

# OUR PRACTICE

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## Physician Transactions

As the health care landscape grows more complex, physician groups are seeking strategic solutions to remain competitive and financially sustainable. Baker Donelson offers comprehensive legal guidance for physician transactions, helping practices navigate strategic opportunities such as affiliations, acquisitions, mergers, restructurings, or innovative partnerships. Our team delivers tailored guidance that aligns with each group's goals, specialty, and market dynamics.

### Physician Transactions Are Accelerating

Independent physician practices are under significant pressure from multiple market forces, including:

- **Rising Costs and Inflation:** Operational and administrative expenses continue to climb, making it increasingly difficult for small and mid-sized physician practices to maintain financial stability.
- **Reimbursement Challenges:** Medicare and commercial payor reimbursement rates have not kept pace with inflation, eroding margins for independent physician groups.
- **Heightened Competition:** Large and well-capitalized organizations, including health systems, national practice management companies, and publicly traded health care entities, are rapidly expanding, making it harder for smaller practices to compete for patients, talent, and market share.

In the face of these pressures, many physician groups are exploring strategic transactions to achieve operational scale, access to capital, and long-term stability.

### Our Experience in Physician Transactions

Baker Donelson has extensive experience advising physician groups of all sizes and specialties nationwide on a vast array of strategic transactions to position them for success, including:

- **Sales and consolidations** with national physician services companies and private equity-backed platforms.
- Restructurings to form **management services organizations (MSOs)** and **administrative services organizations (ASOs)**.
- **Medical group combinations** to form larger "mega groups", "supergroups" and specialty networks.
- **Mergers and consolidations** of larger medical groups and hospital systems.
- **Affiliations with hospitals and health systems**, such as professional service agreements (PSAs) and service-line co-management agreements with hospitals.
- **Joint ventures** for clinical service lines with hospitals and national companies (e.g., ambulatory surgery centers (ASCs), imaging centers, urgent care, etc.).
- **Formation and acquisitions** of accountable care organizations (ACOs), clinically integrated networks (CINs), and independent practice associations (IPAs).

### Regulatory Compliance

Our team has decades of experience navigating the complex regulatory requirements that affect physician practices and play a critical role in due diligence for these transactions. Our attorneys provide guidance on:

- **Stark Law and Anti-Kickback Statute** compliance, and similar state laws, including financial relationship structuring, referral arrangements, and fair market value determinations.
- **Corporate practice of medicine and fee-splitting** regulations for each state.

- **Medicare and Medicaid regulations**, including billing, documentation, provider enrollment, and reimbursement requirements.
- **State health care transaction review laws**, which can elongate the sign-to-close period and introduce regulatory risk into the dealmaking process.
- **HIPAA compliance**, including business associate agreements, cybersecurity policies, and breach notification requirements.
- **State medical board** licensing, credentialing, and disciplinary requirements.
- **Federal and State employment and benefits laws**, including overtime laws, family leave laws, anti-discrimination laws (disability/ADA, racial, age, gender, etc.), and ERISA/benefit plan compliance.

This comprehensive approach to regulatory compliance is essential, as physician groups today operate in a health care environment defined by rapid change and increasing complexity.

To succeed in this landscape, physician groups are pursuing innovative strategies, including the development and expansion of ancillary services tailored to their specialty, and forming strategic partnerships to access capital, operational experience, and executive leadership. By collaborating with experienced teams of CEOs, COOs, CFOs, and VPs in managed care, human resources, IT, and revenue cycle management, practices can streamline workflows, optimize reimbursement and compliance, invest in technology, expand service offerings, and foster a culture of continuous improvement.

Our deep experience spans a broad range of specialties, including:

- Aesthetics, MedSpas and Wellness
- Cardiology
- Concierge Medicine and Primary Care
- Ear, Nose, and Throat (ENT) and Allergy
- Fertility, Reproductive Medicine, and Women's Health
- Gastroenterology
- Neurosurgery and Neurology
- Oncology
- Ophthalmology, Retina, and Optometry
- Orthopedic and Spine
- Pediatrics
- Urology
- Vascular and Vein

This experience uniquely positions us to deliver tailored strategies that support physician groups in achieving clinical excellence and sustainable growth.

