

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

In re:)	
)	Chapter 11
Curae Health, Inc., <i>et al.</i> ¹)	Case No. 18-05665
)	
1721 Midpark Road, Suite B200)	Judge Walker
Knoxville, TN 37921)	
Debtors.)	Jointly Administered

**EXPEDITED MOTION OF DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING
ASSUMPTION OF PHYSICIAN CONTRACTS AND PAYMENT
OF PROPOSED CURE AMOUNTS**

The above captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) in the above-captioned jointly administered chapter 11 cases (these “**Chapter 11 Cases**”), hereby submit this motion (the “**Motion**”) for entry of an order (the “**Order**”), in substantially the form filed contemporaneously herewith, authorizing the Debtors to assume certain physician agreements, as described below. In support of this Motion, the Debtors respectfully state as follows:

NEED FOR EXPEDITED HEARING PURSUANT TO LOCAL RULE 9075-1

1. Expedited Relief Requested. Local Rule 9075-1 allows the Court to grant emergency orders for expedited motions. Pursuant to Local Rule 9075-1(b), the Debtors request expedited relief to assume certain physician services agreements (the “**Physician Agreements**”) and pay the proposed cure amounts (the “**Proposed Cure Amounts**”) to the counterparties to the Physician Agreements (the “**Counterparties**”) as provided in Exhibit A attached hereto,

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

consistent with the terms provided in the proposed expedited order filed contemporaneously herewith.

2. Basis for Urgency. The Debtors have urgent need to assume and cure the Physician Contracts to keep the Debtors' hospital facilities (the "**Facilities**") operating and providing needed services to their communities. The physicians are the lifeblood of the hospital. The physicians provide specialty services, and some of the physicians are the only physician at a Facility that provide such services. Thus, if their service is lost, the Facility will have no coverage or will have to pay a higher cost to secure alternative coverage for that physician specialty. Since the Petition Date (as defined below), the physicians have expressed increasing concern regarding their job stability and their future at the Facilities. The loss of these physicians will result in a decline in revenue and will greatly diminish the ability of the Debtors to maximize value for all creditors. For these reasons, Debtors believe that providing assurance to the physicians through assuming the Physician Agreements and paying the Proposed Cure Amounts on an expedited basis is in the best interests of the Debtors and their estates.

3. Notice. Concurrently with the filing of this Motion, the Debtors shall provide notice of this Motion to: (a) the Office of the United States Trustee for the Middle District of Tennessee; (b) Centers for Medicare and Medicaid Services; (c) State of Tennessee Department of Health Division of Licensure and Regulation Office of Health Care Facilities; (d) Mississippi State Department of Health; (e) those parties listed on the consolidated list of creditors holding the thirty (30) largest unsecured claims against the Debtors; (f) counsel to any official committee(s) establish in these cases pursuant to Section 1102 of the Bankruptcy Code; (g) ServisFirst Bank and its counsel; (h) Midcap Financial Trust and its counsel; (i) CHS/Community Health Systems, Inc. and its counsel (j) all Tennessee local counsel having

entered a notice of appearance in these cases; (k) the Internal Revenue Service; (l) the Tennessee Attorney General's Office; (m) the Mississippi Attorney General's Office; (n) the Tennessee Secretary of State; (o) the Counterparties listed in Exhibit A; and (p) any party that has requested notice pursuant to Bankruptcy Rule 2002. Service is being executed via the Court's CM/ECF system, email, hand delivery, and/or overnight mail.

4. Suggested Hearing Date. The Debtors request a hearing date on this Motion on **September 11, 2018** because Debtors must provide assurance to its physicians as expediently as possible to ensure the continued operation of the Facilities for the benefit of the Debtors' communities and their creditors.

5. Support. Debtors support for this Motion set forth below and in the Declaration of *Stephen N. Clapp in Support of Debtors' Motion to Assume Physician Agreements and Pay Proposed Cure Amounts* attached hereto as Exhibit B (the "**Clapp Declaration**").

JURISDICTION

6. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

7. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

8. The statutory basis for the relief requested herein is section 365 of title 11 of the United States Code (the "**Bankruptcy Code**").

BACKGROUND

A. General Background

9. On August 24, 2018, (the "**Petition Date**"), each of the Debtors filed a voluntary petition in this Court commencing a case for relief under chapter 11 of the Bankruptcy Code. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in

detail in the *Declaration of Stephen N. Clapp, Chief Executive Officer of Curae Health, Inc., in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 49] and fully incorporated herein by reference. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

10. On August 29, 2018, the Court entered an order authorizing joint administration of these Chapter 11 Cases. Also on August 29, 2018, the Court entered an interim order authorizing the Debtors to, *inter alia*, pay certain pre-petition wages of their employees (the “**Interim Employee Wages Order**”) [Docket No. 67].

