

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

	X	
In re	:	
	:	Chapter 11
HOSPITAL FOR SPECIAL SURGERY, LLC	:	
Db a ONECORE HEALTH,	:	Case No. 24- 12862 - ____
	:	
Debtor.	:	
	X	

**DEBTOR’S *EX PARTE* EMERGENCY APPLICATION TO LIMIT NOTICE AND
ESTABLISH NOTICE PROCEDURES WITH BRIEF IN SUPPORT**

Hospital for Special Surgery, LLC *dba* OneCore Health (“OneCore” or “Debtor”) hereby submits this emergency motion (the “Motion”) for entry of an order, substantially in the form attached hereto as Exhibit 1 (the “Proposed Order”), pursuant to rules 2002(m) and 9007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Bankruptcy Rules 2002-1, 9007-1, and 9013-1 (the “Local Rules”), limiting notice and establishing notice procedures for this Chapter 11 Case. In support of its Motion, Debtor relies upon the *Declaration of Carrie McEntire in Support of Debtor’s Chapter 11 Petition and First Day Pleadings* (the “McEntire Declaration”) filed contemporaneously herewith and incorporated herein by reference, and respectfully states as follows:

Background

1. OneCore is a duly licensed hospital that has been specializing in orthopedic and specialty surgeries in the community of central Oklahoma for more than a decade. In late 2021, OneCore completed the construction of its present leased facility in northeast Oklahoma City and has been operating at such location since January 2022.



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2. OneCore has focused on a culture of excellence in the delivery of surgical and other health care services such as radiology and orthopedic care with the goal of being one of the top performing surgical hospitals in Oklahoma. In the past four (4) years, OneCore has received many accolades for its excellence and patient care, including the following:

- Healthgrades: Knee Replacement 5-star recipient, 2023 and 2024;
- Healthgrades: Spinal Fusion Surgery 5-star recipient 2021 – 2024;
- Healthgrades: Outstanding Patient Experience 2024; and
- Press Ganey: Guardian of Excellence Award for Outstanding Patient Experience.¹

3. Despite the new hospital and recognition as an esteemed hospital for patient care and focus, difficulties ensued in June of 2022, initially due to the Covid pandemic, with the implementation of a new billing system as the legacy system was sunset by the software provider. This difficult conversion caused disruptions to operations for almost two years as OneCore struggled with calibrating the software, creating appropriate interfaces and then billing/collecting claims. This created several million dollars in lost revenue and difficulty tracking patient claims and accounts receivable during the transition. Due to implementation issues, the hospital could not effectively create patient statements to collect good patient accounts receivable, rendering many of these accounts uncollectible.

4. OneCore continued to fight to resolve billing system issues, and with the help of its management company, began to regain control over the revenue cycle in early 2024. From January through August 2024, the hospital produced break-even results and was beginning to turn the corner toward a pathway to profitability with new physician recruitment.

¹ The Press Ganey Guardian of Excellence Award® honors organizations that perform in the top 5% of healthcare providers and health plans for patient experience, employee engagement, physician experience, clinical quality performance or consumer experience in one year. Only 501 hospitals and health systems achieved this recognition out of over 10,000.

5. In early September 2024, a former patient obtained a significant jury verdict against the hospital relating to care provided by a physician in 2021. OneCore maintains that the evidence shows that the patient's ongoing injuries were unrelated to the accident. Notwithstanding this evidence, the former patient obtained a judgment in the amount of 15 million dollars, which exceeds the estimated enterprise value of the hospital. OneCore timely has appealed the judgment but was required to initiate this Chapter 11 Case to continue to operate its business, continue to employ its approximately 100 employees, and to maintain the enterprise value of Debtor's assets until a sale pursuant to section 363 of the Bankruptcy Code can be conducted.

6. As of the Petition Date, OneCore employs approximately 60 full-time and 40 contract, or part-time employees.

7. Debtor continues to operate its business and manage its properties as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

8. Additional factual background relating to Debtor's business and the commencement of this Chapter 11 Case is set forth in detail in the McEntire Declaration.

