

# Health Care Restructuring

In the face of rising costs, stagnating reimbursement rates and increasing financial volatility, health care companies and their lenders across the industry are navigating restructuring, workouts and distressed transactions at an accelerating pace. Katten's Health Care Restructuring team brings together practitioners from across the firm to counsel clients navigating financial distress in one of the most highly regulated and complex areas of the economy

## Guiding Health Care Participants Through Financial Distress

With clinic and physician bankruptcies on the rise and senior care and pharmaceutical cases making up nearly half of all bankruptcy filings, the demand for experienced, health care-focused restructuring counsel continues to grow. Recent high-profile bankruptcies have intensified scrutiny of ownership structures and capital arrangements across the health care industry. At the same time, leveraged physician practice management platforms are facing heightened distress, creating opportunities for strategic buyers to acquire assets through in-court or out-of-court transactions.

Our multidisciplinary team spans Health Care Transactions and Compliance, M&A and Private Equity, Restructuring, Private Credit, Real Estate, Litigation and White Collar, Financial Markets and Funds, and Public Finance, enabling us to deliver seamless, end-to-end solutions. Our Health Care Restructuring attorneys counsel a broad spectrum of industry participants, including financial institutions, independent directors and advisors, investment managers, private equity sponsors, investment banks, lenders, as well as health systems and hospitals, insurers, health care service providers, physician groups and independent medical practices, life sciences and pharmaceutical companies, and individual advisers, directors and physicians.

## Our Experience

### *Chapter 11 and Insolvency*

- Representing independent directors and advisors in connection with analyzing and evaluating dozens of investigations of potential claims and causes of actions as well as complex restructuring transactions, including:

## Key Contacts



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- Special Counsel to Prospect Medical Holdings, an operator of 16 hospitals nationwide, for conflict matters in its Chapter 11 cases involving total debt of over \$2.2 billion, including advising the Transaction Committee of the Board in connection with investigation of potential estate claims;
- Counsel to the disinterested directors of Rite's Aid pharmacy benefits manager subsidiary, Elixir, in connection with various aspects of the Debtors' Chapter 11 cases involving total debt of over \$3.5 billion, including conducting an investigation into intercompany matters;
- Counsel to the Special Investigation Committee of Genesis Healthcare, Inc., a leading skilled nursing facility operator, in connection with Genesis's ongoing Chapter 11 cases involving total debt of over \$2.2 billion, including advising the Special Investigation Committee on a comprehensive investigation of potential estate claims and causes of action;
- Counsel to independent managers of AmSurg, LLC and AmSurg HoldCo, LLC (subsidiaries of Envision) in connection with Envision and AmSurg's pre-bankruptcy liability management transactions involving total debt of over \$7.5 billion, including liquidity enhancing and deleveraging transactions and pre-arranged Chapter 11 cases;
- Counsel to an independent director of one of the world's largest integrated oncology organizations and the world's largest provider of radiotherapy in connection with Genesis Care's Chapter 11 cases involving total debt of over \$1.7 billion, including with respect to an independent investigation into potential estate claims or causes of action; and
- Counsel to independent directors of Mallinckrodt's specialty generics business, tasked with conducting a comprehensive investigation into potential claims and causes of action in cases involving total debt of approximately \$5.2 billion against related parties that were resolved under the Debtors' Chapter 11 plan.
- Representing senior secured lenders in numerous middle market chapter 11 bankruptcy cases throughout the country, including cases involving behavioral health care companies, hospitals, freestanding emergency rooms, and pharmaceutical companies.
- Representing purchasers of distressed assets through bankruptcy section 363 sales as well as out-of-court transactions.
- Representing health care insurance providers and affiliates in Chapter 11 bankruptcy cases of hospital systems.
- Counseling family offices and investors in connection with Chapter 11 cases of medical device manufacturers.

- Defending founders and principals of biopharmaceutical companies during Chapter 11 proceedings.
- Representing independent advisory firms as investment bank for debtors and official committees of unsecured creditors.

### ***Workouts and Restructurings***

- Representing secured lenders in various medical and dental practice management workouts and restructurings with aggregate secured debt exceeding \$1 billion.
- Representing agent and largest lender under a \$290 million first lien credit facility in an ongoing workout and restructuring of a leading national behavioral health company.
- Representing financial institutions as agents and lenders in the workout and restructuring of patient health care financing solutions providers.
- Representing banks in commercial real estate loan workouts involving numerous senior living and life science facilities.
- Represented agent and foreclosing seller in an Article 9 private disposition in a combination of two of the largest durable medical equipment providers in the country.
- Represented agent in out-of-court debt and equity restructuring of a large accountable care organization.
- Counseling not-for-profit health systems on the restructuring of fund flow and compensation arrangements.

### ***Regulatory and Compliance***

- Addressing Anti-Kickback Statute, Stark Law, HIPAA, licensure, tax exemption and charitable trust concerns in distressed transactions.
- Ensuring that restructuring strategies comport with applicable regulatory requirements.
- Advising on Medicare/Medicaid reimbursement matters and compliance implications of restructuring.
- Conducting regulatory due diligence and advising on risk minimization strategies.

### ***Strategic Transactions***

- Representing health systems in unwinding joint operating companies, including disaffiliation, asset transfers and transition services.
- Advising disinterested directors regarding sale process of pharmacy benefits management and other health care businesses.
- Representing independent managers of ambulatory surgery center operators in reviewing deleveraging and liquidity transactions.

- Counseling on distressed acquisitions, recapitalizations and carve-out transactions.