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

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| <p>13 IN RE:</p> <p>14 ASTRIA HEALTH, et al.</p> <p>15 Debtors and Debtors in Possession.¹</p> | <p>Chapter 11</p> <p>Lead Case No. 19-01189-11</p> <p>Jointly Administered</p> <p>DEBTORS' <i>EX PARTE</i> MOTION FOR AN ORDER EXTENDING TIME TO FILE SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS</p> |
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18 ¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier
19 Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit,
20 LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-
21 01190-11), SHC Medical Center - 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).



1 **EX PARTE MOTION**

2 Astria Health ("Astria") and the above-referenced affiliated debtors
3 (collectively, the "Debtors"), the debtors and debtors in possession in the above-
4 captioned chapter 11 bankruptcy cases (collectively, the "Chapter 11 Cases"), hereby
5 submit this *ex parte* motion (the "Motion"), pursuant to Rule 1007(c) of the Federal
6 Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 1007-1(a) of the
7 Local Rules of the United States Bankruptcy Court for the Eastern District of
8 Washington (the "LBR"), for the entry of an order extending the time within which
9 the Debtors must file their schedules of assets, liabilities, income, expenditures,
10 executory contracts and unexpired leases (the "Schedules") and statements of
11 financial affairs ("SOFAs"), and any other documents the Court determines the
12 Debtors are required to file in connection with the commencement of these Chapter
13 11 Cases ("Documents," and collectively with the Schedules and SOFAs, the
14 "Required Documents"). By this Motion, the Debtors request a 30-day extension to
15 file the Required Documents, from May 20, 2019 to June 19, 2019.

16 **I.**
17 **STATEMENT OF FACTS**

18 **A. General Background**

19 1. On May 6, 2019 (the "Petition Date"), each of the Debtors filed a
20 voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11
21

1 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”).² The Chapter 11 Cases are currently
2 being jointly administered before this Court [Docket No. 10]. The Debtors are
3 operating their businesses as debtors in possession pursuant to §§1107 and 1108.

4 2. Debtor Astria, a Washington nonprofit corporation, is the direct or
5 indirect corporate member of entities that make it the largest non-profit healthcare
6 system based in Eastern Washington. The Astria Health system is headquartered in
7 the heart of Yakima Valley, Washington, with facilities in Yakima, Sunnyside, and
8 Toppenish, Washington.

9 3. The Astria system includes three hospitals: Astria Regional Medical
10 Center, a 214-bed hospital in Yakima, Washington (“Yakima”); Astria Sunnyside
11 Hospital, a 38-bed critical access hospital in Sunnyside, Washington (“Sunnyside”);
12 and Astria Toppenish Hospital, a 63-bed hospital in Toppenish, Washington
13 (“Toppenish,” and referred to collectively with Sunnyside and Yakima as the
14 “Hospitals”). In addition to collectively having 315 licensed beds, the Hospitals have
15 three active emergency rooms and a host of medical specialties. The Astria system
16 also has outpatient Astria Health Centers (14 medical clinics and 24 specialty clinics),
17
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21 ² All references to § herein are to sections of the Bankruptcy Code.

1 the Ambulatory Surgical Center, Astria Hearing and Speech, and Astria Home Health
2 and Hospice.³

3 4. The Astria system provides medical treatments to approximately
4 346,400 patients annually, including approximately 7,344 who spend at least one

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6 ³ Collectively, the system provides the following services: allergy testing and
7 treatment program, ambulatory surgery, audiology, behavioral health/psychiatry,
8 breast health center, cancer care, cardiac electrophysiology, cardiac rehabilitation,
9 cardiothoracic surgery, catheterization lab, colorectal surgery, critical care medicine,
10 diabetes education, diagnostic imaging and radiology, ear, nose and throat, emergency
11 services, endocrinology, family medicine, gastroenterology, gynecological surgery,
12 heart care, hand surgery, heart failure, home health, hospice, hospitalists, inpatient
13 behavioral health, internal medicine, interventional cardiology, laboratory, life
14 transitions intensive out-patient program, maternity services, medical withdrawal
15 management, nephrology, neurosurgery, spine care, nutritional services, obstetrics
16 and gynecology, occupational medicine, orthopedics, orthopedic surgery, outpatient
17 palliative care, speech therapy, physical therapy, pediatrics, pharmacy, plastic and
18 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 night in its Hospitals during the year. Astria's necessity to the health and welfare of
2 the people of the Yakima Valley is evidenced by several facts, including having the:

