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9 *Proposed Attorneys for the Chapter 11
Debtors and Debtors In Possession*

10 **UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

12 IN RE:
13 ASTRIA HEALTH, *et al.*
14 Debtors.¹

Lead Case No. 19-01189-11

(Jointly Administered)

**DEBTORS' EX PARTE
EMERGENCY MOTION TO
SCHEDULE AND EXPEDITE
HEARING ON SHORTENED
NOTICE ON FIRST DAY
MOTIONS AND APPROVING
NOTICE TO PARTIES IN
INTEREST**

17 ¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-
18 01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings,
19 LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHC Holdco, LLC (19-
20 01196-11), SHC Medical Center-Toppenish (19-01190-11), SHC Medical Center-
21 Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11),
Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11),
Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-
01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA
Home Health, LLC (19-01200-11).

Emergency Motion to Schedule
and Expedite Hearing on First
Day Motions



1 Astria Health (“Astria”), a Washington nonprofit public benefit corporation,
2 and the above-referenced affiliated debtors, debtors and debtors in possession (the
3 “Debtors”) in the above-captioned chapter 11 bankruptcy cases (collectively, the
4 “Chapter 11 Cases”), hereby file this *ex parte* Emergency Motion (the “Motion”),
5 pursuant to Rule 1007(c) of the Federal Rules of Bankruptcy Procedure (the
6 “Bankruptcy Rules”), requesting the Court to set a hearing -- on an expedited basis
7 on shortened notice -- on the “First Day Motions,”² which include:

- 8 • *Debtors’ Emergency Motion For Entry Of An Order Authorizing The Filing*
9 *Of Confidential Patient Information Under Seal* [Docket No. 18];
- 10 • *Emergency Motion Of Debtors For Interim And Final Orders*
11 *(I) Authorizing The Debtors To Obtain Post Petition Financing;*
12 *(II) Granting Security Interests and Superpriority Administrative Expense*
13 *Status; (III) Granting Adequate Protection to Certain Prepetition Secured*
14 *Credit Parties; (IV) Modifying the Automatic Stay; (V) Authorizing the*
15 *Debtors to Enter into Agreements with JMB Capital Partners Lending,*
16 *LLC; (VI) Authorizing Use of Cash Collateral; (VII) Scheduling a Final*
17 *Hearing and (VIII) Granting Related Relief* [Docket No. 15];
- 18 • *Emergency Motion Of Debtors For Entry Of Order: (I) Authorizing The*
19 *Debtors To (A) Pay Prepetition Employee Wages And Salaries, And*
20 *(B) Pay And Honor Employee Benefits And Other Workforce Obligations;*
21 *And (II) Authorizing And Directing The Applicable Banks To Pay All*

22 ² By separate request, the Debtors filed *Debtors’ Joint Motion for an Order (I)*
23 *Directing the Joint Administration of These Cases, Including Consolidated Mailing*
24 *Matrix, and (II) Limiting Scope of Notice* (the “Joint Administration and Limited
25 Notice Motion”) [Docket No. 4], which was granted by Order entered on May 6,
26 2019 [Docket No. 10].

1 *Checks And Electronic Payment Requests Made By The Debtors Relating*
2 *To The Foregoing* [Docket No. 19];

- 3 • *Emergency Motion Of Debtors For Authority To: (1) Continue Using*
4 *Existing Cash Management System, Bank Accounts, And Business Forms;*
5 *(2) Implement Changes To The Cash Management System In The Ordinary*
6 *Course Of Business; (3) Continue Intercompany Transactions; (4) Provide*
7 *Administrative Expense Priority For Postpetition Intercompany Claims;*
8 *And (5) Obtain Related Relief* [Docket No. 22]; and

- 6 • *Emergency Motion Of Debtors For Order (A) Prohibiting Utilities From*
7 *Altering, Refusing, Or Discontinuing Service And (B) Determining*
8 *Adequate Assurance Of Payment For Future Utility Services;*
9 *Memorandum Of Points And Authorities In Support Thereof* [Docket No.
10 19]

9 By this Motion, the Debtors respectfully request that this Court enter an order:

- 10 (i) shortening the time for notice of the hearing on the First Day Motions;
- 11 (ii) scheduling the hearing for the above referenced First Day Motions for as soon as
- 12 the Court may permit (the “Hearing”); (iii) authorizing service of notice of the
- 13 hearing on the First Day Motions by facsimile or electronic delivery, to be served
- 14 not later than 24 hours after service of this Motion; (iv) approving the form of Notice
- 15 of Hearing attached hereto as Exhibit “1”; (v) requiring that any objections to the
- 16 First Day Motions be filed and served no later than the date set for the emergency
- 17 hearing on the First Day Motions.