## Representative Matters

*Results may vary depending on your particular facts and legal circumstances. Some of these matters were handled by a current Baker Donelson professional while associated with a prior firm.*

### General Physicians Transactions

- Served as transactional and regulatory counsel to a large multidisciplinary medical group with more than 40 practice locations in the Northeast (including urgent care centers) in an acquisition by a health care company (and its affiliates) as well as several add-on acquisitions over the following year.
- Represented multiple physician groups in connection with mergers and asset or stock purchase transactions.
- Reorganization of hospital system-acquired physician practices into a Stark-compliant captive group practice.

- Guided shareholders of a medical practice based in Massachusetts in their strategic partnership with a private equity platform, which involved considerable corporate and tax structuring, the sale of assets and goodwill at closing, migration of assembled workforce post-closing, and entering into administrative services, employment, and other agreements governing post-closing relationships. This transaction was the private equity platform's first expansion into the state and therefore required negotiations around applicable non-compete restrictions and other state-specific issues, such as physician-hospital organization reimbursement matters.
- Represented private equity firms and their portfolio companies and publicly traded companies in platform and tuck-in (add-on) mergers and acquisitions of physician practices (pediatric, behavioral health, ketamine obstetrics/gynecology, primary care, multi-specialty, orthopedic, urgent care vascular, emergency medicine, and more) and dental practices.
- Represented physician groups in separations from hospitals, sales to national companies, and joint ventures with private equity firms and publicly traded companies (cardiology, orthopedic, neurosurgery, dermatology, ophthalmology, anesthesiology, radiology, and more).
- Represented various medical practices on their respective sales/affiliations with private equity-backed platforms.
- Represented sellers and purchasers of medical and dental practices.
- Represented a client in successfully obtaining certificates of need (CON) for five primary care offices located in Washington, D.C. The project involved developing a strategy, preparing applications and supplemental materials, and coordinating with regulators.

### **Cardiology**

- Closed the sale of the largest independent cardiology practice to private equity. The sale added 90 cardiologists and 50 advanced practice providers specializing in all areas of cardiovascular care, as well as 30 locations, to a platform primarily based in the Southern U.S.
- Advised a cardiology group located in Texas in the sale of their practice and ASC to a large Texas health system.
- Advised a large cardiology practice in Colorado on its extraction from a purchase and sale agreement (PSA) with a large health system and its subsequent strategic private equity investment transaction.
- Represented a large Midwestern cardiovascular group in a transaction with a private equity-backed platform.
- Represented a cardiology group in its sale to a large New Jersey health system.
- Represented a cardiology group in Colorado in its negotiation of a PSA with a large Colorado health system.
- Represented a cardiology practice in the mid-Atlantic region in connection with a sale transaction with a private equity sponsor.
- Represented a cardiology practice and its office-based labs and ambulatory surgery centers (ASCs) in connection with a sale to a regional health system.
- Represented a large cardiology group in Colorado in an extraction from a health system and a new transaction with a private equity-backed platform.
- Represented a cardiology group in an affiliation with a large New York health system.
- Represented a large cardiology group in Maryland in the renewal and amendment of its affiliation with a Maryland health system.
- Represented a cardiology group in an extraction from a national practice and a new affiliation with a health system.
- Represented a cardiovascular group in its acquisition of an ASC in New Jersey.

### **Concierge Medicine and Primary Care**

- Represented a large primary care practice located in the mid-Atlantic region in connection with a sale to a payor.
- Represented a large primary care practice in connection with a sale to a national strategic company.

- Represented a primary care group in a renewal and amendment of its professional services agreement with a health system.
- Represented a large (150+) primary care-driven multispecialty practice in the Northeast on its sale to a national strategic provider.
- Represented a mid-sized primary care group in New York on its sale to a large regional medical practice.
- Represented a mid-sized primary care group in the Northeast on its sale to a larger payor-affiliated medical practice.
- Represented a private equity firm in its investment in a national emergency medicine practice.
- Represented a concierge medicine MSO in its initial formation and capitalization, as well as its first acquisition of a concierge practice in Florida.
- Represented a concierge platform in its acquisition of a primary care practice in New Jersey to convert to a concierge model.
- Advised in the development of a multistate concierge practice in the Northeast, including concierge agreements and potential hospital affiliation.