B. The Physician Contracts

11. In the ordinary course of their businesses, Debtors enter into professional services agreements with physicians (the “**Contract Physicians**”). The Contract Physicians enter into the services agreements either individually, as sole proprietors, or through an organized entity. The Contract Physicians are employed as independent contractors that provide necessary medical services to the Facilities. Because of the nature of employment of these Contract Physicians, they are not employees of the Debtors and were not covered in the Interim Employee Wages Order allowing the Debtors to pay pre-petition wages to employees.

12. As of the Petition Date, certain of the Contract Physicians are owed outstanding balances for prepetition services provided to the Debtors. Because many of the Contract Physicians are sole proprietors, the money that they did not receive is the equivalent of not receiving a paycheck. Moreover, some of these Contract Physicians are the only physician offering a specific service at a Facility, which means if their service is lost, the Facility has no coverage or has to pay a higher cost to secure alternative coverage for that physician specialty.

13. After the Petition Date, Debtors' management discussed the status of the hospitals, the DIP financing, and the overall bankruptcy with the Contract Physicians. However, the Contract Physicians have become increasingly concerned for not only their outstanding balances but also the overall stability related to their job and contract. In meetings with Debtors' management, the Contract Physicians stated that if they could not recover the payments owed to them, they would need to reduce their exposure with the hospital and begin seeking employment at other places to protect themselves and their families.

14. The physicians are the lifeblood of the hospitals. If Debtors begin to lose the Contract Physicians or the Contract Physicians begin reducing their hours at the Facilities to the minimum required by their contracts, revenue will decline and the ability to maximize value for the creditors (both secured and unsecured) would be greatly diminished. Moreover, if the physicians left the hospitals for other employment, Debtors' costs to replace them would be significant, and it would be difficult to find suitable replacement physicians under Debtors' current circumstances. Debtors therefore believe that the best method of providing assurance to certain Contract Physicians through assuming the Physician Agreements and paying the Proposed Cure Amounts on an expedited basis is in the best interests of the Debtors and their estates.

RELIEF REQUESTED

15. Debtors seek to assume the Physician Agreements and pay the Proposed Cure Amounts provided in Exhibit A, or such other amounts as agreed to by Debtors and the relevant Counterparty, pursuant to section 365 of the Bankruptcy Code.

16. Because Debtors seek a hearing to assume the Physician Agreements on an expedited basis, Debtors do not seek to bind the Contract Physicians to the Proposed Cure

Amounts in Exhibit A. Following entry of an order on this Motion and to the extent a Contract Physician consents to the Proposed Cure Amount, Debtors shall pay the Proposed Cure Amount as permitted by this Court. However, in the event a Contract Physician disputes a Proposed Cure Amount, Debtors shall attempt to consensually resolve the dispute. If Debtors are unable to resolve any disputed Proposed Cure Amount, Debtors shall seek determination of such cure amounts in this Court on a later date.

BASIS FOR RELIEF

17. Section 365 of the Bankruptcy Code permits a debtor-in-possession, with court approval, to assume or reject any executory contracts. *See, e.g., In re VisionAmerica, Inc.*, 2001 WL 1097741, at *3 (Bankr. W.D. Tenn. Sept. 12, 2001); *In re Beare Co.*, 177 B.R. 879, 882 (Bankr. W.D. Tenn. 1994); *In re Rovine Corp.*, 5 B.R. 402, 403 (Bankr. W.D. Tenn. 1980); 11 U.S.C. § 365(a).

18. “In order for it to be assumed, an executory contract must benefit a debtor’s bankruptcy estate . . . and the assumption of the contract must be an exercise of ‘reasonable business judgment.’” *In re Beare Co.*, 177 B.R. 879, 882 (Bankr. W.D. Tenn. 1994) (internal citations omitted); *Matter of Taylor*, 913 F.2d 102 (3rd Cir. 1990); *In re Global International Airways*, 35 B.R. 881 (Bankr. W.D. Mo. 1983). The business judgment test is not a strict standard, but merely requires a showing that either the assumption or rejection of a contract will benefit a debtor’s estate. *In re Bildisco*, 682 F.2d 72, 79 (3rd Cir. 1982), *aff’d sub nom. N.L.R.B. v. Bildisco & Bildisco*, 465 U.S. 513, 104 S. Ct. 1118, 79 L. Ed. 2d 482 (1984); *In re Beare Co.*, 177 B.R. 879, 882 (Bankr. W.D. Tenn. 1994).

