

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

IN RE:)
) **Chapter 11**
CURAE HEALTH INC., et al.¹) **Case No.: 3:18-bk-05665**
)
1721 Midpark Road, Suite B200) **Judge Walker**
Knoxville, TN 37921)
) **Jointly Administered**
Debtors.)

**STATEMENT OF INTERESTED PARTY NORTH MISSISSIPPI HEALTH SERVICES
IN RESPONSE TO THE STATE OF MISSISSIPPI DEPARTMENT OF MEDICAID’S
MOTION**

North Mississippi Health Services, Inc. (“NMHS”), by and through its undersigned counsel, hereby submits this Statement of Interested Party related to the State of Mississippi Department of Medicaid’s (“DOM”) Motion to (I) Approve its Administrative Expenses, and Compel Payment Thereof, and (II) Upon Any Failure to Pay That The Debtor(s) Be Required to Appear at a Hearing to Show Cause and for the Court to Hear and Consider Whether to Dismiss or Covert the Case [Docket No. 758] (the “DOM Motion”). NMHS states as follows:

1. On August 24, 2018, each of the Debtors filed a voluntary petition in this Court commencing a case for relief under chapter 11 of the Bankruptcy Code. On August 31, 2018, NMHS was identified as the Proposed Stalking Horse for Gilmore Medical Center, and this Court approved NMHS as such on September 28, 2018 [Docket No. 260]. NMHS was deemed the successful bidder, and the sale of assets under the Gilmore Asset Purchase Agreement (“Gilmore

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).

APA”) was approved, by this Court on November 30, 2018 [Docket No. 506]. NMHS completed its acquisition of Gilmore Medical Center on December 31, 2018.

2. Pursuant to Section 7.10 of the Gilmore APA, NMHS is entitled to any Disproportionate Share payments paid with respect to the Gilmore Medical Center to the extent related to operations both prior to and after January 1, 2019.

3. Prior to the consummation of the transaction with NMHS, it appears that the Debtors received an assessment of the obligations at issue from the DOM. NMHS was not made aware of any such notification, by the Debtors.

4. Notwithstanding the current claims the DOM is pursuing against the Debtors, as related to Gilmore Medical Center, the DOM has also informed NMHS of its intent to seek payment for these claims directly from NMHS and its subsidiary Monroe Health Services, Inc. The DOM has taken the position that because the medical provider number has been assumed and assigned to NMHS and its subsidiary Monroe Health Services, Inc., the DOM can withhold the taxes owed by Curae of \$721,896.49 from future payments due to Monroe Health Services f/k/a Gilmore Medical Center. The DOM has stated that it currently intends to offset against approximately \$358,331.36 that is due to Monroe Health Services for January, February and March reimbursements and that the DOM will continue to withhold reimbursements until fully paid.

5. Debtor has already benefited from payments made by DOM to Gilmore Medical Center/Debtor, but has not paid the tax assessment related to the payments already received.

6. In light of the foregoing, to the extent this Court rules in favor of Debtor and, as a result of such ruling, NMHS bears the responsibility for these obligations of the Debtors arising prior to December 31, 2018, NMHS intends to make a claim against the escrow for any such repayment, as set forth in Section 7.10 of the Gilmore APA. NMHS is not taking a position on the issue raised by DOM, other than NMHS should not be responsible to pay Debtor's obligation when Debtor has already received the benefit.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of April, 2019, a true and correct copy of the foregoing document was filed electronically. Notice of this filing was sent by operation of the Court's electronic filing system to all parties indicated on the electronic filing receipt. Parties may access this filing through the Court's electronic filing system.

/s/David W. Houston, IV
David W. Houston, IV (BPR# 20802)