

Family concern pushed lawyer to be health-care finance expert

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Real life hit Lisa S. Katz in a big way when she was in law school.

As she learned about health law as a student at DePaul University College of Law, Katz's grandmother was dealing with some managed care issues of her own. Katz leaned into the convergence, deciding early on to build her practice around health-care law.

The 38-year-old Polsinelli shareholder currently focuses on issues dealing with health-care finance. In a written Q&A, Katz told the Daily Law Bulletin how the recent phenomenon of people using websites like GoFundMe to raise money for their health-care costs factors into her practice.

The following interview has been edited for clarity and space.

CDLB: *How is health-care financing different from other kinds of financing?*

Katz: Health-care financing requires a thorough understanding of the specific type of health-care provider-obligors and their reimbursement and regulatory regimes. If a lender is making a financial accommodation to a hospital or a long-term care facility or to a pharmaceutical company, each of these transactions will involve a different set of considerations.

In addition to questions you would ask for any type of lending transaction such as, is the borrower a for-profit or nonprofit entity, what is the collateral, what is the recourse, in health care, if accounts receivable are relevant, you need to know if they are private or commercial payors or government payors, or some combination thereof, in order to appropriately document the lender's security interest in those receivables.

In most cases, this involves setting up a double-lock box account arrangement because while the anti-assignment rules in the Social Security Act do not prohibit a provider from assigning or granting an effective security interest in Medicare and Medicaid receivables, they do prohibit any assignee or secured party from directly receiving the proceeds of such receivables. You would also need to make sure the relevant obligor licenses and permits are current and appropriately in place.

CDLB: *There have been a lot of news stories about how people will go on GoFundMe or host some sort of community fundraiser to pay for their medical bills. As an attorney who specializes into health-care financing, what do you think of these kinds of efforts?*

Katz: Currently, fundraisers for medical bills and accompanying expenses account for a third of campaigns on GoFundMe. To me, this signals a time when a large portion of our population does not have adequate insurance.

While I realize that the topic of insurance is one that gets into some heavy political dialogue, I will say that many of the healthcare lenders I work with have already and are looking to further expand their portfolios into financing beyond traditional health-care providers but now to the various types of health plans and other private payors out there.

We are seeing fading and blending of the previously rigid lines between provider and payors. Health systems are forming their own payer arms and taking on risk and health plans are hiring clinicians to add a provider aspect to diversify their model and I think we will only see more of this.

CDLB: *How did you get into this kind of practice?*

Katz: When I was in law school I took a health law policy class because I heard the professor was great. During that course, I was faced with some unique managed care issues with my grandmother and we were actually discussing and debating those very same issues in my class.

When my professional and personal life seemed to merge together in this way, I decided to write onto the Health Law Journal and obtain my health law certificate along with my J.D. I also did an externship and worked in-house at a nonprofit hospital here in Chicago where I was fortunate enough to sit in the office of general counsel, but also get exposure to matters related to risk management, public policy, government relations and finance.

CDLB: *What are your long-term goals for your legal career?*

Katz: My long-term goals are to continue being a valued and trusted resource to my clients and colleagues by staying educated on all of the changes and trends in this space. We are seeing so much alignment in both among healthcare providers and in the lending and finance sector and I am confident that will only continue.

The collaboration of the corporate, health-care and financial services departments at my firm have been a tremendous resource to our clients and I look forward to creating more opportunities to explore synergies within the health-care and banking industries.

CDLB: *What is the first app you use on your smartphone when you wake up in the morning?*

Katz: Not something I am necessarily proud of, but I always check my email first.

CDLB: *What TV show did you just finish binge-watching?*

Katz: "Ozark."