Facts Specific to the Relief Requested

9. Debtor's current matrix or master service list (the "Master Service List") includes 610 creditors and other parties in interest. This number Surgical Patients, some of whom might be creditors or parties in interest, and for whom, notice procedures are addressed via first day motion. Notice of all pleadings and papers filed, and hearings scheduled, in this case to each party on the Master Service List is not required by the Bankruptcy Code or the Bankruptcy Rules, and given the large number of parties-in-interest, who may not be creditors, including patients and former patients, other parties in interest, including employees of OneCore Health, trade creditors and counter-parties to executory contracts and unexpired leases, the attendant photocopying costs,

postage costs, and other expenses associated with giving notice to all such parties would be unduly burdensome and costly to Debtor's estate. Moreover, such significant burdens and costs would be incurred without generating concomitant benefits as this Chapter 11 Case is predicated upon the active marketing and sale of substantially all of Debtor's assets as a turnkey, going concern, the proceeds of which shall be distributed *pro rata* to Debtor's creditors in accordance with the Bankruptcy Code's distributional scheme.

Jurisdiction

10. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 of the Bankruptcy Code and rule 81.4(a) of the Local Civil Rules of the United States District Court for the Western District of Oklahoma. This matter concerns administration of this bankruptcy estate; accordingly, this is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A). Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409. Debtor consents to the entry of a final order or judgment by the Court in connection with this Motion to the extent it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

Relief Requested

11. By this Motion, Debtor seeks entry of the Proposed Order limiting notice and establishing notice procedures for this Chapter 11 Case.

12. To ensure the efficient, cost-effective administration of this Chapter 11 Case, Debtor proposes to establish a service list (the "Distribution Service List") that will be utilized for all pleadings other than the (i) notice of commencement of case, (ii) *Order Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof* and notices related thereto, (iii) *Disclosure Statement and Order for Hearing to Determine Adequacy*

of Disclosure Statement, and (iv) *Plan of Reorganization or Liquidation and Order Setting Confirmation Hearing*. The Distribution Service List would limit the giving of notice of each pleading and paper and of each scheduled hearing, subject to certain exceptions as further detailed herein to the following parties and entities:

- a. the United States Trustee for the Western District of Oklahoma;
- b. the United States Attorney's Office for the Western District of Oklahoma;
- c. the Internal Revenue Service;
- d. the Oklahoma Tax Commission;
- e. counsel to BOKF, N.A.;
- f. the parties identified on Debtor's list of 20 largest unsecured creditors; and
- g. parties who file an entry of appearance and request for notices pursuant to Bankruptcy Rule 9010(b).

13. Notice of matters referenced in paragraph 13(i)-(iv) would be served on the parties listed on the Master Service List and on all other necessary parties in interest² at their respective last known addresses according to Debtor's records or as provided to Debtor, unless otherwise ordered by the Court.

14. In order to add names and addresses of parties in interest who filed a notice of appearance pursuant to Bankruptcy Rule 9010(b) and to make any required change or correction, Debtor will update the Distribution Service List every thirty (30) days thereafter throughout this Chapter 11 Case if there have been changes to the Distribution Service List. Each

² For example, affected Utility Companies will receive notice of *Debtor's Emergency Motion for Interim and Final Orders (I) Approving Form of Adequate Assurance of Payment to Utility Companies, (II) Establishing Procedures for Resolving Objections by Utility Companies, (III) Prohibiting Utility Companies From Altering, Refusing or Discontinuing Service and (IV) Granting Related Relief*. Additional notice parties, such as are identified in the foregoing example shall be identified in the Notice section of the relevant pleading.

such updated Distribution Service List shall be filed with the Court but not served on parties in interest.

15. Pursuant to General Order No. 24-04 of this Court, pleadings and notices shall be served electronically to Registered Participants' attorneys appearing in this Chapter 11 Case and the same "will constitute effective service." *Id.* at ¶ 6(A). Consequently, service of pleadings, papers and notices on the Distribution Service List shall be by electronic means unless entities (or their counsel) who must receive notice are not listed on the Notice of Electronic Filing or may not be served electronically pursuant to the General Order or the Bankruptcy Rules (the "Non-Electronic Service Entities"). The Non-Electronic Service Entities shall be served via various means, including, without limitation, first class United States Mail, overnight delivery, and facsimile, as appropriate.

Basis for Relief

16. Rule 2002(m) provides: "Orders Designating Matter of Notices. The court may from time to time enter orders designating the matters in respect to which, the entity to whom, and the form and manner in which notices shall be sent except as otherwise provided by these rules." Fed. R. Bankr. P. 2002(m).

17. Rule 9007 provides: "When notice is to be given under these rules, the court shall designate, if not otherwise specified herein, the time within which, the entities to whom, and the form and manner in which the notice shall be given. When feasible, the court may order any notices under these rules to be combined." Fed. R. Bankr. P. 9007.

Conclusion

WHEREFORE, for the reasons set forth herein, Debtor respectfully requests that the Court (a) enter the Proposed Order and (b) grant such other and further relief as is just and proper.

