

## Nelson Hardiman Closes Unique Physician Enterprise Transaction

[Nelson Hardiman LLP](#) recently closed a unique physician enterprise transaction that provided substantial initial cash payments to the owners, substantial investment capital for expansion of clinical operations, and a multi-tiered future valuation buy-sell hedging mechanism. The physician enterprise consisted of clinical operations, including primary geriatric care, IPA, telemedicine, home health, and hospice operations, as well as management, technology development, and support operations, across a dozen entities in multiple states. The equity purchasers included other physicians and a broad-based, nationwide healthcare operator.

The structure of the transaction allowed for the equity acquisition of a minority interest in the management company by the buyers/investors, and a lending tranche of additional significant capital for the expansion of the physician enterprise clinical operations. The parties then agreed to a tiered-series of puts and calls on additional equity in the enterprise and other valuation terms, that (i) aligned the parties to maximize the near-term investment in expansion activities, (ii) aligned the parties to longer term cash-flow maximization of the enterprise, and (iii) positioned the parties to achieve either significant profits or a valuable exit at or after the five-year mark.

“While private equity has moved hundreds of millions of dollars into physician practice acquisitions in the past few years, this transaction uniquely provides for continuing operations by existing leadership under a jointly-developed, definitive business strategy backed by valuation mechanisms to assure alignment to the joint plan,” commented Rob Fuller, Nelson Hardiman’s corporate transactions department chair. “Both parties worked hard to bake the business strategies into tangible valuation targets in the structure of the transaction, and we believe this will maximize the value for both the sellers and the buyers,” added Fuller. While valuation numbers are not disclosed, the initial transaction involved tens of millions of dollars.

### About Nelson Hardiman

[Nelson Hardiman LLP](#) is the premier healthcare and life sciences firm in Los Angeles, serving healthcare providers, investors, and organizations that need a hard-to-find level of quality advice on the most sensitive industry issues. The firm’s litigation practice specializes in defending fraud and abuse and whistleblower actions, government investigations, reimbursement disputes, and other complex business disputes. Nelson Hardiman regularly serves as outside counsel for healthcare system clients and medical staff representation. Nelson Hardiman’s transactional group handles healthcare organization acquisitions, sales, investment, and financings, and Nelson Hardiman’s regulatory team advises on compliance with licensing, operational, and reimbursement issues across the full continuum of healthcare industry sectors, with expertise on Medicare and Medicaid requirements, privacy and data security, FDA, and many more matters. The firm has earned a singular position reputation nationally for its leadership in addressing issues in behavioral health. More information about the firm is available at [www.nelsonhardiman.com](http://www.nelsonhardiman.com) or at 310.203.2800. For more information, please [contact us](#).