

**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 FOR EXPEDITED HEARING ON 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**”), respectfully move the Court for entry of an order (the “**Order**”), in substantially the form filed contemporaneously herewith, setting an expedited hearing on the *Expedited Motion of Debtors for Entry of an Order Authorizing Assumption of Physician Contracts and Payment of Proposed Cure Amounts* filed contemporaneously herewith (the “**Expedited Motion**”). 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 the Court set a hearing on the Expedited Motion on an expedited basis.

2. Basis for Urgency. An expedited hearing on the Expedited Motion is necessary because the Debtors have urgent need to assume and cure the Physician Contracts to keep the

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).

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 to the Expedited Motion; 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 briefly below and in more detail in the Expedited Motion and *Declaration of Stephen N. Clapp in Support of Debtors' Motion to Assume Physician Agreements and Pay Proposed Cure Amounts* attached hereto to the Expedited Motion as Exhibit B (the "**Clapp Declaration**").

- a. 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 "**Chapter 11 Cases**").
- b. 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.
- c. 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.
- d. 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 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).
- e. Assumption of the Physician Agreements and payment of the Proposed Cure Amonts is in the best interests of the Debtors and will benefit the Debtors' estates.

- f. 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.
- g. 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 to the minimum amount required by the Physician Agreement would reduce revenues and diminish recovery for Debtors creditors. Debtors have reviewed their 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.
- h. 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, Debtors request that this Court enter an order setting a hearing on the Expedited Motion for **September 11, 2018** and granting such other and further relief as this Court may deem just and proper.

Dated: September 5, 2018
Nashville, Tennessee

Respectfully submitted,

POLSINELLI PC

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