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## Health-Care Transactions Update: April

**A**pril's list of proposed and closed health-care industry deals showed an uptick in transactions involving tech companies, including software developers and the like.

This fits the trend observed by Bloomberg BNA's transactions experts, who have said that providers are doing deals to achieve clinical integration and that integration is easier when all the players can talk to one another.

Indeed, over 50 percent of the deals listed for the month involved either the information technology or post-acute care sector, Paul A. Gomez, of Epstein Becker Green's Los Angeles office, told Bloomberg BNA.

**Tech Is Crucial.** The development of information technology strategies is a "crucial part" of enabling providers to work together, Gary W. Hershman, with Epstein Becker Green in Newark, N.J., told Bloomberg BNA.

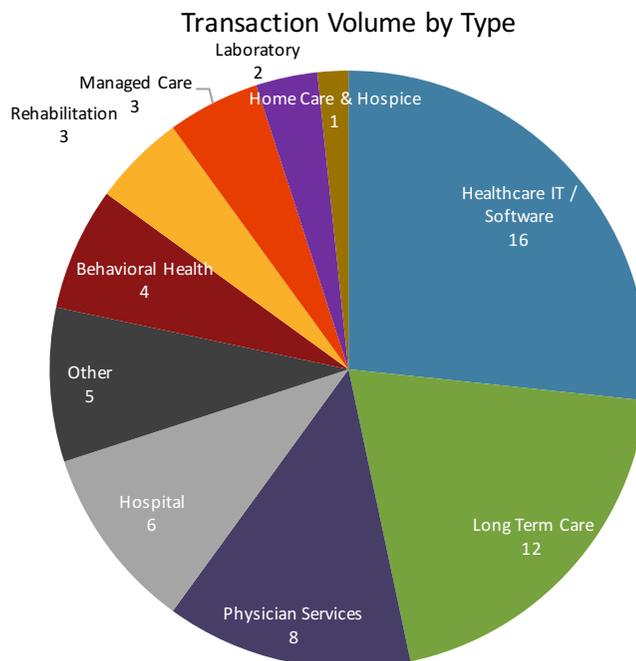
It is "no surprise," then, that information technology is one of the top areas in which providers are investing, he said. Many health industry players are working on software to help major health systems connect and work together.

Interoperability—a word often heard these days—is part of it, Hershman said. But health systems also are looking at how to improve "big picture" operations management and revenue cycle. Moreover, hospitals want to be able to help their physicians and other professionals more easily access policies, procedures and patient protocols that could help improve quality of care, he said.

Through data analytics, for example, systems might be able to show physicians which treatment or care plans work best for certain patients. Technology also might aid in communicating with patients, tracking medications and ensuring that the entire care team is adhering to proven, evidence-based treatment protocols, Hershman said.

**Improving Care.** Gomez agreed that the April list shows a trend toward increasing deals in information technology. He told Bloomberg BNA he expects that trend to continue in the months and years to come.

One reason, he said, is that providers can use newly developed software to analyze their data, then use the resulting information to better target their resources.



A software program might identify trends that can be addressed by a provider. For example, a hospital that sees an increase in emergency room visits by people with specific symptoms or chronic conditions, or who all live within the same zip code, might be spurred to build an urgent care center in that zip code or create educational programs that will reduce complications of chronic conditions. Alternatively, a provider might be inspired to determine why there are so many similar cases in a targeted area.

Information technology can help "illuminate the priority areas for providers" Gomez said.

**Transactions Within Categories.** Hershman told Bloomberg BNA that there were at least four transactions in each of the categories, namely information technology and post-acute care, that saw the most action in April.

This "shows a continuing trend of consolidation activity driven by changes in the health-care marketplace," he said.

When the Affordable Care Act took effect in 2010, it was clear that the provision of health-care in this country would change significantly, Herschman said. Transformation in the industry has been gradual—but the “sea-change” is well underway, he said.

Still, change in the industry has been “like a huge freight train coming down the tracks,” and it is not stopping, Herschman said. He predicted there will be three to five more years of ongoing consolidation activity.

The goal for providers, Herschman said, is to provide quality care in a more cost-effective fashion, while satisfying criteria for maximizing revenue under the new value-based payment models.

Through clinical integration and other forms of consolidation, systems can meet patients’ needs over the entire spectrum of care, he said. That is why the list is showing so many transactions involving not only hospital and physicians’ groups but also long-term care and behavioral health providers.

Providers are taking on more financial risks related to patient care, Gomez added. To succeed in the value-based payment world, they need to improve care quality and patient satisfaction while controlling costs.

One way to do that, he said, is through investing in post-acute care facilities, like long-term care, skilled nursing, home health, hospices and assisted living. Private equity investors also have seen the value of investing in these types of treatment models, he said.

Herschman added one caveat for attorneys and financial advisers: Be more vigilant than ever of the antitrust

laws. The antitrust enforcers at the Federal Trade Commission have become more active in perusing consolidation activity, he said. Three hospital transactions are being challenged by the agency, and several others are under review.

Herschman predicted that there will be more FTC investigations in the health-care industry.

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*The list of select transactions involving health-care providers, managed care and services companies for April 2016 was compiled by health-care investment bankers using publicly available information, including articles, websites and press releases. The list is at <http://src.bna.com/e1v>.*

*Bloomberg BNA would like to thank its Health Care Transactions Editorial Committee for their guidance: Paul A. Gomez, of Epstein, Becker & Green PC, Los Angeles ([pgomez@ebglaw.com](mailto:pgomez@ebglaw.com)); Gary W. Herschman, of Epstein, Becker & Green PC, Newark ([gherschman@ebglaw.com](mailto:gherschman@ebglaw.com)); Victoria Poindexter, of Hammond Hanlon Camp LLC, Chicago ([vpindexter@h2c.com](mailto:vpindexter@h2c.com)); and Greg Wappett, of Provident Healthcare Partners LLC, Boston ([gwappett@providenthp.com](mailto:gwappett@providenthp.com)). Epstein, Becker & Green PC did not comment on any particular transaction or party discussed or listed in this article.*