- 3 • *only* open-heart surgery program in Yakima County;
- 4 • *only* neurosurgery program in Yakima County;
- 5 • *only* elective cardiac catheterization program in Yakima County;
- 6 • *only* hospital in Sunnyside, Washington;
- 7 • *only* hospital in Toppenish, Washington; and
- 8 • *only* obstetric services in the Lower Valley (both at Sunnyside and
9 Toppenish).

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

13 6. To date, the Office of the United States Trustee (the "U.S. Trustee") has
14 not appointed an Official Committee of Unsecured Creditors in these Chapter 11
15 Cases.

16 **B. Facts Relevant to This Request**

17 7. The Debtors and their professionals have dedicated their time
18 immediately preceding the Petition Date to fashioning requests for critical
19 postpetition relief to ensure payroll obligations are met, that the Debtors have
20 sufficient funds and authority to use funds in order to operate their business, and that
21 the Debtors are in compliance with all of the Court's orders and requirements. Even

1 with their petitions and other “first day” motions now filed, the Debtors anticipate
2 spending the first week of these Chapter 11 Cases focused on obtaining such critical
3 relief from this Court and implementing it operationally.

4 8. The Debtors are in the process of preparing their Schedules and SOFAs,
5 but given the fact that the Debtors and their staff have been focused— and this first
6 week of these Chapter 11 Cases will continue to focus—on various matters critical to
7 the Debtors’ operations and administration of these Chapter 11 Cases, the Debtors
8 require additional time to prepare and file the Required Documents. The Debtors
9 must also prepare the Initial Reporting Requirements for submission to the U.S.
10 Trustee, which will require significant time and attention.

11 9. The primary representatives of the Debtors assisting the Debtors in
12 connection with preparing the Required Documents are John Gallagher, Cary Rowan,
13 and Michael Lane, the Debtors’ Chief Executive Officer (CEO), Chief Financial
14 Officer (CFO), and Chief Restructuring Officer (CRO), respectively. Messrs.
15 Gallagher, Rowan, and Lane also played, and play, a critical and substantial role in
16 connection with all of the tasks referenced above, including preparation of the
17 emergency motions and administrative compliance materials, while also still serving
18 as CEO, CFO, and CRO and undertaking all of the tasks such officers of an operating
19 company are required to undertake. Messrs. Gallagher, Rowan, and Lane will be the
20 primary individuals assisting the Debtors and the Debtors’ counsel with preparing the
21

1 Required Documents, and given the circumstances discussed above, require
2 additional time to prepare the Required Documents.

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4 **II.**
REQUEST FOR EXTENSION

5 10. The Debtors request a 30-day extension of the deadline to file the
6 Required Documents. The Debtors filed their bankruptcy petitions on May 6, 2019.
7 The deadline imposed to file the Schedules and SOFAs by the Bankruptcy Rules is
8 within fourteen (14) days of the Petition Date, or May 20, 2019. Fed. R. Bankr. P.
9 1007(c); *see also* 11 U.S.C. § 521(a)(1)(B) (requiring a debtor to file Schedules and
10 SOFA). However, both the Bankruptcy Rules and the LBR authorize the Debtors to
11 request an extension by motion and on notice to the U.S. Trustee. Fed. R. Bankr. P.
12 1007(c); LBR 1007-1(a). Accordingly, the Debtors request a 30-day extension to
13 June 19, 2019. The Debtors require more time to fully analyze their assets and
14 liabilities, and collect and review their contracts and leases, with the assistance and
15 advice of counsel in order to prepare full and accurate Schedules and SOFAs. During
16 this same time period, the Debtors must also prepare the Initial Reporting
17 Requirements for submission to the U.S. Trustee, which will require significant time
18 and attention. *See* Chapter 11 Guidelines, available at [http://www.justice.gov/ust-](http://www.justice.gov/ust-regions-r18)
19 [regions-r18](http://www.justice.gov/ust-regions-r18). All the while, the Debtors must still tend to their business affairs and
20 operate their facilities.
21