Dated: October 7, 2024

Respectfully submitted,

ONECORE

/s/ Craig M. Regens

William H. Hoch, OBA #15788

Craig M. Regens, OBA #22894

Mark A. Craige, OBA #1992

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Proposed Counsel to Debtor

EXHIBIT 1

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

_____	X	
In re	:	
	:	Chapter 11
HOSPITAL FOR SPECIAL SURGERY, LLC	:	
<i>Db</i> a ONECORE HEALTH,	:	Case No. 24-_____ - _____
	:	
Debtor.	:	
_____	X	

**ORDER AUTHORIZING LIMITED NOTICE AND
ESTABLISHING NOTICE PROCEDURES**

Upon the (the “Motion”)³ of Hospital for Special Surgery, LLC *dba* OneCore Health (“OneCore” or “Debtor”) as debtor-in-possession in the above-referenced chapter 11 case (this “Chapter 11 Case”), for entry of an order (this “Order”) under rules 2002(m) and 9007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Bankruptcy Rules 2002-1, 9007-1, and 9013-1 (the “Local Rules”), limiting notice and establishing notice procedures for this Chapter 11

³ All defined terms shall have the meaning ascribed to them in the Motion unless otherwise defined herein.

Case; and this Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and rule 81.4(a) of the Local Civil Rules of the United States District Court for the Western District of Oklahoma; and venue of this Chapter 11 Case and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that the Motion was filed on October 7, 2024, and that the relief requested therein may be granted on an *ex parte* basis; and this Court finding that proper and adequate notice of the Motion and the relief requested therein has been provided in accordance with the Bankruptcy Rules and the Local Bankruptcy Rules of the United States Bankruptcy Court for the Western District of Oklahoma, and that, except as otherwise ordered herein, no other or further notice is necessary; and this Court having found and determined that the relief sought in the Motion is in the best interests of Debtor, its estate, its creditors and all other parties-in-interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. Debtor shall establish a Distribution Service List that includes the following parties and entities:
 - a. the United States Trustee for the Western District of Oklahoma;
 - b. the United States Attorney's Office for the Western District of Oklahoma;
 - c. the Internal Revenue Service;
 - d. the Oklahoma Tax Commission;
 - e. counsel to BOKF, N.A.;
 - e. the parties identified on Debtor's list of 20 largest unsecured creditors; and

- f. parties who file an entry of appearance and request for notices pursuant to Bankruptcy Rule 9010(b).
3. Except as provided herein, notice of all proceedings and contested matters in this Chapter 11 Case shall be deemed sufficiently served when service is made upon the parties listed on the Distribution Service List.
4. Notice of matters shall be served on the parties listed on the Distribution Service List and on all other necessary parties in interest⁴ at their respective last known addresses according to Debtor's records or as provided to Debtor, unless otherwise ordered by the Court.
5. Debtor shall update the Distribution Service List every thirty (30) days following entry of this Order until notice is given of the (i) effective date of a confirmed plan of reorganization, (ii) dismissal or (iii) conversion of this Chapter 11 Case if there have been changes in the Distribution Service List. Each such updated Distribution Service List shall be filed with the Court but not served on parties in interest.
6. Consistent with General Order No. 24-04, service of filings shall be by electronic means unless persons who must receive notice are not listed on the Notice of Electronic Filing or may not be served electronically pursuant to any General Order or the Bankruptcy Rules (the "Non-Electronic Service Entities"). The Non-Electronic Service Entities shall be served by various means, including first class United States Mail, overnight delivery, and facsimile, as appropriate.

⁴ For example, affected Utility Companies must receive notice of *Debtor's Emergency Motion for Interim and Final Orders (I) Approving Form of Adequate Assurance of Payment to Utility Companies, (II) Establishing Procedures for Resolving Objections by Utility Companies, (III) Prohibiting Utility Companies From Altering, Refusing or Discontinuing Service and (IV) Granting Related Relief*. Additional notice parties, such as are identified in the foregoing example must be identified in the Notice section of the relevant pleading.

7. Debtor is authorized and empowered to execute and deliver such documents, and to take and perform all actions necessary to implement and effectuate the relief granted in this Order.

8. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Order.

9. Findings of fact are based upon representations of counsel. Local Rule 9013-1(L)(1)(a).

10. Debtor shall effectuate service of this Order on the Distribution Service List.

IT IS SO ORDERED.

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Approved for Entry:

ONECORE

/s/ Craig M. Regens

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Craig M. Regens, OBA #22894

Mark A. Craige, OBA #1992

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