

**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

**THE DEADLINE FOR FILING A TIMELY RESPONSE IS: January 10, 2019
IF A RESPONSE IS TIMELY FILED, THE HEARING WILL BE: January 29, 2019 at
9:00 AM Central Standard Time in Courtroom 2, 2nd Floor Customs House, 701
Broadway, Nashville, TN 37203.**

NOTICE OF MOTION

PLEASE TAKE NOTICE that on December 20, 2019, the above-captioned debtors and debtors in possession (the “**Debtors**”) filed their **MOTION FOR ENTRY OF AN ORDER EXTENDING THE EXCLUSIVITY PERIODS FOR THE FILING OF A CHAPTER 11 PLAN AND SOLICITATION OF ACCEPTANCES THEREOF** (the “**Motion**”), attached hereto.

PLEASE TAKE FURTHER NOTICE that if a response is timely filed, a hearing on the Motion will be held on **January 29, 2019 at 9:00 AM Central Standard Time** in Courtroom 2, 2nd Floor Customs House, 701 Broadway, Nashville, TN 37203.

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).

YOUR RIGHTS MAY BE AFFECTED. If you do not want the court to grant the Motion by entering the proposed final order, attached hereto, or if you want the court to consider your views on the Motion, then on or before **January 10, 2019**, you or your attorney must:

1. File with the court your response or objection explaining your position. Please note: the Bankruptcy Court for the Middle District of Tennessee requires electronic filing. Any response or objection you wish to file must be submitted electronically. To file electronically, you or your attorney must go to the court website and follow the instructions at: <<https://ecf.tnmb.uscourts.gov>>.

If you need assistance with Electronic Filing you may call the Bankruptcy Court at (615) 736-5584. You may also visit the Bankruptcy Court in person at: 701 Broadway, 1st Floor, Nashville, TN (Monday - Friday, 8:00 A.M. - 4:00 P.M.).

2. Your response must state the deadline for filing responses, the date of the scheduled hearing and the motion to which you are responding.

THERE WILL BE NO FURTHER NOTICE OF THE HEARING DATE. If a response is filed before the deadline stated above, the hearing will be held at the time and place indicated above. You may check whether a timely response has been filed by viewing the case on the court's website at <<https://ecf.tnmb.uscourts.gov>>. If you or your attorney does not take these steps, the court may decide that you do not oppose the relief sought in the Motion and may enter the attached final order granting that relief.

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Dated: December 20, 2018
Nashville, Tennessee

POLSINELLI PC

/s/ Michael Malone

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**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

**MOTION OF DEBTORS FOR ENTRY OF AN ORDER
EXTENDING THE EXCLUSIVITY PERIODS FOR THE FILING OF A CHAPTER 11
PLAN AND SOLICITATION OF ACCEPTANCES THEREOF**

The above-captioned debtors and debtors in possession (the “**Debtors**”) hereby move (the “**Motion**”), pursuant to section 1121(d) of title 11 of the United States Code (the “**Bankruptcy Code**”), for entry of an order substantially in the form attached hereto as Exhibit A (the “**Proposed Order**”) extending the periods during which the Debtors have the exclusive right to file a chapter 11 plan (the “**Exclusivity Period**”) and to solicit acceptances thereof (the “**Exclusive Solicitation Period**”) by sixty days through and including February 20, 2019, and April 21, 2019, respectively. In support of the Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of these cases and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

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).

2. The statutory predicate for the relief requested herein is Bankruptcy Code section 1121(d).

BACKGROUND

3. 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**”). 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] (the “**First Day Declaration**”) and fully incorporated herein by reference.

4. 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. No trustee or examiner has been requested in the Chapter 11 Cases. On September 6, 2018, the official committee of unsecured creditors was appointed.

5. As of the Petition Date, the Debtors operated three hospitals² in Mississippi that provide much needed inpatient and outpatient medical services to their respective communities (each a “**Hospital**”, and collectively, the “**Hospitals**”). Debtors filed these Chapter 11 Cases to keep the Hospitals open for the benefit of their respective communities and transition operations of the Hospitals to new operators. As provided in detail below, Debtors have made significant progress towards achieving those objectives in the first four months of these Chapter 11 Cases.