19. If a debtor-in-possession assumes an executory contract, the debtor-in-possession “must perform the contract according to its terms, cure any defaults, and provide adequate

assurance of future performance.” *In re Terrell*, 892 F.2d 469, 471 (6th Cir. 1989).

20. Here, assumption of the Physician Agreements and payment of the Proposed Cure Amounts is in the best interests of the Debtors and will benefit the Debtors’ estates. Debtors believe that assuming the Physician Agreements and paying the Proposed Cure Amounts will provide the Contract Physicians with adequate assurance of their job stability and permit the Facilities to continue operating and serving their communities. The Contract Physicians provide essential specialty services for the Facilities and cannot be easily replaced. The loss of any Contract Physician or reduction of any Contract Physician’s hours and services would reduce revenues and diminish recovery for Debtors creditors. Debtors have reviewed its agreements with its Contract Physicians and selected the Physician Agreements as being the agreements that Debtors must assume and cure on an expedited basis for the benefit of all parties in interest. Accordingly, assumption of the Physician Agreements and payment of the Proposed Cure Amounts is within the sound business judgment of the Debtors because doing so will benefit the Debtors’ estates.

WHEREFORE, the Debtors respectfully request that the Court enter the Order, substantially in the form filed contemporaneously herewith, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: September 5, 2018
Nashville, Tennessee

Respectfully submitted,

POLSINELLI PC

/s/ Michael Malone _____

Michael Malone
401 Commerce Street, Suite 900
Nashville, TN 37219
Telephone: (615) 259-1510
Facsimile: (615) 259-1573
mmalone@polsinelli.com

-and-

David E. Gordon (Admitted *Pro Hac Vice*)
Caryn E. Wang (Admitted *Pro Hac Vice*)
1201 West Peachtree Street NW, Suite 1100
Atlanta, Georgia
Telephone: (404) 253-6000
Facsimile: (404) 684-6060
dgordon@polsinelli.com
cewang@polsinelli.com

*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

<u>Debtor</u>	<u>Counterparty</u>	<u>Date of Contract</u>	<u>Contract Description</u>	<u>Proposed Cured Amount</u>
Batesville Regional Physicians, LLC 303 Medical Center Dr. Batesville, MS 38606	Amanda B. Beckwith, D.O., PLLC	February 1, 2018	<u>Professional Services Agreement</u> (Hospitalist Services) • Service/Specialty: Internal Medicine	\$9,600.00
Amory Regional Medical Center, Inc. d/b/a Gilmore Memorial Hospital 1105 Earl Frye Blvd. Amory, MS 38821	Christopher W. Tidwell, D.O.	December 5, 2016	<u>Professional Services Agreement Standard Terms and Conditions</u> • Service/Specialty: Serve as the Chief Medical Officer • Start Date on 1/1/2017 for an initial 12 months and auto renew one 12 months term	\$5,225.81
Amory Regional Medical Center, Inc. d/b/a Gilmore Memorial Hospital 1105 Earl Frye Blvd. Amory, MS 38821	Woodrow Brand, M.D.	October 10, 2014 (Terminated on January 29, 2018 per Letter dated December 29, 2017)	<u>Call Coverage Agreement Standard Terms and Conditions</u> • Call Coverage Specialty: General Surgery/GI On-Call Coverage • Start Date: 10/1/2014 • Term: 36 Months	\$1,500.00
Amory Regional Medical Center, Inc. d/b/a Gilmore Memorial Hospital 1105 Earl Frye Blvd. Amory, MS 38821	Assignee: Amory Surgery Clinic, PLLC (Hoat Hoang, M.D.)	September 1, 2016 October 1, 2014	<u>Assignment and Assumption Agreement</u> (Contractor/Assignor has added a Partner and the Parties wish to Provide Call Coverage through Assignee) <u>Call Coverage Agreement</u> • Service/Specialty: General Surgery/GI on-call Coverage	\$11,500.00
Amory Regional Medical Center, Inc. d/b/a Gilmore Memorial Hospital 1105 Earl Frye Blvd. Amory, MS 38821	Donald Carlisle Livingston, M.D.	November 3, 2016	<u>Recruitment Agreement</u> • Service/Specialty: Internal Medicine/Pediatrics	\$22,191.10
Batesville Regional Medical Center, Inc. d/b/a Panola Medical Center 303 Medical Center Dr.	Jesse T. Davis, Jr., M.D.	March 30, 2016	<u>Medical Director Agreement</u> • Service/Specialty: Medical Director for	\$1,741.98