18 In further support, the Debtors state as follows.

19 **I. JURISDICTION**

20 The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and
21 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The venue of

1 these Chapter 11 Cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2 **II. STATEMENT OF FACTS**

3 *Procedural Background*

4 1. On May 6, 2019 (the “Petition Date”), each of the Debtors filed a
5 voluntary petition for relief under chapter 11 of the Bankruptcy Code.

6 2. Also on May 6, 2019, the Debtors filed *Debtors’ Joint Motion for an*
7 *Order (I) Directing the Joint Administration of These Cases, Including Consolidated*
8 *Mailing Matrix, and (II) Limiting Scope of Notice* (the “Joint Administration and
9 Limited Notice Motion”) [Docket No. 4], which was granted by Order entered on
10 May 6, 2019 [Docket No. 10]. Accordingly, the Chapter 11 Cases are currently being
11 jointly administered before this Court. The Debtors are operating their businesses as
12 debtors in possession pursuant to §§ 1107 and 1108.

13 3. As of this time, no Official Committee of Unsecured Creditors has been
14 formed.

15 Debtors Background

16 4. On May 6, 2019 (the “Petition Date”), each of the Debtors filed a
17 voluntary petition for relief under chapter 11 of title 11 of the United States Code,
18 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”).

19 5. Debtor Astria, a Washington nonprofit corporation, is the direct or
20 indirect corporate member of entities that make it the largest non-profit healthcare
21 system based in Eastern Washington, with annual revenues of approximately

1 \$240 million. The Astria Health system is headquartered in the heart of the Yakima
2 Valley of Yakima County, Washington, with facilities in Yakima, Sunnyside, and
3 Toppenish, Washington.

4 6. The Astria system includes three hospitals: Astria Regional Medical
5 Center, a 214-bed hospital in Yakima, Washington (“Yakima”); Astria Sunnyside
6 Hospital, a 38-bed critical access hospital in Sunnyside, Washington (“Sunnyside”);
7 and Astria Toppenish Hospital, a 63-bed hospital in Toppenish, Washington
8 (“Toppenish,” and referred to collectively with Sunnyside and Yakima as the
9 “Hospitals”). In addition to collectively having 315 licensed beds, the Hospitals have
10 three active emergency rooms and a host of medical specialties. The Astria system
11 also has outpatient Astria Health Centers (14 medical clinics and 24 specialty clinics),
12 the Ambulatory Surgical Center, Astria Hearing and Speech, and Astria Home Health
13 and Hospice with healthcare sites and providers conveniently located in towns and
14 cities throughout the region.³

15 _____
16 ³ Collectively, the system provides the following services: allergy testing and
17 treatment program, ambulatory surgery, audiology, behavioral health/psychiatry,
18 breast health center, cancer care, cardiac electrophysiology, cardiac rehabilitation,
19 cardiothoracic surgery, catheterization lab, colorectal surgery, critical care medicine,
20 diabetes education, diagnostic imaging and radiology, ear, nose and throat,
21 emergency services, endocrinology, family medicine, gastroenterology,

1 7. The Astria system provides medical treatments to approximately
2 346,400 patients annually, including approximately 7,344 who spend at least one
3 night in its Hospitals during the year. Astria's necessity to the health and welfare of
4 the people of the Yakima Valley is evidenced by several facts, including having the:

- 5 • *only* open-heart surgery program in Yakima County;
- 6 • *only* neurosurgery program in Yakima County;
- 7 • *only* elective cardiac catheterization program in Yakima County;
- 8 • *only* hospital in Sunnyside, Washington;
- 9 • *only* hospital in Toppenish, Washington; and

