

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

In re	:	
	:	Chapter 11
HOSPITAL FOR SPECIAL SURGERY, LLC	:	
<i>Db</i> a ONECORE HEALTH,	:	Case No. 24-12862-JDL
	:	
Debtor.	:	

**DECLARATION OF CARRIE MCENTIRE IN SUPPORT OF DEBTOR’S CHAPTER 11
PETITION AND FIRST DAY MOTIONS**

I, Carrie McEntire (“McEntire”), declarant pursuant to 28 U.S.C. § 1746, under penalty of perjury, to the best of my knowledge and believe, that:

1. I am the principal of McEntire Advisory, PLLC, a restructuring advisory services firm. I have personal knowledge of the matters set forth herein.
2. McEntire Advisory, PLLC, in its capacity as proposed financial advisor to, and chief restructuring officer of, Debtor, has worked closely with Debtor’s management and other professionals in assisting with the myriad requirements associated with preparing to file the Chapter 11 Cases. Consequently, McEntire Advisory, PLLC has developed significant relevant experience and expertise regarding Debtor and the unique circumstances of this case.

Background

3. 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.



4. 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

5. 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.

6. 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.

7. 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.

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

9. 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.

Debtor's Cash Management System

10. To facilitate the efficient operation of its business, Debtor operates an accounting and cash disbursement system to collect, transfer and disburse funds generated by its operations (the "Cash Management System"). The Cash Management System has been in place for six (6) years and is essential to the stability of Debtor's assets and business objectives, and to maximizing the value of its estate.

11. The Cash Management System is vital to Debtor's ability to conduct its daily operations, including receiving revenue and paying its vendors, employees, and stakeholders. The Cash Management System provides significant benefits to Debtor including, among other things, the ability to control corporate funds, to ensure the availability of funds when necessary,

and to reduce costs and administrative expenses by facilitating the movement of funds and developing timely and accurate account balance information.

12. Any disruption to the Cash Management System would have an immediate adverse impact on and cause irreparable harm to Debtor's business and would impair Debtor's ability to successfully administer this Chapter 11 Case. Being forced to change the Cash Management System would be a cumbersome process prone to error and the potential for misdirection of receipts. It would be time consuming, difficult, and costly for Debtor to establish an entirely new system of accounts and a new cash management system. The attendant delays from revising cash management procedures and redirecting receipts would create unnecessary pressure on Debtor and its employees while they work to meet the other administrative obligations imposed by chapter 11. Debtor will maintain records of all transfers within the Cash Management System to the same extent they were recorded by Debtor before the Petition Date. As a result, Debtor will be able to document and record the transactions occurring within the Cash Management System for the benefit of all parties in interest, including, without limitation, for purposes of preparing monthly operating reports pursuant to United States Trustee Guidelines.

13. Permitting Debtor to continue using its Cash Management System without requiring opening new bank accounts will help to minimize the disruption caused by this Chapter 11 Case, maximize the value of Debtor's estate, and ensure the seamless operation of Debtor's business, and to realize the benefits of the Cash Management System.

Debtor's Bank Accounts

14. Debtor maintains bank accounts (individually, the "Bank Account," collectively, the "Bank Accounts") with BOKF, N.A. ("BOKF"). BOKF is an authorized depository pursuant to the *Western District of Oklahoma Authorized Depository Listing, Updated April 1, 2015* (the "Depository Listing") created in furtherance of the *Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees* (the "U.S. Trustee Guidelines"). As an authorized depository, BOKF is party to a uniform depository agreement with the U.S. Trustee, and therefore Debtor believes that the Bank Accounts at BOKF will be collateralized in a manner consistent with the requirements of section 345 of the Bankruptcy Code.

15. Debtor estimates that its monthly cash receipt collections averaged approximately \$3,000,000 in the twelve (12) months prior to the Petition Date; however, this amount varies on a month-to-month basis. Because of the disruption to the business that would result if Debtor were forced to close its Bank Accounts and open new debtor-in-possession accounts, and the harm this could cause to Debtor's efforts to quickly market and sell substantially all of its assets as a going concern for the benefit of its estate and creditors, it is critical that the existing Cash Management System remain in place.