² In addition to the three Debtor-run Hospitals, as of the Petition Date, Debtor Curae Health, Inc. was the sole member and sponsor of the non-debtor affiliate Russellville Hospital, Inc. which operated a hospital in Russellville, Alabama. On November 30, 2018, the Court entered the *Expedited Order (I) Authorizing the Debtors to Enter into the Member Substitution Agreement with Respect to the Russellville Hospital and (II) Granting Related Relief* [Docket No. 511] (the “**Russellville Order**”), pursuant to which the Court authorized the Debtors to enter into the Member Substitution Agreement with Dava Foundation, Inc and transition operations of the Russellville Hospital.

Sale of Gilmore Medical Center

6. On August 31, 2018 the Debtors filed their *Motion for Entry of an Order (I) Authorizing and Approving Bidding Procedures for the Sale of Gilmore Medical Center, (II) Authorizing the Sale of Gilmore Medical Center Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (III) Approving Stalking Horse Purchaser, Break-up Fee, and Overbid Protections, (IV) Establishing Certain Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (V) Scheduling an Auction, (VI) Scheduling a Hearing and Objection Deadlines with Respect to the Sale of Gilmore Medical Center, (VII) Approving the Form and Manner of Notice thereof, and (VIII) Granting Related Relief* [Docket No. 79] (the “**Gilmore Sale Motion**”), pursuant to which, among other things, the Debtor sought approval of bidding procedures and authorization to sell the Debtors’ Assets located in Amory, Mississippi (as defined in the Gilmore Sale Motion).

7. On September 28, 2018 the Court entered the *Order (I) Authorizing and Approving Bidding Procedures for the Sale of Gilmore Medical Center, (II) Authorizing the Sale of Gilmore Medical Center Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (III) Approving Stalking Horse Purchaser, Break-up Fee, and Overbid Protections, (IV) Establishing Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (V) Scheduling an Auction, (VI) Scheduling a Hearing and Objection Deadlines with Respect to the Sale of Gilmore Medical Center, (VII) Approving the Form and Manner of Notice Thereof, and (VIII) Granting Related Relief* [Docket No. 260] (the “**Gilmore Bid Procedures Order**”), pursuant to which, among other things, the Court approved the bidding procedures for the sale of Debtors’ Assets located in Amory, Mississippi (as defined in the Gilmore Sale Order). Pursuant to the Gilmore Bid Procedures Order, the Debtors were

authorized to solicit and collect bids and conduct an auction subject to the Bidding Procedures outlined therein.

8. On November 30, 2018, the Court entered the *Order (I) Authorizing, Approving, and Directing the Sale of Substantially All of the Assets of Gilmore Medical Center to North Mississippi Health Services, Inc. Free and Clear of All Liens, Claims, and Encumbrances, and Other Interests; (II) Authorizing and Approving the Gilmore APA; (III) Approving the Debtors' Marketing and Sale Process; and (IV) Granting Related Relief* [Docket No. 506] (the “**Gilmore Sale Order**”), pursuant to which, among other things, the Court approved the sale of Gilmore Medical Center to North Mississippi Health Services, Inc. The anticipated closing date for the sale of Gilmore Medical Center is December 31, 2018.

Sale of Panola Medical Center

9. On November 6, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing and Approving Bidding Procedures for the Sale of Panola Medical Center; (II) Authorizing the Sale of Panola Medical Center Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (III) Approving Stalking Horse Purchaser, Break-up Fee, and Overbid Protections, (IV) Establishing Certain Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (V) Scheduling an Auction, (VI) Scheduling a Hearing and Objection Deadlines with Respect to the Sale of Panola Medical Center, (VII) Approving the Form and Manner of Notice thereof, and (VIII) Granting Related Relief* [Docket No. 401] (the “**Panola Sale Motion**”), pursuant to which, among other things, the Debtors sought approval of bidding procedures and authorization to sell the Debtors' Assets located in Batesville, Mississippi (as defined in the Panola Sale Motion).

