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Healthcare Practice Group Of The Year: McDermott

By **Ruben Castaneda**

Law360 (February 21, 2024, 2:27 PM EST) -- McDermott Will & Emery LLP helped complete several high-profile healthcare-related deals last year, including the acquisition of Geisinger Health by Kaiser Permanente, achievements that landed the firm a spot among Law360's 2023 Healthcare Groups of the Year.

It's the third year in a row McDermott has landed on the list.

McDermott represented Geisinger, a \$7 billion healthcare provider, in its acquisition by Kaiser Permanente, a major California-based healthcare group worth about \$98 billion, with 39 hospitals and 24,000 doctors, and will shepherd the transaction through federal and state regulatory approvals, processes expected to take about 18 months.

One of the notable aspects of McDermott's work on the deal was the firm's use of artificial intelligence. With the assistance of AI, McDermott reviewed 30,000 of Geisinger's contracts in a span of three weeks. "As a routine part of the deal, McDermott had to review contracts that touched on 28 data points — such as contracts that were longer than a year in duration or agreements that were larger than a certain dollar threshold," said John Callahan, a partner who advises clients on health sector mergers and acquisitions.

The AI program provided a brief analysis of each of the contracts, and a McDermott lawyer reviewed each AI analysis for accuracy. The firm had used AI for similar transactions and purposes, but never before at such a large scale, Callahan said.

"It was much more efficient for the client," he added. "It saved the client a tremendous amount of money in billable hours. Now, we have it as a template for future deals."

The Kaiser-Geisinger transaction was one of several high-profile deals the firm spearheaded on behalf of healthcare clients from 2022 to 2023. For example, McDermott also worked as lead health regulatory counsel to CVS Health Corp. on its \$10.6 billion acquisition of Oak Street Health, a deal that closed in May.

In another major transaction, McDermott represented Summit Health-CityMD — which provides primary, specialty and urgent care — in its \$8.9 billion sale to VillageMD, a national provider of value-based primary care services.



As with the Oak Street Health transaction, McDermott advised Summit Health-CityMD on an array of regulatory issues affecting the closing of the deal and post-closing issues. The firm also counseled Summit Health-CityMD on the integration of the two businesses. The deal closed in January 2023.

A McDermott legal team of corporate, regulatory and antitrust lawyers advised pharmacy benefits manager Prime Therapeutics in its \$1.35 billion acquisition of Magellan RX Management from Centene Corp.

Jointly owned by 13 Blue Cross-Blue Shield Plans, Prime Therapeutics is one of the country's largest pharmacy benefit managers. This was Prime's first M&A transaction, and it was the largest PBM acquisition announced in 2022.

McDermott's various practice groups, such as litigation and transactions, work collaboratively with the 160 attorneys in the firm's healthcare practice, said Jerry Sokol, McDermott's global head of healthcare. "We have no silos," he said. "Our various practice groups work collaboratively to deliver seamless services to clients in the most sophisticated and complex matters and transactions."

McDermott's achievements during the past year weren't limited to complex transactions. The firm won court victories in federal court involving Puerto Rican laws preempted by federal Medicare statutes.

In 2019, Puerto Rican legislators passed a law requiring Medicare Advantage organizations to pay Puerto Rico healthcare providers no less than the fee-for-service rate paid by the federal government under the traditional Medicare program. The law also prohibited terminating a contract with a provider without just cause.

Represented by McDermott, the Medicaid & Medicare Advantage Products Association of Puerto Rico and MMM Health filed suit to invalidate the law on the ground that it was preempted by the Medicare statute.

The district court agreed with MMAPA and MMM Health. Puerto Rico appealed, and McDermott's appellate team defended the district court decision. In January 2023, the First Circuit unanimously affirmed the decision in an opinion strongly supportive of preemption.

McDermott's work on the litigation was an example of how the firm's various departments work together across offerings to serve healthcare clients, said Michael B. Kimberly, a partner and co-head of the appellate practice, and government and regulatory litigation group.

Kimberly said that McDermott's litigation group frequently partners with the firm's robust practices representing healthcare clients in the regulatory and corporate deal-making spaces.

"Sometimes engagement in both of those spaces will mature into a need for litigation support," he said. In the litigation in Puerto Rico, McDermott happened to support a number of MMAPA members, as well as MMM Health at the time legislators passed the new law.

--Editing by Kristen Becker.