1 11. If the Debtors are forced to file their Schedules and SOFAs by the current
2 deadline, then the Debtors and their professionals will most likely have to later expend
3 substantial time and resources to prepare amendments at the expense of the estates.
4 Therefore, the Debtors respectfully submit that an extension of time for the Debtors
5 to prepare the Required Documents is warranted and appropriate. Furthermore, the
6 Debtors respectfully submit that none of their creditors will be prejudiced by the
7 extension of time requested herein.

8 **III.**
9 **CAUSE EXISTS FOR AN EXTENSION OF TIME FOR THE DEBTORS TO**
10 **FILE THEIR SCHEDULES, STATEMENTS AND DOCUMENTS**

11 Section 521(a) requires that the Debtors file “a schedule of assets and liabilities;
12 (ii) a schedule of current income and current expenditures; [and] (iii) a statement of
13 the debtor’s financial affairs” Bankruptcy Rule 1007(b)(1)(C) further sets forth
14 that, in addition to the foregoing items, a debtor must also file “a schedule of executory
15 contracts and unexpired leases.”

16 Bankruptcy Rule 1007(c) provides that, “(i)n a voluntary case, the schedules,
17 statements and other documents . . . shall be filed with the petition or within 14 days
18 thereafter” Bankruptcy Rule 1007(c) further states that “any extension of time
19 to file schedules, statements, and other documents . . . may be granted only on motion
20 for cause shown and on notice to the United States trustee, any committee elected
21 under § 705 or appointed under § 1102 of the Code, trustee, examiner, or other party
as the court may direct.” LBR 1007-1(a) states:

1 A debtor desiring an extension of time in which to file the
2 schedules and statements, . . . or other documents shall give
3 seven (7) days' notice and hearing to the trustee, the United
4 States trustee, and any examiner or creditors committee
5 appointed or elected. The motion shall be filed with the petition
for relief or before the time for filing the schedules and
statements . . . has expired, shall contain a brief statement as to
the reason why an extension is required, and a specific date when
the required documents will be filed.

6 An extension is therefore envisioned by both the Bankruptcy Rules and the LBR for
7 precisely the reasons existing here. Furthermore, the relief requested is routine in this
8 Circuit, and similar relief has been granted by this Court. *See, e.g., In re Nw. Health*
9 *Sys., Inc.*, No. 98, Case No. 15-02968 (Bankr. E.D. Wash. Oct. 6, 2015) (granting
10 extension of deadline to file Schedules and SOFAs until thirty days postpetition).

11 There is adequate cause for the 30-day extension of time to file the Required
12 Documents. The Debtors require more time to fully analyze their assets and liabilities
13 with the assistance and advice of counsel in order to prepare full and accurate
14 Schedules and SOFAs, and to determine what, if any, additional information is
15 required by any other Documents. As discussed, the Debtors operate a nonprofit
16 health care system throughout the state of Washington, with 315 licensed beds, three
17 active emergency rooms, and a host of medical specialties. During this same time
18 period, the Debtors must also prepare the Initial Reporting Requirements for
19 submission to the U.S. Trustee, which will require significant time and attention. The
20 Debtors are also preparing other emergency motions, employment applications and
21 applications for compensation, and will be responding to inquiries regarding these

1 Chapter 11 Cases. All the while, the Debtors must provide patient care and operate
2 their facilities.

3 Based on the foregoing, it will be extremely difficult for the Debtors to
4 complete the Required Documents by the current filing deadline. It will take
5 significant time and effort on the part of the Debtors to sort through the Debtors'
6 business records to identify and compile the information necessary to complete the
7 Debtors' Schedules and SOFAs. If the Debtors are forced to file their Schedules and
8 SOFAs by the filing deadline, it is very likely that the Debtors will have to later
9 revise or amend much of the documents. Doing so will require the Debtors and their
10 professionals to spend additional time and effort and ultimately increase the
11 administrative expenses of the Debtors' estates.

