

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ROME DIVISION

RECEIVED

JAN 28 2016

BMC GROUP

IN RE: ) CHAPTER 11  
)  
HUTCHESON MEDICAL CENTER, INC. ) Jointly Administered Under  
and HUTCHESON MEDICAL DIVISION, ) CASE NO. 14-42863-pwb  
INC., )  
)  
Debtors. )

**REQUEST FOR ALLOWANCE AND PAYMENT OF  
ADMINISTRATIVE EXPENSE CLAIM PURSUANT TO 11 U.S.C. § 503**

COMES NOW the claimant identified below and hereby requests the allowance of an administrative expense claim pursuant to Section 503 of the Bankruptcy Code, arising from November 20, 2014 through November 20, 2015, showing the following:

CLAIMANT'S NAME AND ADDRESS: Michael J. Zerna MD.  
1131 Stringers Ridge Road  
Unit 1415  
Chattanooga, TN 37405

Amount of 11 U.S.C. § 503 Administrative Expense \$ 12,393.76

1. The undersigned holds an administrative expense claim pursuant to 11 U.S.C. § 503 in the amount identified above against the following Debtor identified in these bankruptcy cases:

- ☒ Hutcheson Medical Center, Inc.  
☐ Hutcheson Medical Division, Inc.

2. The consideration for this debt (or ground for this liability owed by the Debtor is as follows:

see attachments and "Answer to Question #2" sheet

3. The administrative expense is entitled to administrative priority under 11 U.S.C. § 503(b) and 11 U.S.C. § 507(a)(2) because:

see attachment entitled "Answer to Question #3"

Hutcheson Med POC



00389

4. A copy of the writing (invoice, purchase order, lease agreement, etc.) on which the administrative expense is founded, if any, is attached hereto or cannot be attached for the reason set forth in the statement attached hereto.

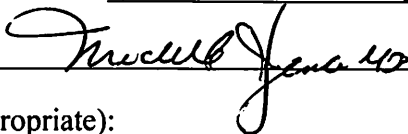
5. The amount of all payments on the administrative expense have been credited and deducted for the purpose of making this request.

6. The undersigned is aware that under 18 U.S.C. §§ 152 and 3571, the penalty for presenting a fraudulent claim in a bankruptcy case includes a fine of up to \$500,000 or imprisonment for up to five years, or both.

**WHEREFORE**, the undersigned requests that the Court allow the administrative expense or expenses requested herein, to be paid in accordance with the priorities set forth in the Bankruptcy Code and based upon availability of funds.

Dated: Jan 23, 2016.

Name of Claimant: Michael J. Zema M.O.

Signed: 

By (if appropriate): \_\_\_\_\_

As Its (if appropriate): \_\_\_\_\_

**INSTRUCTIONS:**

Mail the completed form by March 7, 2016, to the Clerk, United States Bankruptcy Court, Northern District of Georgia, Room 339, 600 East First Street, Rome, Georgia 30161, with a copy served on Trustee's Claims Agent: (i) if by overnight or hand delivery: BMC Group, Attn: Hutcheson Medical Center, Inc. Claims Processing, 300 Continental Blvd., #570, El Segundo, CA 90245; (ii) if by first class mail: BMC Group, Attn: Hutcheson Medical Center, Inc. Claims Processing, PO Box 90100, Los Angeles, CA 90009.

**Answer Question #2**

On September 4, 2014, Hutcheson Medical Center, Inc. ("Hutcheson") entered into a Professional Services Agreement (the "Agreement") with Dr. Zema since Hutcheson had a need for cardiologist call coverage at its acute care hospital located in Fort Oglethorpe, GA.

Dr. Zema continued to provide cardiologist call services post-petition under the terms of the Agreement. In September 2015, Dr. Zema agreed with the Debtor to provide on call services at a reduced daily rate of \$450.00 per day plus reimbursement for professional liability coverage. Dr. Zema has not been fully compensated for his services rendered to the Debtor after September 1, 2015. Although he has submitted the required documentation which is attached for review, he has not been paid for his services or reimbursed for this professional liability coverage.

