

Rising Star: Sheppard Mullin's Aytan Dahukay

By Jeff Overley



Law360, New York (May 01, 2014, 6:02 PM ET) -- As doctors, hospitals and insurers try to stay afloat amid historic industry reforms, Sheppard Mullin Richter & Hampton LLP partner Aytan Dahukay has made a name for himself helping companies join forces despite a thicket of legal obstacles, earning a place in Law360's list of top five young health care attorneys.

The Los Angeles-based lawyer, 34, made the Rising Stars list thanks to a resume dotted with work on many of the most innovative corporate structures emerging in health care, including accountable care organizations, payor-provider tie-ups and the rising appetite among private equity firms for a piece of the health care pie.

The private equity trend presents particularly notable challenges as that sort of investment implicates state laws on so-called corporate practice of medicine that restrict for-profit entities without medical licenses from having controlling stakes in physician practices.

Dahukay represented Greater Houston Anesthesiology and Dallas-based Pinnacle Anesthesia in separate sales to health-focused private equity fund Welsh Carson Anderson & Stowe, devising ownership structures that abided legal constraints while also ensuring that investors wield clout.

"Those two deals were not your everyday leveraged buyouts," Dahukay said.

Another emerging trend involves insurance companies increasingly looking to integrate vertically in the same vein as California-based Kaiser Permanente, which sells health policies and delivers care to people who buy them. Insurers have long argued that hospital costs are a major factor behind skyrocketing premiums, so owning a hospital can give an insurance company greater control over those expenses.

"That's a really new thing, and I think over time, we will see more payors get involved," Dahukay said.

The young lawyer also had a hand in the \$4.4 billion acquisition of physician network chain HealthCare Partners LLC by dialysis giant DaVita Inc. That deal sent a ripple throughout the highly regionalized health care industry, giving rise to a provider with a wide range of services and a national footprint.

And in another high-profile tie-up, Dahuky guided a 400-doctor physician association and two other entities in their sales to affiliates of hospital giant Tenet Healthcare Corp. In coming months and years, hospitals will keep acquiring physician groups, and larger hospitals will increasingly look to scoop up smaller hospitals that need help coping with the various regulations and cost pressures of the Affordable Care Act, Dahuky predicted.

With so many revenue considerations implicated by such transactions, Dahuky said his goal is to ensure things are structured in a manner that doesn't raise hackles among regulators and avoids giving clients anything extra to worry about.

"We try to make it easier for clients to focus on the business of the deals," Dahuky said.

But that's not to say that the nuts and bolts of a transaction don't have business implications. Eric A. Klein, head of Sheppard Mullin's health practice, said one of Dahuky's biggest strengths is understanding how revenue will be impacted by the way a deal is organized, pointing to so-called quality assurance payments that are distributed to certain hospitals in California and could be inadvertently sacrificed if a purchase isn't structured soundly.

"That's one of the things Aytan's really good about — he really understands the money," Klein said. "He understands the revenue flows; he understands the industry, so he's able to act not only as a lawyer but also as an adviser to clients."

--Editing by Christine Chun.