10. On November 30, 2018 the Court entered the *Order (I) Authorizing and*

*Approving Bidding Procedures for the Sale of Panola Medical Center, (II) Authorizing the Sale of Panola Medical Center Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (III) Approving Stalking Horse Purchaser, Break-up Fee, and Overbid Protections, (IV) Establishing Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (V) Scheduling an Auction, (VI) Scheduling a Hearing and Objection Deadlines with Respect to the Sale of Panola Medical Center, (VII) Approving the Form and Manner of Notice Thereof, and (VIII) Granting Related Relief [Docket No. 507] (the “**Panola Bid Procedures Order**”),* pursuant to which, among other things, the Court approved the bidding procedures for the sale of the Debtors’ Assets located in Batesville, Mississippi (as defined in the Panola Sale Order). Pursuant to the Panola Bid Procedures Order, the Debtors were authorized to solicit and collect bids and conduct an auction subject to the Bidding Procedures outlined therein. A sale hearing with respect to Debtors’ Panola Sale Motion is set for January 11, 2019.

Interim Management Services Agreement for Northwest Mississippi Medical Center

11. On October 12, 2018, Debtors filed the *Expedited Motion for Entry or an Order Authorizing Debtors to: (I)(A) Shut Down the Clarksdale Hospital; (B) Reject Unexpired Leases and Contracts of Clarksdale; and (C) Receive Related Relief; or, in the Alternative; (II)(A) Transfer Operations of the Clarksdale Hospital to a New Operator Free and Clear of any Liens, Claims, or Encumbrances Pursuant to an Operations Transfer Agreement to be Filed with the Court; (B) Assume and Assign the Coahoma County Lease and Certain Other Unexpired Leases and Contracts Requested by the New Operator; and (C) Receive Related Relief [Docket No. 314] (The “**Clarksdale Motion**”).* On December 13, 2018, the Court entered the *Order (I) Authorizing the Debtors to Enter into the Interim Management Services Agreement with Clarksdale HMA,*

LLC, Coahoma County, and CHS/Community Health Systems, Inc., and (II) Granting Related Relief [Docket No. 558] (the “**Clarksdale IMSA Order**”), pursuant to which the Debtors transferred operations of Northwest Mississippi Medical Center (the Hospital in Clarksdale, Mississippi) to a new operator on an interim basis to allow the hospital to remain open for the benefit of its community.

DIP Financing Orders and Bankruptcy Milestones

12. On the Petition Date, Debtors filed their *Expedited Motion of Debtors for Entry of Interim and Final Orders: (I) Authorizing the Debtors to (A) Obtain Postpetition Secured Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Scheduling a Final Hearing* [Docket No. 10] (the “**DIP Motion**”), pursuant to which, among other things, Debtors sought authorization to obtain DIP Financing, enter into a DIP Credit Agreement, and borrow amounts pursuant to an Interim DIP Loan and Final DIP Loan (as defined in the DIP Motion).

13. On August 29, 2018 the Court entered the *Interim Order (I) Authorizing the Debtors to (A) Obtain Postpetition Secured Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Scheduling a Final Hearing* [Docket No. 60] (the “**Interim DIP Order**”). On November 14, 2018 the Court entered the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Secured Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, and (IV) Modifying the Automatic Stay* [Docket No. 450] (the “**Final DIP Order**”). Pursuant to the Final DIP Order, Debtors must meet certain Bankruptcy Milestones (as

defined in the Final DIP Order), including filing a plan of reorganization or liquidation on or before February 20, 2019 and obtaining an order of the Court confirming such a plan on or before April 21, 2019.