### **Aesthetics, MedSpas, and Wellness**

- Represented seller in the sale of a plastic surgery practice in New Jersey to a private equity sponsor as its first platform acquisition, for an enterprise value of approximately \$300 million.
- Served as transactional and regulatory counsel to a large dermatology practice in the Northeast, with multiple clinical offices located in Massachusetts and New Hampshire, in connection with a strategic partnership with, and growth investment by, one of the largest private equity firms focusing on the physicians' service sector.
- Represented a dermatology group in a transaction with a private equity-backed platform.

### **ENT and Allergy**

- Sale of ENT practice in North Carolina to a private equity-sponsored national platform for an enterprise value of approximately \$5.5 million in May 2024.
- Represented a large ear, nose, and throat (ENT) physician group in the tri-state area in connection with its recapitalization to become a platform company of a private equity sponsor.
- Represented an ear, nose, throat, and allergy practice in connection with a sale transaction with a private equity sponsor.
- Represented a private equity-backed portfolio company in connection with acquiring physician practices specializing in ear, nose, throat, and allergy services.
- Served as transactional and regulatory counsel to a large ear, nose, and throat practice, in connection with forming a management services organization and a strategic partnership with a financial partner.

### **Fertility, Reproductive Medicine, and Women's Health**

- Sale of fertility practice in Washington to a private equity-sponsored national fertility practice platform for an enterprise value of approximately \$16 million in June 2024.
- Represented a renowned reproductive medicine practice in a recapitalization transaction with a leading reproductive service provider and the U.S. arm of a global private equity firm.
- Represented a reproductive medicine practice in connection with a sale transaction with a private equity sponsor.

### **Gastroenterology**

- Represented a gastroenterology group and surgery center in a transaction with an Ohio health system.
- Represented a large gastroenterology group in New York in its joint venture with a national ASC management company.
- Represented a large gastroenterology practice in the Northwest in a closing transaction with a private equity platform.

- Represented a gastroenterology group in the West in its partnership with a private equity platform company.
- Represented gastroenterology group in the Northeast on its endoscopy center joint venture transaction.
- Served as counsel to a healthcare system partnering with a national ASC management company on a GI joint venture ASC in the Northeast.

### **Neurosurgery and Neurology**

- Represented a neurosurgery group in affiliation with a private equity firm.
- Represented a private equity-backed neurosurgery group in a co-management arrangement with a hospital.
- Represented a neurology and neurosurgery group in a separation from a health system.
- Represented a neurology and neurosurgery group in an affiliation with a supergroup led by both physicians and a health system.
- Represented a private equity-backed neurosurgery group-owned ASC in the sale of the ASC to a publicly traded physician practice and urgent care company.
- Represented a private equity-backed neurosurgery group in the acquisition of a pain management practice.
- Represented a private equity firm in its acquisition of a New Jersey and Pennsylvania neurology group.

### **Oncology**

- Represented a publicly traded oncology company in the acquisition of oncology practices.
- Represented a large group of oncologists in extracting from a national company affiliation and entering into a PSA/alignment transaction with a hospital.
- Represented a large surgical group in the Midwest focusing on oncological surgery in its transaction with a national oncology company backed by a private equity investor and a major drug distributor.
- Represented a large oncology platform in its acquisition of a practice in Hawaii.
- Represented a small hematology and oncology group in the Northeast on its transaction with a larger oncology group in the region.
- Represented an oncology practice in its affiliation with an oncology supergroup in New Jersey.
- Represented an oncology practice in its affiliation with a New Jersey hospital.
- Represented a newly formed oncology group in Arizona in negotiating a professional services agreement with a local health system and establishing a new compensation plan.
- Represented a large oncology platform in its acquisition of a practice in Indiana.