### **Answer to Question # 3**

Dr. Zema requests that the Court grant to him an administrative expense claim pursuant to 11 U.S.C. 503 (b) for wages owed which were actual, necessary costs and expenses of preserving the estate inasmuch as the Debtor was required to have sufficient qualified personal on call in order to fulfill its obligations to its patients and to the requirement of licensing authorities.

## PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (the "Agreement") is entered into as of the latest of the dates noted on the signature page below by and among **Hutcheson Medical Center, Inc.** (the "Hospital") and **Michael Zema, M.D.** ("Physician"), each referred to herein as a "Party" and collectively the "Parties," and is effective as of latest of the signature dates as indicated on the signature page (the "Effective Date").

### RECITALS

WHEREAS, Hospital owns, operates and is commonly known as **Hutcheson Medical Center** ("Hutcheson") located in Fort Oglethorpe, Georgia; and

WHEREAS, Hospital facilities includes, among other services and centers, an acute care hospital, ("Facility"); and

WHEREAS, Hospital has identified a need for a cardiologist call coverage at the Facility to support its cardiology service line ("Cardiology Program") and to provide consultative services for inpatients as requested by Hospital Medical Staff physicians; and

WHEREAS, Physician is, or by the Effective Date (as hereinafter defined) will be, a medical doctor duly licensed to practice medicine in the State of Georgia and having training and experience in the specialty of cardiology (the "Specialty"); and

WHEREAS, the Hospital desires that the services of a qualified physician be available to the Facility to serve as an independent contractor (and not as an employee of the Facility) to provide the professional medical services in the Specialty on an as-needed basis.

NOW, THEREFORE, for and in consideration of the foregoing recitals (which are hereby made a part of this Agreement) and of the mutual covenants, promises, agreements, obligations and conditions contained herein, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

#### I. Services.

1.1. Provision of Services. Upon and subject to the terms and conditions set forth herein, Physician shall provide the professional and administrative services as more particularly set forth in Schedule I hereto, which is incorporated herein by reference (collectively, the "Services").

1.2. Coverage/Availability. Physician shall be available to provide call coverage for cardiology services. Physician shall respond to a request for consultations for cardiology services and if necessary be attendance on the premises at the Hospital, as applicable, to enable Physician to perform Services under this Agreement during such hours as may be mutually agreed upon by Physician and the Hospital, and in a manner sufficient to serve adequately the needs of the Cardiology Program including for consultation of cardiology patients

SCHEDULE II  
PAYMENT FOR SERVICES

In consideration for coverage of Services as defined in Hospital's Medical Staff Bylaws, Medical Staff Rules and Regulations and this Agreement, Hospital will pay for Services rendered at a rate of Nine Hundred and no/1 00 Dollars (\$900.00) per consecutive 24-hour period ("Shift") Physician is scheduled, on call and accessible to Hospital for provision of Services. Compensation for Services is contingent on Physician's responsiveness to Hospital calls within thirty (30) minutes as specified in Hospital's Medical Staff Bylaws and Medical Staff Rules and Regulations. Further, compensation for Services requires that Physician is not simultaneously on-call at another medical facility to ensure appropriate response time as defined above.

Physician shall submit an invoice for the Services rendered in the form described on Schedule III to the Chief Financial Officer by the 15th day of the calendar month. Provided the invoice is received and approved, such compensation shall be payable before the end of a calendar month for Services rendered during the immediately preceding calendar month. Prior to and as a condition for receiving monthly payment hereunder, Physician shall furnish reasonably contemporaneous written time records, signed and certified as accurate by Physician, that document for each day during the immediately preceding month the hours worked by Physician and the Services provided each day, all in a form approved by Hospital (a sample of which is attached as Schedule III to this Agreement). Such time records shall be submitted to Hospital no later than the 15th day of the calendar month for Services rendered during the immediately preceding calendar month. No payment under this Agreement shall be used for any purpose other than Physician's compensation for the Services provided hereunder and shall not otherwise inure to the benefit of any other person or entity.