Order Setting Bar Dates

14. On December 5, 2018, Debtors filed their *Motion of Debtors for Entry of an Order (I) Fixing a General Bar Date, (II) Fixing a Governmental Claims Bar Date, (III) Fixing a Bar Date for Filing Certain Administrative Expense Claims, (IV) Approving Administrative Expense Proof of Claim Form and (V) Approving the Form and Manner of Notice of the Administrative Expense Claims Bar Date* [Docket No. 521] (the “**Bar Date Motion**”), pursuant to which, among other things, the Debtors sought an order establishing January 21, 2019 as the General Bar Date and 503(b)(9) Bar Date (as defined in the Bar Date Motion) and establishing February 20, 2019 as the Governmental Bar Date (as defined in the Bar Date Motion). On December 11, 2018 the Court entered the *Order Fixing Bar Dates for Filing Proofs of Claim, Approving 503(b)(9) Proof of Claim Form, and Approving the Form and Manner of Notice of the 503(b)(9) Claims Bar Date* [Docket No. 544] (the “**Bar Date Order**”), pursuant to which, among other things, the Court fixed January 21, 2019 as the General Bar Date and 503(b)(9) Bar Date for filing proofs of claim and February 20, 2019 as the Governmental Bar Date for filing proofs of claims.

15. The Debtors have begun the process of winding down their estates, including formulating, negotiating, and drafting a chapter 11 plan of liquidation. The Debtors intend to file a plan of liquidation and pursue confirmation on a timeline agreeable to the Committee, the Debtors’ DIP lender, and other parties in interest.

RELIEF REQUESTED

16. The Debtors request, pursuant to Bankruptcy Code section 1121(d), a sixty-day

extension of (i) the Exclusivity Period through and including February 20, 2019, and (ii) the Exclusive Solicitation Period through and including April 21, 2019, in each case, without prejudice to any party in interest's rights to seek to reduce or increase such periods in accordance with Bankruptcy Code section 1121(d). The Debtors' initial Exclusivity Period and Exclusive Solicitation Period are currently set to expire on December 22, 2018, and February 20, 2019, respectively.

BASIS FOR RELIEF

17. Pursuant to Bankruptcy Code section 1121(d), the Court may extend exclusive periods “for cause.” *See* 11 U.S.C. § 1121(d) (“[O]n request of a party in interest made within the respective periods specified in subsections (b) and (c) of this section and after notice and a hearing, the court may for cause reduce or increase the 120-day period or the 180- day period referred to in this section.”). However, the 120-day period “may not be extended beyond a date that is 18 months after the [petition] date” and the 180-day period “may not be extended beyond a date that is 20 months after the [petition] date.” *Id.* §§ 1121(d)(2)(A), (B). The Bankruptcy Code neither defines “cause” for purposes of section 1121(d), nor establishes formal criteria for an extension of the exclusive periods. The legislative history of Bankruptcy Code section 1121 indicates, however, that “cause” is intended to be a flexible standard that balances the competing interests of a debtor and its creditors. *See* H.R. Rep. No. 95-595, at 231–32 (1978), reprinted in 1978 U.S.C.C.A.N. 5787, 6191 (noting that Congress intended to give bankruptcy courts great flexibility to protect a debtor’s interests by allowing a debtor an unimpeded opportunity to negotiate settlement of debts without interference from other parties in interest); *In re Perkins*, 71 B.R. 294, 297 (Bankr. W.D. Tenn. 1987) (“The hallmark of [section 1121(d)] is flexibility.”).

18. In exercising its broad discretion to determine whether “cause” exists, a bankruptcy court should be guided by a variety of factors. *See In re Service Merchandise Co.*,

Inc., 256 B.R. 744, 751 (Bankr. M.D. Tenn. 2000) (“[A] great deal of discretion is left to the court to weigh all relevant factors related to the requested extension”); *In re Borders Grp., Inc.*, 460 B.R. 818, 821–22 (Bankr. S.D.N.Y. 2011) (“The determination of cause under section 1121(d) is a fact-specific inquiry and the court has broad discretion in extending or terminating exclusivity.”); *In re Adelpia Commc’ns Corp.*, 352 B.R. 578, 587 (Bankr. S.D.N.Y. 2006) (identifying objective factors courts historically have considered in determining whether cause exists to extend or terminate exclusivity); *see also In re McLean Indus., Inc.*, 87 B.R. 830, 834 (Bankr. S.D.N.Y. 1987) (identifying factors used by courts to determine whether cause exists to extend exclusivity). These factors are not exhaustive and include, without limitation:

