

## Dealmakers of the Week: Keith Pagnani and Melissa Sawyer of Sullivan & Cromwell

By Jennifer Henderson

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### THE DEALMAKERS

Keith Pagnani, 50, M&A partner and co-head of Sullivan & Cromwell's health care and life sciences group; and Melissa Sawyer, 39, M&A partner. Both are based in the firm's New York office.

### THE CLIENT

Minneapolis-based UnitedHealth Group, which serves 85 million customers globally. The company reported revenue of \$130.5 billion for 2014.

### THE DEAL

UnitedHealth will acquire Schaumburg, Illinois-based pharmacy benefits manager Catamaran Corp. for \$12.8 billion. Catamaran will be combined with UnitedHealth's pharmacy benefits manager, New York-based OptumRx.

### THE DETAILS

The merged company will fulfill over 1 billion prescriptions annually in a deal that exemplifies the benefits of scale, Pagnani says.

He further notes that consolidation has been a common theme within the pharmacy benefits manager industry over the course of the last five to 10 years, with these types of companies focused in the processing and payment of prescription claims.



**Keith Pagnani**

**Melissa Sawyer**

UnitedHealth's purchase of Catamaran follows Rite Aid's announcement in February that it would buy pharmacy benefits manager Envision Pharmaceutical Services for \$2 billion in an effort to more closely compete with CVS Health Corp. following its \$21 billion acquisition of Caremark Rx Inc. in 2006, The Am Law Daily previously reported.

"One of the real value-adds with scale is purchasing power and ability to negotiate discounts and rebates with pharmaceutical manufacturers and pharmacies," Pagnani says, adding that under these circumstances, "consolidation makes a lot of sense."

The deal between UnitedHealth and Catamaran made sense on both sides, Sawyer says, noting that "the two parties have a pretty long-standing business relationship already—they operate on the same platform and share technology."

Advising UnitedHealth alongside Pagnani and Sawyer from Sullivan & Cromwell were executive compensation and benefits partner Matthew Friestedt, tax partner Davis Wang and associates Daniel Belke, Amanda Gill and Matthew Goodman.

Canadian firm Blake, Cassels & Graydon also advised UnitedHealth in the deal. Senior deputy general counsel Richard Mattera represented the company in-house.

A team from Squire Patton & Boggs worked on behalf of UnitedHealth on antitrust matters, with co-lead of the firm's antitrust and competition practice group Mark Botti and antitrust partner Anthony Swisher advising.

Sidley Austin took the lead for Catamaran with a Chicago-based team led by M&A partners Gary Gerstman, Tom Cole, Scott Williams and Mike Heinz. The team also included executive compensation and employee benefits partner Corey Perry, intellectual property partner Tim Swan, antitrust partners Bill Blumenthal and Dave Giardina, health care partner Mark Langdon and tax partner Sharp Sorensen. Associates on the team were Jonathan Blackburn, Nathan Davis, Carl Evans III, Lauren Gallagher, Chris Hale, Christian Pilhofer and William Weicher.

A Toronto-based Baker & McKenzie team, including corporate partners Kevin Rooney and Charlie MacCready, along with associates Alex Farcas, Grace Kim-Cho and Konrad Pola, also provided counsel to Catamaran.

## **THE BACKSTORY**

Pagnani's history with UnitedHealth dates back a decade, when he advised Oxford Health

Plans' \$4.9 billion sale to the seasoned acquirer.

Both Pagnani and Sawyer subsequently worked on behalf of UnitedHealth in its acquisitions of John Deer Health Care in 2005 for \$500 million and Sierra Health Services Inc. for \$2.6 billion in 2007.

In 2011, Pagnani and Sawyer advised UnitedHealth in its purchase of XL Health Corp. for a reported \$2 billion. And three years ago, Pagnani represented the company in its \$4.9 billion acquisition of Brazil's Amil Participações S.A., for which he was previously named DealMaker of the Week by The Am Law Daily.

Pagnani was recognized as a DealMaker of the Year in 2011 for his role advising the independent committee of Alcon directors in its \$12.9 billion sale of 23 percent of the company's shares to Novartis.

## **THE CLOSING**

Pagnani says the timeline of the deal is straightforward, noting, "We knew as lawyers we should not be standing in the way of a good deal."

According to both Pagnani and Sawyer, UnitedHealth's in-house legal team has great experience in getting deals done.

Announced Monday, the deal is expected to close in the fourth quarter of this year.