The parties further agree to evaluate the fair market value compensation for the Services described herein each year at least thirty (30) days prior to the expiration of each Contract Year, as defined below, to confirm that the compensation arrangement conforms with fair market value standards. Contract Year means twelve (12) consecutive months commencing with the date last written with the signatures at the end of this Agreement.



2.7 Insurance. During the Term of this Agreement, Hospital shall reimburse Physician for maintaining professional liability and tail insurance coverage insuring Hospital and Physician for professional errors, omissions, negligence, incompetence, and malfeasance with the limits of liability in the amount of One Million Dollars and no/100 (\$1,000,000.00) for each occurrence, with a per annum aggregate limitation of Three Million Dollars and no/100 (\$3,000,000.00).

(a) During the Term of this Agreement, Hospital shall keep and maintain, at its sole cost and expense, professional and general liability coverage for the acts and omission of Hospital, its officers, directors, employees, and agents (excluding Physician should he be deemed to be agents notwithstanding the contrary intent of the parties). All such insurance shall be issued upon such forms and in such amounts as are customary in the hospital industry.

2.8 Confidentiality. Physician acknowledges that Hospital considers confidential information that will be made available to Physician for purposes of performing the Services under this Agreement, and, expects that Physician shall not, without the prior written consent of the Hospital, disclose the confidential information as defined by this Agreement and the applicable Georgia laws and regulations. Physician shall comply with the following obligations:

(a) Physician shall not: (a) use, disclose, or reverse engineer the Trade Secrets as defined by Georgia Law and as set forth below or the Confidential Information, as defined below, for any purpose other than to provide the Services under this Agreement, provided the disclosure of patient information pursuant to the explicit written direction of the patient who is the subject of such information shall not be a breach of this covenant provided that such disclosure complies with applicable law and Hospital policies and procedures; (b) upon the termination of this Agreement for any reason, (i) retain Trade Secrets or Confidential Information, including any copies existing in any form (including electronic form) which are in Physician's possession, custody, or control, or (ii) destroy, delete, or alter the Trade Secrets or Confidential Information without Hospital's prior written consent.

"Confidential Information" means (i) information of Hospital, to the extent not considered a trade secret under applicable law, that (a) relates to the business of Hospital, (b) possesses an element of value to Hospital, (c) is not generally known to Hospital's competitors, and (d) would damage Hospital if disclosed, and (ii) information of any third party provided to Hospital which Hospital is obligated to treat as confidential, including, but not limited to, information provided to Hospital by its licensors, suppliers, patients, referral sources, customers, or clients. Confidential Information includes, but is not limited to, (i) future business plans, (ii) the composition, description, schematic or design of products, future products or equipment of Hospital or any third party, (iii) communication systems, audio systems, system designs and related documentation, (iv) advertising or marketing plans, (v) information regarding independent contractors, employees, clients, licensors, suppliers, customers, patients, referral sources, or any third party, including, but not limited to, patient lists compiled by Hospital and patient

A. September 2015 5 days @ \$450.00/day	= \$2,250.00
B. Reimbursement of Professional Liability Coverage	= \$261.12
C. October 2015 10 days @ \$450.00/day	= \$4,500.00
D. Reimbursement of Professional Liability Coverage	= \$78.64
E. Professional Liability Tail Coverage*	= \$5,304.00
Total	= \$12,393.76



**SCHEDULE III**  
**OFFICIAL TIME RECORD**

Department: Cardiology

**Document Purpose:** This time record shall be used to account for time spent fulfilling the Services.

**Instructions:** Fill in the boxes below each instance of time spent fulfilling Services, including the date and shift and hours incurred.