16. In the ordinary course of business, Debtor incurs periodic service charges in the form of bank fees, credit card fees, and other fees in connection with the maintenance of the Cash Management System (collectively, the "Bank Fees"), which average approximately \$19,000 per month. The Bank Fees for each month are paid in arrears and are automatically deducted from Debtor's Bank Accounts as they are assessed. Debtor does not believe it owes BOKF any amount related to Bank Fees as of the Petition Date. However, out of an abundance of caution and to maintain the integrity of its Cash Management System, it is necessary and appropriate for the Court

to grant Debtor authority to pay prepetition Bank Fees, in addition to any other Bank Fees for prepetition transactions that are charged postpetition, and to continue to pay the Bank Fees in the ordinary course of business.

17. Debtor believes it can maintain the Bank Accounts without jeopardizing any parties in interest. Requiring Debtor to transfer the Bank Accounts to new accounts or for the Bank Accounts to post a bond would place a needless administrative burden on Debtor and likely impose unnecessary costs on Debtor's estate.

Debtor's Business Forms

18. Debtor uses a variety of preprinted business forms, including checks, letterhead, correspondence forms, invoices, and other business forms, in the ordinary course of business (collectively, the "Business Forms"). Debtor also maintains books and records to document its financial results and a wide array of operating information, including its profits and expenses. To avoid potential distraction and unnecessary expense to its estate, Debtor requests authorization to continue using all Business Forms in existence before the Petition Date, without reference to Debtor's status as chapter 11 debtor in possession, rather than requiring Debtor to incur the expense and delay of ordering new Business Forms as required by U.S. Trustee Guidelines. Debtor submits that once it has exhausted its existing stock of Business Forms, it will ensure that any new Business Forms are clearly labelled "Debtor in Possession," and, with respect to any Business Forms that exist or are generated electronically, Debtor shall ensure that such electronic Business Forms are clearly labelled "Debtor in Possession."

Debtor's Indebtedness to BOKF, N.A.

19. Debtor is indebted to BOKF, N.A. by and through credit facility number 471621 (the "Credit Facility") evidenced by that certain Business Loan Agreement by and

between Hospital For Special Surgery, L.L.C., as Borrower and BOKF, NA d/b/a Bank of Oklahoma (“BOKF”), as Lender, dated as of February 10, 2023, as amended from time to time, (the “Business Loan Agreement”), that certain Commercial Security Agreement by and between Debtor and BOKF dated February 10, 2023 granting liens and security interests in the Prepetition Collateral (as defined below), that certain Promissory Note made by Debtor in favor of BOKF dated February 10, 2023 in the original principal amount of \$1,500,000.00, and the Related Documents, as defined in the Business Loan Agreement (collectively, the “Credit Facility Documents”).

20. Pursuant to the Credit Facility Documents, to secure all obligations under the Credit Facility, Debtor granted a first priority security interest in and to all of its tangible and intangible personal property, including all accounts, instruments, documents, chattel paper, goods (including inventor, equipment, and fixtures), general intangibles, letter-of-credit rights, fixtures, all other property and all proceeds and products of any and all of the foregoing, in each case whether now existing or thereafter acquired (collectively, the “Prepetition Collateral”). As of the Petition Date, the amount due and payable by Debtor to BOKF was approximately \$765,142.41; consisting of: \$750,000.00 in respect of outstanding principal; plus \$4,882.41 in respect of accrued and unpaid interest; plus \$10,260.00 in respect of fees, reasonable documented out-of-pocket costs and expenses incurred or estimated to be incurred by BOKF (including reasonable attorney fees)(collectively, the “BOKF Prepetition Secured Claim”).

Debtor’s Immediate Need for Access to Cash Collateral

21. Debtor’s need for access to Cash Collateral, as such term is defined in the Cash Collateral Motion, is immediate and critical to enable Debtor to continue operations and to administer and preserve the value of its estate until a successful reorganization is completed.

Debtor does not have sufficient available sources of working capital and financing to operate its business or maintain its properties in the ordinary course of business without the authorized use of the Cash Collateral.

22. Debtor's ability to finance its operations, maintain business relationships, pay its employees, protect the value of its assets, maximize value for its creditors and successfully reorganize requires the ability to use Cash Collateral. The absence of such would immediately and irreparably harm the Debtor, its estate, and its creditors, and the possibility for successful administration of this chapter 11 case, including the Debtor's intended value-maximizing sale of substantially all of its assets.

23. The Proposed Initial Approved Budget reflects Debtor's anticipated revenues and expenses for the 13-week period covered therein. The expenses reflected in the Proposed Initial Approved Budget primarily represent the amounts necessary to (i) continue operations as a going concern, (ii) continue OneCore's high quality of care for its patients and (iii) successfully prosecute this Chapter 11 Case in a manner consistent with sound Debtor's business judgment. Debtor will use Cash Collateral to fund (a) operating expenses, (b) professional fees, (c) insurance, (d) taxes, (e) other ordinary course costs and expenses of the Debtor's operations.