<u>Debtor</u>	<u>Counterparty</u>	<u>Date of Contract</u>	<u>Contract Description</u>	<u>Proposed Cured Amount</u>
Batesville, MS 38606			Wound Care <ul style="list-style-type: none"> Start Date: 3/15/2015 Term: 12 Months 	
Batesville Regional Medical Center, Inc. 303 Medical Center Dr. Batesville, MS 38606	Erica R. Balthrop, M.D.	November 21, 2017	<u>Professional Services Agreement</u> <u>Locum Tenes Obstetrical Services</u> <ul style="list-style-type: none"> Service/Specialty: Obstetrics 	\$2,495.95
Amory Regional Medical Center, Inc. d/b/a Gilmore Memorial Hospital 1105 Earl Frye Blvd. Amory, MS 38821	Erin Livingston, M.D.	November 3, 2016	<u>Recruitment Agreement</u> <ul style="list-style-type: none"> Service/Specialty: Pediatrics 	\$38,044.94
Clarksdale Regional Medical Center, Inc. d/b/a Northwest Mississippi Medical Center 1970 Hospital Drive Clarksdale, MS 38614	G. Davis Berryhill, M.D.	April 21, 2014	<u>Electrocardiogram Interpretation Agreement</u> <ul style="list-style-type: none"> Service/Specialty: Electrocardiogram Interpretation Service Start Date: 5/01/2014 Term: 12 Months 	\$339.94
Clarksdale Regional Medical Center, Inc. d/b/a Northwest Mississippi Medical Center 780 Ohio Ave. Clarksdale, MS 38614	Richard Earl Brownstein, M.D.	October 25, 2016	<u>Professional Services Agreement</u> <ul style="list-style-type: none"> Service/Specialty: Gastroenterology Start Date: 10/01/2016 Term: 36 Months 	\$36,942.00
Clarksdale Regional Medical Center, Inc. d/b/a Northwest Mississippi Medical Center 1970 Hospital Drive Clarksdale, MS 38614	Faseeh Hadidi, M.D.	June 11, 2015	<u>Call Coverage Agreement</u> <ul style="list-style-type: none"> Service/Specialty: Neurology Start Date: 6/20/2015 Term: 36 Months 	\$6,677.42
Clarksdale Regional Physicians, LLC 1970 Hospital Dr. Clarksdale, MS 38614	Vernon T. Hughes, D.O.	June 1, 2018	<u>Professional Services Agreement</u> <ul style="list-style-type: none"> Service/Specialty: Nurse Practitioner Preceptor Services and Family Medicine 	\$1,298.39
Clarksdale Regional Medical Center, Inc. 1970 Hospital Dr. Clarksdale, MS 38614	Andrew A. Martin, M.D.	June 1, 2018	<u>Professional Services Agreement</u> (Medical Directorship) <ul style="list-style-type: none"> Service/Specialty: 	\$1,558.06

<u>Debtor</u>	<u>Counterparty</u>	<u>Date of Contract</u>	<u>Contract Description</u>	<u>Proposed Cured Amount</u>
			Pathology and provide medical director services for Pathology Laboratory	
Clarksdale Regional Medical Center, Inc. d/b/a Northwest Mississippi Medical Center 1970 Hospital Drive Clarksdale, MS 38614	Hunter B. Nelson, M.D.	February 28, 2017 June 1, 2018	<u>Medical Director and Midlevel-Supervisor Agreement</u> <ul style="list-style-type: none"> Service/Specialty: Medical Director for Wound Care and Supervising Physician for Mid-Level Provider Start Date: 3/03/2017 Term: 36 Months <u>Professional Services Agreement</u> (Interpretive Services) <ul style="list-style-type: none"> Service/Specialty: Radiology 	\$3,088.39
Clarksdale Regional Medical Center, Inc. 1970 Hospital Drive Clarksdale, MS 38614	Andrea Smith, M.D.	December 1, 2017	<u>Professional Services Agreement</u> (Interpretive Services) <ul style="list-style-type: none"> Service/Specialty: Internal Medicine 	\$4,828.98
Batesville Regional Medical Center, Inc. d/b/a Panola Medical Center 303 Medical Center Dr. Batesville, MS 38606	Jayce D. Miskel, M.D.	May 15, 2018	<u>Professional Services Agreement</u> (Psychiatry Rounding and Call Coverage) <ul style="list-style-type: none"> Service/Specialty: Psychiatry 	\$4,341.29
Batesville Regional Medical Center, Inc. d/b/a Panola Medical Center 303 Medical Center Dr. Batesville, MS 38606	JPB Pathology, Inc.	October 28, 2015	<u>Pathology Department Professional Services Agreement</u> <ul style="list-style-type: none"> Service/Specialty: Anatomic Pathology Technical Services Start Date: 11/01/2015 Term: 36 Months 	\$870.98
Amory Regional Medical Center, Inc. 1107 Earl Frye Blvd. Amory, MS 38821	Kevin Cole, M.D.	June 1, 2018	<u>Medical Director Agreement</u> <ul style="list-style-type: none"> Service/Specialty: Medical Director Services for the Radiology Department 	\$3,630.19
Batesville Regional Physicians, LLC 303 Medical Center Dr. Batesville, MS 38606	Jonathan H. Massey, M.D.	February 1, 2018	<u>Professional Services Agreement</u> (Hospitalist Services) <ul style="list-style-type: none"> Service/Specialty: 	\$11,000.00