This record covers one month of Services. Upon completion of a month, please send this record to Administration and maintain a copy for your records.

Month: Sept 2015

Date(s)	Activity/Location	Total Hours Incurred
9/08/2015	Cardiology on-call coverage	24
9/09/2015	Cardiology on-call coverage	24
9/25/2015	Cardiology on-call coverage	24
9/26/2015	Cardiology on-call coverage	24
9/27/2015	Cardiology on-call coverage	24
	Total from back (If applicable)	
	Grand Total	120 hours

*(Include time on reverse if needed)*

**Amount due: 5 days @ \$450/d = \$2,250.00**

**Attestation:**

I, the above noted Independent Contractor, attest that the hours shown "incurred" were actually worked by me. Also, the hours shown are for Services consistent with those required by Clinic in Agreement.

Independent Contractor's Signature: 

Date: 9/28/2015

Approved for compensation as defined in Agreement: \_\_\_\_\_

Authorized Hutcheson Representative



Account: G67104

Due Date	Total Due
Oct 01, 2015	\$431.00

MICHAEL J ZEMA MD  
1131 STRINGERS RIDGE ROAD  
UNIT 145  
CHATTANOOGA, TN 37405

PLEASE MAIL YOUR PAYMENT TO

State Volunteer Mutual Insurance Company  
MSC 30038  
P O Box 415080  
Nashville, TN 37241-5000

PLEASE DETACH TOP PORTION AND RETURN WITH PAYMENT



Account : G67104

Michael J Zema MD

Date	Description	Premium	Paid	Balance Due
08/28/2015	Previous Balance			\$261.12
Current Activity				
09/10/2015	Installment: 2 of 10 (Period 10/01/2015 to 11/01/2015)	\$169.88		\$431.00
Total Amount Due				\$431.00

Due Date	Total Due
Oct 01, 2015	261.12 \$431.00



MICHAEL JAMES ZEMA, M.D.

CAPITAL ONE BANK  
50-791/214

3125

PAY TO THE  
ORDER OF

SVMIC

DATE: Sep 14 2015  
\$ 261.12

Two hundred and sixty one dollars and 12/100 —

DOLLARS

MEMO AC/B G67104  
Oct 2015

*Travis Jones*

**SCHEDULE III**  
**OFFICIAL TIME RECORD**

Department: Cardiology

**Document Purpose:** This time record shall be used to account for time spent fulfilling the Services.

**Instructions:** Fill in the boxes below each instance of time spent fulfilling Services, including the date and shift and hours incurred.

This record covers one month of Services. Upon completion of a month, please send this record to Administration and maintain a copy for your records.

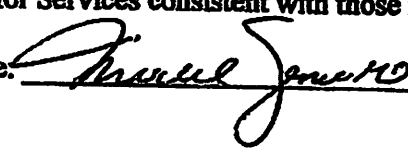
Month: Oct 2015

Date(s)	Activity/Location	Total Hours Incurred
Oct 7, 2015	Cardiology on-call coverage	24
Oct 8, 2015	Cardiology on-call coverage	24
Oct 9, 2015	Cardiology on-call coverage	24
Oct 10, 2015	Cardiology on-call coverage	24
Oct 11, 2015	Cardiology on-call coverage	24
Oct 22, 2015	Cardiology on-call coverage	24
Oct 23, 2015	Cardiology on-call coverage	24
Oct 27, 2015	Cardiology on-call coverage	24
Oct 28, 2015	Cardiology on-call coverage	24
Oct 29, 2015	Cardiology on-call coverage	24
	Total from back (if applicable)	
	Grand Total	240

*(Include time on reverse if needed)*

Attestation: Amount Due = \$450/d X 10 days = \$4,500.00

I, the above noted Independent Contractor, attest that the hours shown "incurred" were actually worked by me. Also, the hours shown are for Services consistent with those required by Clinic in Agreement.

