

Sheppard Mullin: Regulatory Scrutiny of PE Healthcare Investments is Here to Stay

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In the *PE Hub* article “Sheppard Mullin: Regulatory Scrutiny of PE Healthcare Investments is Here to Stay,” Bevin Newman, a partner in the firm’s Antitrust & Competition practice group and Healthcare industry team, highlights the federal and state governments’ increasing regulatory oversight on private equity investments in the healthcare sector, particularly concerning the consolidation of hospitals and physician practices. This heightened scrutiny is expected to influence deal compliance across the private equity industry, including transactions previously unnoticed by regulators.

A significant cross-government effort, including the Federal Trade Commission, Department of Justice and Department of Health and Human Services, has been initiated to identify and address anti-competitive transactions, emphasizing the need for transparency and coordinated enforcement efforts. The upcoming presidential election is unlikely to diminish the focus on healthcare competition, which has been a consistent priority across administrations.

Newman discusses steps private equity firms can take to ensure their dealmaking processes align with regulatory requirements, including 1) anticipating merger review impact on timing of deals, 2) developing evidence to counteract competitive concerns and 3) establishing antitrust compliance policies. This approach not only helps in complying with current regulations but also in mitigating potential legal and operational risks associated with antitrust issues.

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