<u>Debtor</u>	<u>Counterparty</u>	<u>Date of Contract</u>	<u>Contract Description</u>	<u>Proposed Cured Amount</u>
			Internal Medicine	
Batesville Regional Physicians, LLC 303 Medical Center Dr. Batesville, MS 38606	Batesville Family Medical Clinic, PLLC	February 1, 2017	<u>Professional Services Agreement</u> (Hospitalist and Program Director Services) • Service/Specialty: Family Medicine	\$76,974.29
Batesville Regional Medical Center, Inc. d/b/a Panola Medical Center 303 Medical Center Dr. Batesville, MS 38606	Malcolm Roland, M.D.	May 15, 2015	<u>Sleep Laboratory Medical Director Agreement</u> • Service/Specialty: Medical Director for Sleep Lab (Polysomnography) Service • Start Date: 6/01/2015 • Term: 24 Months	\$4,015.28
Batesville Regional Medical Center, Inc. 303 Medical Center Dr. Batesville, MS 38606	Sarah Katherine Pannel, D.O	November 27, 2017	<u>Professional Services Agreement</u> • Service/Specialty: Psychiatry and call coverage for the facility and Emergency Department	\$37,362.64
Batesville Regional Medical Center, Inc. d/b/a Panola Medical Center 303 Medical Center Dr. Batesville, MS 38606	George Michael Anderson, M.D.	February 13, 2018	<u>Professional Services Agreement</u> (Psychiatry Rounding and Call Coverage)	\$4,358.48
Amory Regional Medical Center, Inc. d/b/a Gilmore Memorial Hospital 1105 Earl Frye Blvd. Amory, MS 38821	Willow Anesthesia Services, LLC	February 1, 2018	<u>Anesthesia Department Professional Services Agreement</u> • Start Date 1/1/2018 • Term: 36 Months	\$85,582.44

EXHIBIT B

Clapp Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

In re:)	
)	Chapter 11
Curae Health, Inc., <i>et al.</i> ²)	Case No. 18-05665
)	
1721 Midpark Road, Suite B200)	Judge Walker
Knoxville, TN 37921)	
Debtors.)	Jointly Administered

**DECLARATION OF STEPHEN N. CLAPP IN SUPPORT OF DEBTORS’ MOTION
FOR ENTRY OF AN ORDER AUTHORIZING ASSUMPTION OF PHYSICIAN
CONTRACTS AND PAYMENT OF PROPOSED CURE AMOUNTS**

Pursuant to 28 U.S.C. § 1764, Stephen N. Clapp, declares as follows under the penalty of perjury:

1. I am the President and Chief Executive Officer (“**CEO**”)³ of Curae Health, Inc. (“**Curae**” or “**the Company**”), a Tennessee nonprofit corporation. Curae is the sole member and sponsoring organization of Amory Regional Medical Center, Inc. (“**Amory**”); Batesville Regional Medical Center, Inc. (“**Batesville**”); Clarksdale Regional Medical Center, Inc. (“**Clarksdale**”). Amory, Batesville, and Clarksdale are each the sole member of a physician entity as follows: Amory is the sole member of Amory Regional Physicians, LLC (“**Amory Physicians**”); Batesville is the sole member of Batesville Regional Physicians, LLC (“**Batesville Physicians**”); Clarksdale is the sole member of Clarksdale Regional Physicians, LLC (“**Clarksdale Physicians**”). Curae, Amory, Batesville, Clarksdale, Amory Physicians, Batesville Physicians, and Clarksdale Physicians are the debtors and debtors in possession in the above-

² The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

³ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

captioned chapter 11 cases (the “**Chapter 11 Cases**”) and shall be collectively referred to herein as the “**Debtors**” or the “**Company**”. I am authorized to submit this declaration (the “**Declaration**”) on behalf of the Debtors.