- i. the size and complexity of the debtor’s case;
- ii. the necessity for sufficient time to permit the debtor to negotiate a chapter 11 plan and prepare adequate information;
- iii. the existence of good faith progress towards reorganization;
- iv. the fact that the debtor is paying its bills as they become due;
- v. whether the debtor has demonstrated reasonable prospects for filing a viable plan;
- vi. whether the debtor has made progress in negotiations with its creditors;
- vii. the amount of time which has elapsed in the case;
- viii. whether the debtor is seeking an extension of exclusivity in order to pressure creditors to submit to the debtor’s reorganization demands; and
- ix. whether an unresolved contingency exists.

See, e.g., In re Cent. Jersey Airport Servs., LLC, 282 B.R. 176, 183 (Bankr. D.N.J. 2002); *McLean Indus. Inc.*, 87 B.R. at 834; *Adelpia Commc’ns*, 352 B.R. at 587 (noting that the nine factors listed above are “objective factors which courts historically have considered in making determinations of this character”); *see also Borders*, 460 B.R. at 822 (evaluating the nine factors set forth in *Adelpia* to hold that debtor established cause to extend exclusivity); *Service*

Merchandise, 256 B.R. at 751 (finding that cause existed for extension of exclusivity based on an evaluation of the nine factors); accord *In re Express One*, 194 B.R. 98, 100 (Bankr. E.D. Tex. 1996) (identifying all of the nine factors as relevant in determining whether cause exists to extend exclusivity); *In re United Press Int'l, Inc.*, 60 B.R. 265, 269 (Bankr. D.D.C. 1986) (holding that the debtor showed cause to extend exclusive period based upon certain of the nine factors). The above factors are not the exclusive bases for the exercise of the Court's discretion to extend exclusive periods. See *Adelphia Commc'ns*, 352 B.R. at 586–87.

19. Not all factors are relevant in every case, and a finding that any one of these factors exist may justify extending a debtor's exclusive periods. See *Express One*, 194 B.R. at 100 (finding only some of the factors relevant in determining whether cause exists to extend exclusivity); see also *In re Dow Corning Corp.*, 208 B.R. 661, 670 (Bankr. E.D. Mich. 1997) (“When the Court is determining whether to terminate a debtor's exclusivity, the primary consideration should be whether or not doing so would facilitate moving the case forward. And that is a practical call that can override a mere toting up of the factors.”).

20. Moreover, courts routinely grant a debtor's first request for an extension. See, e.g., *In re Apex Pharm., Inc.*, 203 B.R. 432, 441 (N.D. Ind. 1996) (“It is true that during the initial 120-day period in which debtors have an exclusive right to file a plan of reorganization . . . the bankruptcy courts apply a lesser standard in determining whether the burden of showing ‘a reasonable possibility of a successful reorganization within a reasonable time’ has been satisfied.”) (citation omitted); *In re Borders Grp., Inc.*, 460 B.R. 818, 825 (Bankr. S.D.N.Y. 2011) (same); *In re MSR Resort Golf Course LLC*, No. 11-10372 (SHL) (Bankr. S.D.N.Y.), Hr'g Tr. June 29, 2011, 77:19–25 (same); *In re Cengage Learning, Inc.*, No. 13-44106 (ESS) (Bankr. E.D.N.Y.), Hr'g Tr. Oct. 25, 2013, 64:4–7 (emphasizing that it is “important to note” that “[t]his

is the first request”).

21. Congress incorporated these exclusivity periods into the Bankruptcy Code to afford a debtor a full and fair opportunity to propose a chapter 11 plan and enable solicitation of acceptances of the plan without the deterioration and disruption of a debtor’s business that might be caused by the filing of multiple competing plans. Indeed, the primary objective of a chapter 11 case is the formulation, confirmation, and consummation of a consensual chapter 11 plan. As detailed above, the Debtors have been working with the Committee on formulating a consensual plan of liquidation, and have made substantial progress towards, and intend to achieve, this objective.

