

Health Care Group Of The Year: Sheppard Mullin

By Adam Lidgett

Law360 (February 2, 2022, 2:02 PM EST) -- Sheppard Mullin Richter & Hampton LLP helped guide clients on numerous deals over the past year, including representing Landmark Health in a sale to UnitedHealth's Optum reported to be worth about \$3.5 billion, earning the firm a spot among Law360's 2021 Health Care Groups of the Year.

Jeralin Cardoso, one of the firm's practice leaders in its corporate and securities group, said the Landmark Health deal, which closed in February 2021, was important because the firm's client was one of the largest physician-led global risk-bearing medical groups, which operates in 17 states.

Risk-bearing refers to a value-based agreement to take on risk in connection with payors, so its not just being paid a fee for service, according to Cardoso.

Cardoso pointed out that the firm has worked with a lot of physician groups opposite Optum in the past.

"Our reputation in representing physician groups, particularly groups doing transactions with Optum, is one of the things that helped get this transaction," Cardoso said.

Lynsey Mitchel, a partner in the firm's health care group who worked on the Landmark deal, said the firm has "seen a tremendous amount of growth for entities like Landmark that are really focused on value-based health arrangements and total cost of care arrangements."

"I believe having everyone move up the food chain to taking on more risk and just playing a bigger role in improving quality and generate appropriate savings — to me, we have to keep marching to the beat of that drum," Mitchel said.

The firm also represented private equity fund Clayton Dubilier & Rice in its acquisition of Millennium Physician Group, a Florida primary care doctor group.

Eric Newsom, a Sheppard Mullin partner in the firm's health care team in San Francisco, said private equity is probably the fastest-growing client base within the health care practice group.



"The movement of private equity into the health care space and engagement in transactions of all stripes continues to accelerate," Newsom said.

Newsom noted that the firm is representing private equity funds in large physician services transactions, as well as other transactions in diverse health care sectors like ancillary care providers, research and development, and data analytics players.

In January 2021, Magellan Health Inc. agreed to sell Magellan Complete Care, which manages Medicaid and Medicare health plans, to Sheppard Mullin client Molina Healthcare Inc. in a deal worth \$820 million net of tax benefits.

Newsom said the firm has represented Molina in multiple acquisition matters, adding that Sheppard Mullin has a strong focus on dealing with Medicaid and Medicare Advantage plans.

"The Molina transaction was an example of our active practice in the very active area of Medicare Advantage and Medicaid plans being transacted, and indeed, we're doing at any given time four or five of these types of transactions," Newsom said. "It represents a really significant area of growth in health care mergers and acquisitions for our institutional health care clients."

Aytan Dahukey, the firm's private equity co-team leader, said the Molina deal was an opportunity to help the company substantially grow in states that it was not in, while also growing in states where it already had a presence.

"It was a complex transaction requiring expertise all over the country, and it was really something that allowed Sheppard Mullin to utilize all of the resources we have to provide them with transactional and regulatory support on a national basis," Dahukey said.

Newsom said there are about 200 people on the health care team at the firm, but that includes everyone on the health team across substantive practice groups, including transactional and regulatory attorneys that do exclusively health work. Those attorneys work in offices like Los Angeles, Dallas and New York, he said.

The health group is Sheppard Mullin's largest industry team by far, and it drives a very significant part of the firm's revenue, Newsom said. He added that the team plans to grow in numbers, revenue and footprint over the next several years.

"The health care team is the number one initiative at Sheppard Mullin, and we received approval to double the size of the health care team in the next five years," said Eric Klein, a Sheppard Mullin partner and leader on the national health care team. "Not many other health care law firms at this point are growing at that rate."

Klein pointed out that many health care law firms represent hospitals, insurance companies or ambulance centers, but he emphasized that Sheppard Mullin is a multisector firm. He said Sheppard Mullin has been able to grow a multisector practice that allows it to have a top-notch roster of clients in every single sector, whether in the health plan sector, the hospital sector or in the private equity arena.

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