### **Orthopedic and Spine**

- Represented an orthopedic group practice in negotiating several agreements related to a strategic health partnership with two separate hospital systems.
- Represented a large orthopedic surgery group and ambulatory surgery center in Pennsylvania in an affiliation with a large health system.
- Represented a large orthopedic surgery group in Virginia in a transaction with a private equity-backed platform.
- Represented an orthopedic surgery group as a founding practice in a large orthopedic surgery supergroup.
- Assisted an orthopedic group practice in negotiating several agreements related to a strategic health partnership with a hospital system.
- Completed the sale of a large orthopedic practice to private equity, negotiated the definitive agreements, and led the management team through the stages of the transaction to its closing and the transition to private equity ownership.
- Negotiated the sale of an add-on orthopedic practice to an existing private equity platform and assisted in a self-disclosure and settlement on a regulatory matter.

- Closed the sale of a practice to private equity as an add-on to a platform in another state. Given the size and prestige of the client, this was effectively a platform acquisition in Colorado. The sale required heavy negotiation focused on business goals and contractual provisions to protect the client's interest and guard against client concerns.
- Represented orthopedic practices in connection with their respective sales to a prominent orthopedic group practice entering into the New Jersey market.
- Represented an orthopedic surgery practice in its merger with a large supergroup in New Jersey.
- Represented an orthopedic surgery practice in the sale of its physical therapy division to a New York-based private equity-backed physical therapy platform.
- Represented an orthopedic group with locations in New York and Connecticut in its sale to a strategic private equity buyer.
- Represented a pain and spine practice in Nevada in its joint venture with a national ambulatory surgery center (ASC) management company.

### **Ophthalmology, Retina and Optometry**

- Represented a group of aligned ophthalmology practices in a sale to a New York-based private equity-backed platform.
- Represented a Massachusetts ophthalmology practice in a sale to a private equity-backed platform.
- Represented an ophthalmology practice in a sale to a New Jersey-based private equity-backed platform.
- Represented a large ophthalmology supergroup in its acquisition of an ASC in New Jersey.
- Represented one of the largest retina practices in New Jersey and New York in its partnership transaction with a large retina and ophthalmology private equity platform.
- Represented a mid-sized retina practice in Missouri in its partnership transaction with a Midwest based ophthalmology private equity platform.
- Represented a retina practice in the Northeast in consolidating with a group of other retina and ophthalmology practices in the region in order to effectuate a partnership transaction with a national eyecare private equity platform.
- Represented a small ophthalmology practice in the Northeast in its sale transaction to a private equity platform in the Mid-Atlantic region.
- Represented a small ophthalmology practice in Florida in its sale transaction to an eyecare private equity platform based in the Southeast.
- Represented ASCs owned by ophthalmologists in sales to a private equity-backed platform.
- Represented ophthalmology group in acquiring an ASC.

### **Pediatrics**

- Represented a strategic acquirer of pediatric practices on a national basis.
- Handled the successful sale of a multi-office pediatric practice owned by a solo physician who wanted to sell to private equity before an anticipated state tax change expected to take place at the start of the next calendar year. Assisted the client with producing the substantial diligence requested by the acquirer and restructured the client-related entities to reduce negative tax implications pertaining to its pre-reorganization tax elections.
- Represented a non-profit multi-service population health management and advocacy organization to launch an expansion of client services in scope and geography. Created an on-campus health clinic for the client's residents and staff and worked with affiliates (of which the client is the affiliate's corporate member) to find opportunities to provide high-quality care.

### **Urology**

- Represented 60 urologists in the Northeast in connection with extraction from mega-group and alignment agreements with a private equity urology platform.
- Represented a large urology group in the Southwest in its partnership transaction with a private equity urology platform.

- Represented a small urology group in the Southwest in its partnership transaction with a private equity platform
- Represented several urology groups on the formation of a supergroup, and a majority sale of their urology-focused ASC.

### **Vascular and Vein**

- Represented private equity-backed vascular group in expansions in multiple states and additions of physicians.
- Represented vein practice in the acquisition of an ASC.
- Represented vein practice in multiple affiliation models with physicians and allied professionals.
- Represented a large regional vascular surgery group in its sale to a large health system in the Northeast.
- Advised a national operator of outpatient vascular centers in its divestiture of a multi-specialty surgery center focused on interventional nephrology, cardiovascular and gastroenterology procedures located in the Northeast.
- Represented one of the largest vein practices in the country (with clinics in ten states) in acquiring a financially distressed multistate vein practice with dozens of vein clinics.