10
11 _____
12 gynecological surgery, heart care, hand surgery, heart failure, home health, hospice,
13 hospitalists, inpatient behavioral health, internal medicine, interventional cardiology,
14 laboratory, life transitions intensive out-patient program, maternity services, medical
15 withdrawal management, nephrology, neurosurgery, spine care, nutritional services,
16 obstetrics and gynecology, occupational medicine, orthopedics, orthopedic surgery,
17 outpatient palliative care, speech therapy, physical therapy, pediatrics, pharmacy,
18 plastic and reconstructive surgery, podiatry, rehabilitation, inpatient rehabilitation,
19 rheumatology, senior services, sleep medicine, sports medicine, stroke care, surgical
20 services, robotic surgery, general surgery, telehealth, urology, urological surgery,
21 walk-in care, women's health, vascular medicine, and wound care center.

1 • *only* obstetric services in the Lower Valley (both at Sunnyside and
2 Toppenish).

3 8. The system employs approximately 1,547 employees (making it one of
4 the largest employers in the Yakima Valley), plus an additional 172 contract
5 personnel, and approximately 600 doctors have privileges at the Hospitals.

6 9. To date, the Office of the United States Trustee (the “U.S. Trustee”) has
7 not appointed an Official Committee of Unsecured Creditors in these Chapter 11
8 Cases.

9 **III. RELIEF REQUESTED**

10 By this Motion, the Debtors respectfully request that this Court enter an order:
11 (i) shortening the time for notice of the hearing of the First Day Motions;
12 (ii) scheduling the hearing for the above referenced First Day Motions for as soon as
13 the Court may permit (the “Hearing”); (iii) authorizing service of notice of the First
14 Day Motions by facsimile or electronic delivery, to be served not later than 24 hours
15 after service of this Motion; (iv) approving the form of Notice of Hearing attached
16 hereto as Exhibit “1”; (v) requiring that any objections to the First Day Motions be
17 filed and served no later than the date set for the emergency hearing on the First Day
18 Motions.

19 The Debtors assert that expedited consideration of the First Day Motions is
20 *critical* to the Debtors ability to operate and provide *critical* life-saving care to the
21 people it serves throughout Eastern Washington.

1 The Debtors assert that the First Day Motions seek relief that is standard in
2 large Chapter 11 cases and narrowly tailored to the needs of this Case. *In re Tripath*
3 *Technology, Inc.*, Debtor., Case No. 07-50358, Docket No. 28 2007 WL 1984845
4 (Bkrcty.N.D.Cal. Feb. 14, 2007) (“Order Granting Debtor's Ex Parte Motion for
5 Order Shortening Time, and Setting Hearing on First Day Motions”); *In re Andre S.*
6 *Tatibouet*, Debtor and Debtor-in-Possession., Case No. 05-00829 , Docket No. 62005
7 WL 1081843 (Bkrcty.D.Hawai'I Apr. 5 2005) (“Debtor's Ex Parte Application for
8 Order Shortening and Limiting Notice and for Expedited Hearing on Debtor's First
9 Day Motions; Memorandum in Support”) (requesting hearing for cash collateral,
10 wage, refunds and other first day motions); *In Re: Vanity Shop Of Grand Forks, Inc.*,
11 Debtor., Case No. 17-30112, Docket No. 27 2017 WL 1295045 (Bkrcty. D. N.D.
12 Mar. 1, 2017) (debtor this ex parte motion for an expedited hearing on its First Day
13 Motions”); *In re: Gulf Chemical & Metallurgical Corporation*, Case No. 16-22196,
14 Docket No. 18, 2016 WL 5844786 (Bkrcty.W.D.Pa. Jun. 4, 2016) (“Expedited
15 Motion of Debtors for an Order Scheduling Expedited Hearing to Consider Certain
16 First Day Motions and Approving Notice Thereof”) See also *In re Gardens Reg. And*
17 *Med. Ctr, Inc.* [Docket No. 15]; Case No. 2:16-bk-17463-ER Bankr. C.D. Cal. June
18 6, 2016); *In re Verity Health Sys. of Cal., Inc.* [Docket No. 18; Case No. 2-18-bk-
19 20151-ER (Bankr. C.D. Cal., August 31, 2018);

1 In support of this Motion and the First Day Motions, the Debtors are filing the
2 Declaration of John M. Gallagher in Support of Emergency First-Day Motions (the
3 “Gallagher Declaration”).