CAUSE EXISTS TO EXTEND THE EXCLUSIVE PERIODS

22. Cause exists to grant the Debtors’ requested extensions of the exclusivity periods. The extensions are necessary and appropriate for the Debtors to have the opportunity contemplated by the Bankruptcy Code to implement a plan of liquidation. As set forth below, the requested extensions are appropriate, in the best interest of the Debtors’ estates and their creditors, and consistent with the intent and purpose of chapter 11.

A. The Chapter 11 Cases are Large and Complex

23. The Debtors’ Chapter 11 Cases are both sizeable and complex. Seven (7) Debtor entities filed for protection under chapter 11. As of the Petition Date, the Debtors operated three Hospitals in Mississippi that provide much needed inpatient and outpatient medical services to their respective communities. The Debtors’ assets and liabilities are likewise significant. As of the Petition Date, the Debtors had liabilities of approximately \$96 million on an aggregate basis. Thus, the size and complexity of these Chapter 11 Cases alone provide sufficient cause for the Court to extend the Exclusivity Period and the Exclusive Solicitation Period (collectively,

hereinafter the “**Exclusivity Periods**”).

B. Substantial Good Faith Progress has been Made to Achieve the Objectives of Chapter 11

24. Since the Petition Date, the Debtors have made substantial and meaningful progress under chapter 11, including obtaining court approval of the sale of one of the Debtors’ Hospitals, obtaining court approval of the bidding procedures for one of the Debtors’ Hospitals, transitioning operations of the remaining Hospital to a new operator on an interim basis, and administering the Chapter 11 Cases efficiently and economically.

25. In the four months these Chapter 11 Cases have been pending, the Debtors have, among other things:

- Secured first-day relief to continue operating their businesses including authorization (i) to continue using the existing cash management system, (ii) to pay employee wages, (iii) to maintain and protect confidential client information, (iv) to maintain and pay insurance policies, (v) to pay various contract physicians, (vi) to prohibit utility providers from altering, refusing, or discontinuing service, and (vii) to obtain secured post-petition financing;
- Filed the Debtors’ schedules of assets and liabilities, statement of financial affairs, and monthly operating reports;
- Obtained court approval for the appointment of a patient care ombudsman;
- Obtained court approval for the establishment of a claims bar date;
- Obtained court approval of the sale of substantially all of the Debtors’ assets associated with Gilmore Medical Center;
- Obtained court approval of the bidding procedures for the sale of substantially all of the Debtors’ assets associated with Panola Medical Center; and
- Transitioned operations of Northwest Mississippi Medical Center (Clarksdale) to a new operator on an interim basis.

26. The Debtors have clearly made substantial progress to achieve the objectives of chapter 11 and the requested extensions of the Exclusivity Periods are justified and well

deserved.

C. The Debtors Need Sufficient Time to Negotiate and Finalize a Plan

27. As detailed herein, since the Petition Date, the Debtors and their professionals have smoothly transitioned into chapter 11 and conducted successful sale processes. In connection therewith, the Debtors have spent substantial time and resources on procuring the necessary approvals from the Court. Considering the progress made, coupled with the Debtors' ability to work cooperatively with the Committee and other parties in interest, it is reasonable and appropriate for the Debtors to be granted additional time to negotiate and finalize a chapter 11 plan of liquidation.

D. The Debtors are Not Seeking to Use Exclusivity to Pressure Creditors to Submit to the Debtors' Demands

28. This is the Debtors' first request for an extension of the Exclusivity Periods. The Debtors' conduct in these Chapter 11 Cases, particularly in connection with the ongoing discussions with their creditors and other parties in interest, demonstrates that the Debtors are acting in a transparent manner and are not seeking an extension of the Exclusivity Periods to artificially delay the administration of their Chapter 11 Cases. To that end, the Final DIP Order set forth Bankruptcy Milestones (as defined in the Final DIP Order) that the Debtors must meet, including filing a plan of reorganization or liquidation on or before February 20, 2019 and obtaining an order of the Court confirming such a plan on or before April 21, 2019. To meet these Bankruptcy Milestones, the Debtors and the Committee have continued to work together to try to reach consensus on a proposed plan of liquidation for these Chapter 11 cases.