2. I have served as President and CEO of Curae since it was formed in 2014. Prior to serving as President and CEO of Curae, I served as President and CEO of Restoration Healthcare, LLC (“**Restoration**”), a for-profit rural hospital company that was focused on helping to save struggling rural hospitals. I served as President and CEO of Restoration from the time it was formed in 2006 until 2013 when Restoration divested its last hospital. Prior to forming Restoration, I worked for Baptist Health System of East Tennessee (“**Baptist**”) from 1995 to 2006. For several years, I served as Senior Vice President of Baptist, and during that time I was responsible for overseeing: (a) the hospital and other operating entities; (b) strategic planning; (c) business development; (d) physician recruitment; and (e) real estate.

3. I am familiar with the Debtors’ business operations, financial condition, policies and procedures, day-to-day operations, and books and records. Except as otherwise noted, I have personal knowledge of the matters set forth herein or have gained knowledge of such matters from other employees, agents, attorneys, and advisors, the accuracy and completeness of which information I relied upon to provide this Declaration.

4. References to the Bankruptcy Code (as hereafter defined), the chapter 11 process, and related legal matters are based on my understanding of such matters in reliance on the explanation provided by, and the advice of, counsel. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

5. I submit this Declaration on behalf of the Debtors in support of the *Expedited Motion of Debtors for Entry of an Order Authorizing Assumption of Physician Contracts and*

Payment of Proposed Cure Amounts (the “**Motion**”).

6. After the Petition Date, several Contract Physicians with outstanding balances for prepetition services rendered had growing concerns about the potential of being repaid. Many of the Contract Physicians provide services through physician businesses as solo practitioners (or as “sole proprietorships”) and the money that they did not receive is like not receiving a paycheck. Some of these Contract Physicians are the only physician providing their services at the Debtors’ Facilities, which means if their service is lost, the Facility has no coverage or has to pay a higher cost to secure alternative coverage for that physician specialty.

7. Debtors’ management discussed the status of the hospitals, the DIP financing that was received, and the overall bankruptcy with the Contract Physicians. Since the Contract Physicians were aware that some of the vendors were being told they could not force collection on past due balances (and the potential to receive no distribution as an unsecured creditor), the Contract Physicians’ concern increased for not only their outstanding balances but also the overall stability related to their jobs and contracts.

8. In meetings with the CEOs of the Debtors’ Facilities, the Contract Physicians stated that if they could not recover their prepetition payments, they would need to reduce their exposure with the Debtors’ Facilities and begin seeking employment at other places to protect themselves and their families.

9. The physicians are the lifeblood of the hospital. A patient cannot be admitted without the physician writing the order. It is an unusual business model whereby a hospital’s major customers (physicians) are also employees (physicians). If Debtors begin to lose the Contract Physicians, the revenue will decline and the ability to maximize value for the creditors (secured and unsecured) would be greatly diminished. Moreover, if the physicians left the

hospitals for other employment, Debtors' costs to replace them would be significant, and it would be difficult to find suitable replacement physicians under Debtors' current circumstances.

10. I believe that assumption of the Physician Agreements and payment of the Proposed Cure Amounts is within the business judgment of the Debtors because doing so will benefit the Debtors' estates for the benefit of the communities in which the Facilities are located and the Debtors' creditors and other parties in interest.

11. I hereby certify that the foregoing statements are true and correct to the best of my knowledge, information and belief, and respectfully request that all of the relief requested in the Motion be granted, together with such other and further relief as is just.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 5th day of September, 2018.

Curae Health, Inc.
Amory Regional Medical Center, Inc.,
Batesville Regional Medical Center, Inc.,
Clarksdale Regional Medical Center, Inc.
Amory Regional Physicians, LLC
Batesville Regional Physicians, LLC
Clarksdale Regional Physicians, LLC

Debtors and Debtors in Possession



Stephen N. Clapp
President and Chief Executive Officer of Curae
Health, Inc.