4 The Debtors will serve this Motion, the Gallagher Declaration and the Notice
5 of Hearing on: (i) the Office of the United States Trustee for the Eastern District of
6 Washington, (ii) counsel for the Prepetition Secured Creditors, (iii) counsel for the
7 DIP Lender, (iv) all alleged secured creditors, (v) the thirty largest general unsecured
8 creditors appearing on the list filed in accordance with Rule 1007(d), and (vi) any
9 parties requesting special notice. To the extent necessary, the Debtors request that
10 the Court waive compliance with LBR 2002-1(a)(6) and approve service (in addition
11 to the means of service set forth in such LBR) by overnight delivery. Among other
12 things, the Notice of Hearing will provide that any opposition or objection to the
13 Motion may be presented at any time before or at the hearing regarding the Motion,
14 but that failure to timely object may be deemed by the Court to constitute consent to
15 the relief requested herein. The Debtors submit that such notice is sufficient and that
16 no other or further notice be given.

17 The Debtors further assert that parties with a material interest in the first day
18 relief are protected in that any opposition or objection to the Motion may be presented
19 at any time before or at the hearing regarding the Motion. Further, Debtors shall
20 provide notice of the entry of the order granting such relief upon each of the foregoing
21

1 parties and any other parties in interest as the Court directs. The Debtors submit that
2 such notice is sufficient and that no other or further notice be given.

3 WHEREFORE, for the above stated reasons, the Court should grant the
4 Motion, schedule the hearings on the above-described First Day Motions to occur as
5 soon as practical, and grant all further relief as is just and equitable.

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7 Dated: May 6, 2019

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JAMES L. DAY (WSBA #20474)
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10 SAMUEL R. MAIZEL (*Pro Hac Vice*
11 pending)
SAM J. ALBERTS (WSBA #22255)
12 DENTONS US LLP

13 *Proposed Attorneys for the Chapter 11*
Debtors and Debtors In Possession

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EXHIBIT 1
FORM OF NOTICE OF HEARING

1 JAMES L. DAY (WSBA #20474)
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Tel: (206) 292-2110 / Fax: (206) 292-2104
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9 *Proposed Attorneys for the Chapter 11
Debtors and Debtors In Possession*

10 **UNITED STATES BANKRUPTCY COURT**
11 **EASTERN DISTRICT OF WASHINGTON**

12 IN RE:
13 ASTRIA HEALTH, *et al.*
14 Debtors.⁴

Lead Case No. 19-01189-11

(Jointly Administered)

**NOTICE OF HEARING ON FIRST
DAY MOTIONS**

Date: May 8, 2019

Time: 10:00 a.m.

Place: Yakima Courthouse

16
17 ⁴ The Debtors, along with their case numbers, are as follows: Astria Health (19-
18 01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings,
19 LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHC Holdco, LLC (19-
20 01196-11), SHC Medical Center-Toppenish (19-01190-11), SHC Medical Center-
21 Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-
11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11),
Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-
01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA
Home Health, LLC (19-19-01200-11).

Emergency Motion to Schedule
and Expedite Hearing on First
Day Motions

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BUSH KORNFELD LLP
601 Union Street, Suite 5000
Seattle, Washington 98101-2373

Tel: (206) 292-2110 / Fax: (206) 292-2104

1 **TO: All parties entitled to notice pursuant to the Mailing Master List.**

2 **PLEASE TAKE NOTICE**, on May 6, 2018 (the "Petition Date"), Astria
3 Health, and parties affiliated with Astria Health, Glacier Canyon, LLC, Kitchen and
4 Bath Furnishings, LLC, Oxbow Summit, LLC, SHC Holdco, LLC, SHC Medical
5 Center-Toppenish, SHC Medical Center-Yakima, Sunnyside Community Hospital
6 Association, Sunnyside Community Hospital Home Medical Supply, LLC,
7 Sunnyside Home Health, Sunnyside Professional Services, LLC, Yakima Home Care
8 Holdings, LLC, and Yakima HMA Home Health, LLC, debtors and debtors in
9 possession, each filed a voluntary petition for relief under chapter 11 of the
10 Bankruptcy Code.

