

## Eric Williams, Jennifer Kreick, Maria Hopper, Joanna Pearce in Law360: Health M&A Opportunities Demand Special Care

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**PRACTICES** Healthcare Transactions and Regulatory, Corporate, Mergers and Acquisitions, Healthcare and Life Sciences

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Buyers are currently exercising patience and discipline to account for uncertainty in the global economy, but experts anticipate that health care companies and private equity firms will continue to see M&A opportunities in the health care space, given the availability of capital, competitive pressure imposed by other healthcare companies and new market entrants, and ongoing challenges related to reimbursement and regulatory issues.

PwC recently reported an increase in U.S. health services deal activity of 7.3% in Q2 2019 (versus Q1 2019) and an increase in Q2 deal value of 10.3% compared to average deal values in the preceding seven quarters. In this context, this article summarizes some of the key considerations for private equity firms and healthcare companies in evaluating, negotiating and consummating healthcare M&A deals.

### Structuring Your Healthcare M&A Deal

Parties considering a healthcare acquisition or sale must, first and foremost, take steps to ensure that the structure of the deal complies with applicable state and federal healthcare regulations. These laws can vary based on the type of healthcare entities and providers involved.

For example, certain states, like Texas, have corporate practice of medicine laws that restrict the employment of physicians by business entities, although these states often permit the use of specific types of entities (such as nonprofit corporations) to employ such physicians.

In the case of Texas, the state permits nonprofit health organizations certified by the Texas Medical Board to employ physicians, but such entities must meet certain requirements (e.g., all directors must be physicians). While the NPHO may have a nonphysician member that has a certain level of control over a number of financial decisions and may contract with a management company for a specific set of services, the applicable corporate practice of medicine laws will limit the direction and control of the nonphysician member/management company.

Excerpted from *Law360*. To read the full article, click [here](#). (Subscription required)