Independent Contractor's Signature: 

Date: Oct 30, 2015

Approved for compensation as defined in Agreement: \_\_\_\_\_

Authorized Hutcheson Representative

NY TO THE  
ORDER OF

SWMIC

**MICHAEL JAMES ZEMA, M.D.**

CAPITAL ONE BANK  
50-791/214

DATE 04/23/2015 \$ 78 64/100 DOLLARS

3146

Billing questions: Judy Little - 1-615-377-1999 or 1-800-342-2239

Invoice No. JL558284  
Invoice Date: Oct 09, 2015

Nov 01, 2015	Total Due	\$78.64
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Date	Description	09/10/2015	Previous Balance	Current Activity
09/11/2015	Payment			
09/18/2015	Payment			
10/09/2015	Installation: 3 of 10 (Period 11/01/2015 to 12/01/2015)			
				\$169.88
				\$281.12 CR
				\$169.88
				\$81.24 CR
				\$78.64
				\$78.64
				Total Amount Due
				\$431.00
				Balance Due
				Paid
				Premium

Michael J Zema MD  
Account : G67104



**SVMIC**  
State Volunteer Mutual Insurance Company

State Volunteer Mutual Insurance Company  
MSC 30036  
P O Box 415000  
Nashville, TN 37241-5000

Case 14-40033 Document 145-1 Filed 12/22/15 Entered 12/22/15 12:03:45  
1131 STINKERS KIDGE ROAD  
CHATTANOOGA, TN 37405 Exhibit A Page 3 of 5  
PLEASE MAIL YOUR PAYMENT TO desc  
State Volunteer Mutual Insurance Company



Account:G67104

Invoice No. JL568576  
Invoice Date: Dec 04, 2015

Due Date	Total Due
Oct 30, 2015	\$5,304.00

MICHAEL J ZEMA MD  
1131 STRINGERS RIDGE ROAD  
UNIT 145  
CHATTANOOGA, TN 37405

PLEASE MAIL YOUR PAYMENT TO

State Volunteer Mutual Insurance Company  
MSC 30036  
P O Box 415000  
Nashville, TN 37241-5000

PLEASE DETACH TOP PORTION AND RETURN WITH PAYMENT



Michael J Zema MD

Account : G67104

Date	Description	Premium	Paid	Balance Due
12/04/2015	Previous Balance			\$0.00
<b>Current Activity</b>				
12/04/2015	Reporting Endorsement Premium 1 of 1	\$5,304.00		\$5,304.00
	<b>Total Amount Due</b>			\$5,304.00

Due Date	Total Due
Oct 30, 2015	\$5,304.00

Billing questions: Judy Little - 1-615-377-1999 or 1-800-342-2239

Invoice No. JL568576  
Invoice Date: Dec 04, 2015

**State Volunteer Mutual Insurance Company**  
101 Westpark Drive, Suite 300 - P.O. Box 1065 - Brentwood, TN 37024-1065

PAID IN FULL

**ENDORSEMENT**

**Effective Date:** 10/30/2015

**Endorsement:** 40130

**Named Insured:**

**Attached to and forming part of  
POLICY NO. 1655569**

MICHAEL J ZEMA MD  
1131 STRINGERS RIDGE ROAD  
UNIT 145  
CHATTANOOGA, TN 37405

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**REPORTING ENDORSEMENT**

In consideration of an additional premium of \$5,304.00, it is agreed that the **reporting period** is extended (in accordance with Part I, Section 6) indefinitely for the **reporting of medical incidents** arising out of the performance of **professional services** or **peer review services** rendered or which should have been rendered on or after the **retroactive date** of 09/01/2014 and prior to the termination date of 10/30/2015. The limits of liability applicable to such **medical incidents** shall be \$1,000,000 each **medical incident**, \$3,000,000 annual aggregate. It is further agreed that this endorsement is non-cancelable by the Company except for non-payment of premium.

**Date Issued:** 12/04/2015  
Reporting End (01/09)

**Authorized Representative:** Judy Little

JL