11 You are further notified that the Debtors filed *Debtors' Joint Motion for an*
12 *Order (I) Directing the Joint Administration of These Cases, Including Consolidated*
13 *Mailing Matrix, and (II) Limiting Scope of Notice* (the "Joint Administration and
14 Limited Notice Motion") [Docket No. 4], which was granted by Order entered on
15 May 6, 2019 [Docket No. 10]. Accordingly, the Chapter 11 Cases are currently being
16 jointly administered before this Court. The Debtors are operating their businesses as
17 debtors in possession pursuant to §§ 1107 and 1108.

18 You are further notified that **the Court has set a hearing on the First Day**
19 **Motions which shall be conducted on May 8, 2019 at 10:00 a.m. at 402 East**
20 **Yakima Avenue Suite 200, Yakima, Washington 98901 as well as by telephone**
21 **conference to (509) 353-3192** on the Debtors following First Day Motions:

Emergency Motion to Schedule
and Expedite Hearing on First
Day Motions

BUSH KORNFELD LLP
601 Union Street, Suite 5000
Seattle, Washington 98101-2373

- 1 • *Debtors' Emergency Motion For Entry Of An Order Authorizing The Filing*
2 *Of Confidential Patient Information Under Seal* [Docket No. 18];
- 3 • *Emergency Motion Of Debtors For Interim And Final Orders*
4 *(I) Authorizing The Debtors To Obtain Post Petition Financing;*
5 *(II) Granting Security Interests and Superpriority Administrative Expense*
6 *Status; (III) Granting Adequate Protection to Certain Prepetition Secured*
7 *Credit Parties; (IV) Modifying the Automatic Stay; (V) Authorizing the*
8 *Debtors to Enter into Agreements with JMB Capital Partners Lending,*
9 *LLC; (VI) Authorizing Use of Cash Collateral; (VII) Scheduling a Final*
10 *Hearing and (VIII) Granting Related Relief* [Docket No. 15];
- 11 • *Emergency Motion Of Debtors For Entry Of Order: (I) Authorizing The*
12 *Debtors To (A) Pay Prepetition Employee Wages And Salaries, And*
13 *(B) Pay And Honor Employee Benefits And Other Workforce Obligations;*
14 *And (II) Authorizing And Directing The Applicable Banks To Pay All*
15 *Checks And Electronic Payment Requests Made By The Debtors Relating*
16 *To The Foregoing* [Docket No. 20];
- 17 • *Emergency Motion Of Debtors For Authority To: (1) Continue Using*
18 *Existing Cash Management System, Bank Accounts, And Business Forms;*
19 *(2) Implement Changes To The Cash Management System In The Ordinary*
20 *Course Of Business; (3) Continue Intercompany Transactions; (4) Provide*
21 *Administrative Expense Priority For Postpetition Intercompany Claims;*
And (5) Obtain Related Relief [Docket No. 22]; and
- *Emergency Motion Of Debtors For Order (A) Prohibiting Utilities From*
Altering, Refusing, Or Discontinuing Service And (B) Determining
Adequate Assurance Of Payment For Future Utility Services;
Memorandum Of Points And Authorities In Support Thereof [Docket
No. 19].

You are further notified that the First Day Motions are supported by the Declaration of John Gallagher in support of the First Day Motions (“Declaration”) [Docket No. ___]. A copy of the Declaration and the First Day Motions may be obtained upon request from the undersigned, may be reviewed at the office of the Clerk of the United States Bankruptcy Court, or may be viewed at the United States

1 Bankruptcy Court PACER site at <http://www.waeb.uscourts.gov> on the internet. The
2 Debtors reserve the right to supplement the First Day Motions with further supporting
3 declarations and materials.

4 Any party who wishes to participate must appear in person or by telephone at
5 the time of the hearing. **Your failure to attend the hearing may result in the Court**
6 **granting the relief requested in the First Day Motions.**

7
8 Dated: May 6, 2019

9
10 _____
JAMES L. DAY (WSBA #20474)
BUSH KORNFELD LLP

11 SAMUEL R. MAIZEL (*Pro Hac Vice* pending)
12 SAM J. ALBERTS (WSBA #22255)
DENTONS US LLP

13 *Proposed Attorneys for the Chapter 11*
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