E. The Debtors are Paying Their Debts as They Come Due and have the Ability to Continue to Do So

29. Bankruptcy courts considering an extension of exclusivity also may assess a

debtor's liquidity and ability to pay costs and expenses of administration. *Adelphia Commc'ns*, 352 B.R. at 587. The Debtors have timely paid all rent, quarterly fees to the United States Trustee, and all other administrative obligations in the ordinary course of business. In addition, subject to the Final DIP Order, the Debtors have sufficient liquidity to continue paying administrative expenses as they become due and will continue to make such payments.

F. The Requested Extension is in the Best Interests of the Debtors' Estates and Will Not Prejudice Creditors

30. The Debtors' requested extension is intended to allow the Debtors to work cooperatively with their key constituents toward reaching a consensus on a plan of liquidation in the most cost-efficient manner possible. Given the limited extension requested and the circumstances described herein, the extension aligns with the intent and purpose of Bankruptcy Code section 1121 and should be granted.

CONCLUSION

31. For the reasons stated herein, the requested extension of the Exclusivity Periods is warranted and necessary to afford the Debtors a meaningful opportunity to continue to pursue the chapter 11 liquidation process, as contemplated by the Bankruptcy Code. Accordingly, the Debtors should be afforded a full, fair, and reasonable opportunity to continue to work towards confirmation of a plan of liquidation. Accordingly, the Exclusivity Periods should be extended as requested.

NOTICE

32. 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) counsel to the official committee of unsecured creditors established in these cases pursuant to Section 1102 of the Bankruptcy Code; (f) ServisFirst Bank and its counsel; (g) Midcap Financial Trust and its counsel; (h) CHS/Community Health Systems, Inc. and its counsel (i) all Tennessee local counsel having entered a notice of appearance in these cases; (j) the Internal Revenue Service; (k) the Tennessee Attorney General's Office; (l) the Mississippi Attorney General's Office; (m) the Tennessee Secretary of State; (n) the patient care ombudsman and her proposed counsel; and (o) 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. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

NO PRIOR REQUEST

33. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court: (i) enter the Proposed Order in substantially the same form as that attached as Exhibit A, granting the relief requested herein; and (ii) provide such other relief as the Court deems appropriate and just.

Dated: December 20, 2018
Nashville, Tennessee

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*Proposed Counsel to the Debtors and
Debtors in Possession*

Exhibit A

(Proposed Order)

**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

**ORDER EXTENDING THE EXCLUSIVITY PERIODS FOR THE FILING OF A
CHAPTER 11 PLAN AND SOLICITATION OF ACCEPTANCES THEREOF**

Upon the motion (the “**Motion**”)² of the Debtors for entry of an order, pursuant to Bankruptcy Code section 1121(d), extending the Debtors’ exclusive periods in which to file a chapter 11 plan (the “**Exclusivity Period**”) and solicit acceptances thereof (the “**Exclusive Solicitation Period**”), all as more fully set forth in the Motion; and the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and that the Debtors consent to entry of a final order under Article III of the United States Constitution, and (c) notice of the Motion was due and proper under the circumstances; and it appearing that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and after due deliberation, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.

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).

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion.

2. Pursuant to Bankruptcy Code section 1121(d), the Debtors' Exclusivity Period is extended through and including February 20, 2019.

3. Pursuant to Bankruptcy Code section 1121(d), the Debtors' Exclusive Solicitation Period is extended through and including April 21, 2019.

4. The extensions of the Exclusivity Period and the Exclusive Solicitation Period granted herein are without prejudice to such further requests that may be made pursuant to Bankruptcy Code section 1121(d) by the Debtors or any party in interest, for cause shown, upon notice and a hearing.

5. Nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by any party.

6. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order.

7. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

This Order Was Signed And Entered Electronically As Indicated At The Top Of The First Page

APPROVED FOR ENTRY:

POLSINELLI PC

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