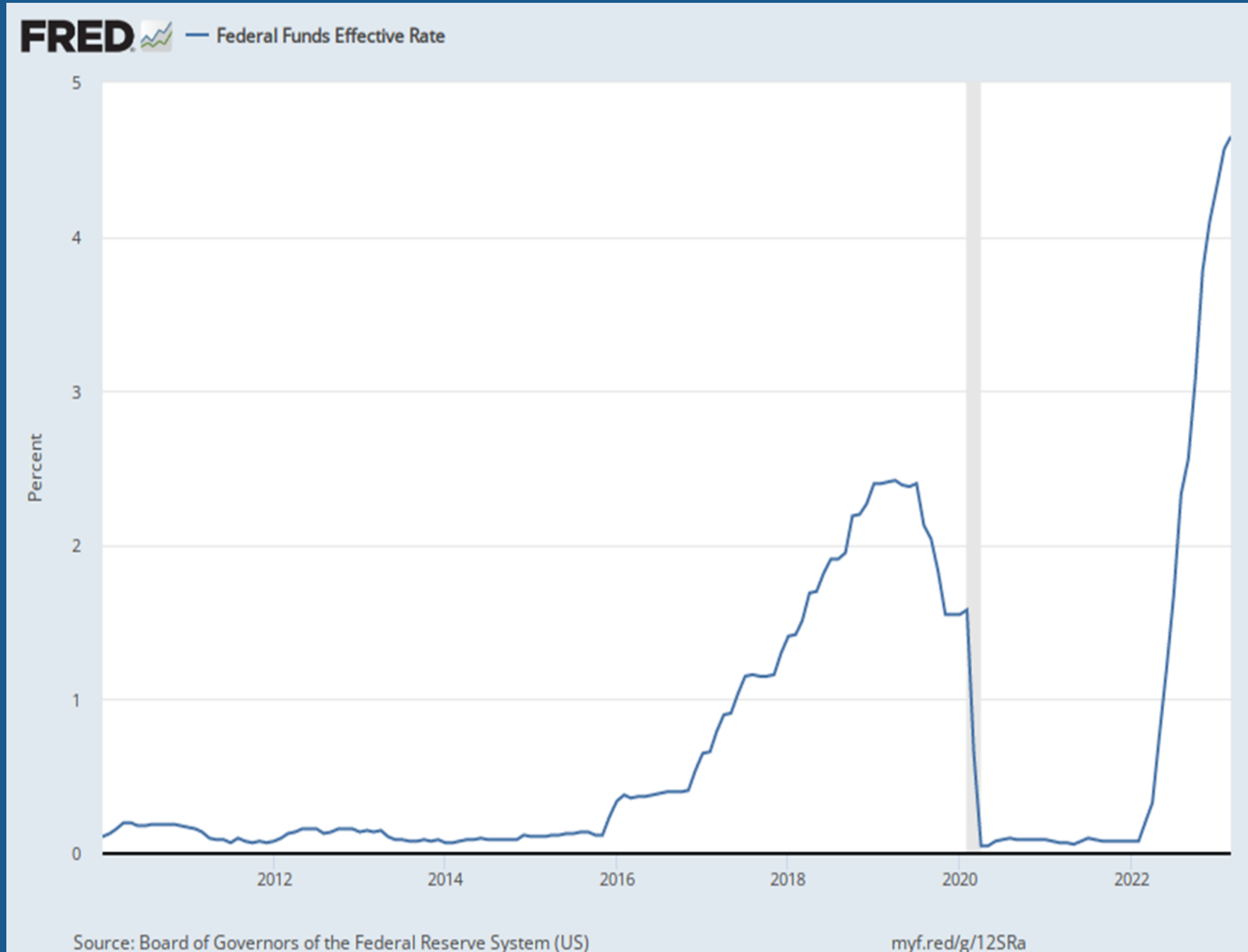


# Economic Backdrop

- Interest rates and access to capital
- Overall health of U.S. economy and stock market
- Pandemic and Post-Pandemic



# Fed Funds Rate and Healthcare Deal Volume





# Pandemic & Post-Pandemic

- **Loose Money, Rate Cuts, High Valuations for Growth, SPACS**
- **Healthcare specific funds – PPP, Provider Relief, Advanced Payments**
- **Fed tightening in second half of 2022**





# 2023 Results

- Big bank earnings – Q1 - 2023
- Healthcare Specific Trends out of Q1 – 2023
- Pressure on Valuations – Risk Free Rate, Normalized Base Year, Assumptions about projected expenses



# Healthcare M&A

- Continued physician employment
- Some Hospital activity regionally but looking for larger "cross-market" transactions
- Independent physician practices merging
  - PE/MSO Model
- Horizontal integration by health systems and vertical integration by insurers





# Louisiana Specific M&A

- Optum/LHC Group (Vertical)
- FMOL/Jackson County, MS (Horizontal)
- CIS - Lee Equity Partners (Beckers) (PE)
- LCMC/Tulane (Horizontal)





# Current Trends - Why?

- Salaries and Expenses/Inflation
- ACA Concepts
- "Tired" Mom and Pops
- Payor leverage/Rate Negotiations





# DOJ / FTC Activity



- Biden Executive Order - 2021
- DOJ retraction of safe harbors
- Review of Horizontal and Vertical Merger Guidelines
- FTC Policy Paper on COPAs - 2022
- FTC - LCMC/Tulane

# Louisiana COPA

- “State Action Immunity” for actions that might otherwise be considered in violation of state antitrust laws, federal antitrust laws, or both.  
La. R.S. 40:2254.1
- Standard by US Supreme Court – “Clear articulation of the state’s intent to displace competition in favor of regulation and that the state provide active supervision over the regulatory scheme or body.”
- La Standard – “Goals of controlling health care costs and improving the quality of and access to health care will be significantly enhanced in some cases by cooperative endeavor agreements and by mergers and consolidations among health care facilities.”
- AG – “The department may not issue a certificate unless the department finds that the agreement is likely to result in lower health care costs or is likely to result in improved access to health care or higher quality care without any undue increase in health care costs.” La. R.S. 40:2254.4(B)





# Rest of 2023 going forward?

- Large transactions will take longer to complete?
- Where are the remaining opportunities in M&A?
- Will someone ever audit the effect (plus or minus) of the ACA?



# QUESTIONS?

---



May 1, 2023



Contact us for more info



[healthlaw@gachassin.com](mailto:healthlaw@gachassin.com)



400 E. Kaliste Saloom Rd., Ste. 6100  
Lafayette, LA 70508



337-235-4576



[www.gachassin.com](http://www.gachassin.com)