



Howard Bogard Discusses Private Equity Deals for Health Care Practices

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Burr & Forman's Howard Bogard recently offered his insights to *Medscape* for their article, "Should You Sell Your Practice to a Private Equity Firm?" The article examines considerations for physicians regarding privacy equity deals.

"Private equity companies set values for practices on the basis of their earnings before interest, taxes, depreciation, and amortization (EBITDA)," said Howard Bogard, an attorney with Burr & Forman in Birmingham, Alabama, who has handled many deals. Bogard said the amount physicians are paid is usually between 4 and 12 times' EBITDA, so if your practice is earning \$1 million a year in EBITDA, you would get \$4 million to \$12 million for it.

Of the total price tag, "Doctors get a hefty immediate payment when they sell," Bogard said. "It might be 70% of the purchase price up front, and the 30% left over is equity in the buyer. The private equity firm then sells the practice 5 to 7 years later, and at that time, the physician's equity is converted to cash and equity in the new buyer, often at the same 70/30 ratio. The idea is to keep the doctor interested in staying."

To read the full article, [click here](#) (login required).

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