12 Furthermore, the Debtors do not believe that any of their creditors will be
13 prejudiced by the extension of time requested herein.

14 **IV.**
15 **CONCLUSION**

16 Based on the information set forth hereinabove, the Debtors respectfully submit
17 that there is sufficient cause for the Court to extend the deadline by which the Debtors
18 must file their Schedules and SOFAs (and any other Documents) from May 20, 2019
19 to June 19, 2019.

20 **WHEREFORE**, the Debtors respectfully request that this Court issue an
21 order:

- 1 (a) Granting this Motion;
- 2 (b) Affirming the adequacy of the notice given;
- 3 (c) Extending the deadline by which the Debtors must file their Schedules,
- 4 SOFAs and any other Documents to June 19, 2019; and
- 5 (d) Granting such other and further relief as the Court deems just and
- 6 proper.

7 Dated: May 6, 2019

8 /s/ James L. Day
9 JAMES L. DAY (WSBA #20474)
BUSH KORNFELD LLP

10 SAMUEL R. MAIZEL (*Pro Hac Vice*
11 pending)
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14 *Debtors and Debtors In Possession*

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

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| <p>IN RE:</p> <p>ASTRIA HEALTH, et al.</p> <p>Debtors.⁴</p> | <p>Chapter 11</p> <p>Lead Case No. 19-01189-11</p> <p>Jointly Administered</p> <p>ORDER EXTENDING TIME TO FILE SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS</p> |
|--|---|

⁴ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - 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).

1 Upon the motion, dated May 6, 2019, of Astria Health and the above-referenced
2 affiliated debtors (collectively, the “Debtors”), the debtors and debtors in possession
3 in the above-captioned chapter 11 bankruptcy cases (collectively, the “Chapter 11
4 Cases”), for the entry of an order, pursuant to Rule 1007(c) of the Federal Rules of
5 Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 1007-1(a) of the Local
6 Rules of the United States Bankruptcy Court for the Eastern District of Washington
7 (the “LBR”), for the entry of an order extending the time within which the Debtors
8 must file their schedules of assets, liabilities, income, expenditures, executory
9 contracts and unexpired leases (the “Schedules”) and statements of financial affairs
10 (“SOFAs”), and any other documents (the “Documents”) the Court determines the
11 Debtors are required to file in connection with the commencement of these Chapter
12 11 Cases (the “Motion”)⁵, all as more fully set out in the Motion; and upon
13 consideration of the Declaration of John Gallagher in support of the Motion; it further
14 appearing that the Court has jurisdiction over this matter; and it further appearing that
15 notice of the Motion as set forth therein is sufficient under the circumstances, and that
16 no other or further notice need be provided; and it further appearing that the relief
17 requested in the Motion is in the best interests of the Debtors, their estates and their
18 creditors; and after due deliberation and sufficient cause appearing therefor, it is
19 hereby

20 _____
21 ⁵ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the
Emergency Motion.

1 ORDERED that the Motion is granted; and it is further

2 ORDERED that the time within which the Debtor must file their Schedules,
3 SOFAs, and other Documents is extended for an additional thirty (30) days, up and
4 through June 19, 2019, without prejudice to the Debtors' right to seek an additional
5 extension upon cause shown therefore; and it is further

6 ORDERED that this Court retains exclusive jurisdiction with respect to all
7 matters arising from or related to the implementation, interpretation, and enforcement
8 of this Order.

9 ///End of Order///

10 PRESENTED BY:

11 /s/ JAMES L. DAY

JAMES L. DAY (WSBA #20474)
12 BUSH KORNFELD LLP

13 SAMUEL R. MAIZEL (*Pro Hac Vice* pending)
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