Debtor's Proposed Adequate Protection

24. The adequate protection contemplated by the Interim Order is designed to protect the interests of BOKF, N.A. in Debtor's property from any diminution in value caused by the imposition of the automatic stay and Debtor's use of the Prepetition BOK Collateral, including Cash Collateral, during the pendency of this Chapter 11 Case. Specifically, Debtor has agreed to provide to BOKF, N.A. the following forms of adequate protection to the extent of any diminution

in value of its collateral and subject, in each case, to the Carve-Out (collectively, the “Adequate Protection Obligations”):

- (a) Replacement Liens and Security Interests. The Indenture Trustee shall have replacement, or, if applicable, new liens and security interests on the BOK Collateral to secure adequate protection claims that are ranking in the same relative priority and right as do the respective prepetition security interests and liens of the BOKF, N.A.;
- (b) Superpriority Claim. BOKF, N.A. shall have superpriority claims as provided for in section 507(b) of the Bankruptcy Code ranking in the same relative priority and right as do the respective claims of BOKF, N.A. as of the Petition Date;
- (c) Financial Information. Debtor shall allow BOKF, N.A. and its professionals and designees reasonable access, during normal business hours and on not less than 24 hours’ notice, to the premises of Debtor in order to conduct appraisals, analyses and/or audits of the BOK Collateral (as defined below) and shall otherwise reasonably cooperate in providing any other financial information reasonably requested by BOKF, N.A. for this purpose. From and after the entry of the Proposed Interim Order, the Debtor-in-Possession shall provide to BOKF, N.A. once each week (commencing with the second week after the Petition Date), a weekly report certified by an authorized representative of Debtor and in the same form as the Cash Collateral Budget indicating all receipts received and disbursements made by the Debtor-in-Possession in the week ending the prior Friday compared to the Cash Collateral Budget and detailing any variances of more than 10% and at least \$10,000 from the expenditures and receipts in the Cash Collateral Budget. Debtor and its professionals shall be available once each week (subject to reasonable scheduling conflicts) for a telephonic conference call with BOKF, N.A. to discuss matters pertaining to OneCore and this Chapter 11 Case. Debtor shall provide to BOKF, N.A. such other reports and information as BOKF, N.A. may reasonably request from time to time; and
- (d) Payment of Interest Pursuant to the BOK Loan Documents. OneCore shall continue to pay interest as and when it becomes due under the BOK Loan Documents.

25. The use of Cash Collateral further provides the liquidity necessary to stabilize and fund Debtor’s operations during this Chapter 11 Case as it seeks to preserve and maximize the value of its estate for the benefit of all parties in interest, and to efficiently and successfully maximize value for all parties in interest through an orderly liquidation. Without authorization to use Cash Collateral, rather than liquidating in an orderly fashion while maintaining a going concern, the Debtor’s estate could be required to undertake a liquidation process on a highly expedited basis and, in that scenario, secured creditor recoveries would likely be materially

impaired when compared to recoveries available if the Debtor is able to use Cash Collateral. The use of Cash Collateral therefore eliminates the risk of an expedited liquidation and, by avoiding that possible near-term outcome, provides a direct benefit to BOKF, N.A.

Employees

A. Prepetition Wages, Salaries and Other Cash Compensation.

26. As of the Petition Date, Debtor's workforce consists of approximately 100 employees, approximately 60 of whom are full-time employees (the "Full-Time Employees") and approximately 40 of whom are contract or part-time employees (the "Part-Time Employees" and, together with the Full-Time Employees, the "Employees"), performing services on an as-needed basis, of the Debtor.

27. In the ordinary course of business, Debtor compensates the Employees through a payroll service, Paycom, utilizing funds provided before each payroll by Debtor for the Employees.

28. In the ordinary course of Debtor's business, all Employees are paid once every two (2) weeks. The Employees have been paid their prepetition wages and salaries through September 22, 2024. Prepetition payroll of Employees for the period spanning September 28 to October 6, 2024, through the Petition Date, has not yet been paid and, in the ordinary course of Debtor's business, would be paid on October 11, 2024. The next pay period runs from October 7, 2024 through October 20, 2024 and is scheduled to be paid on October 25, 2024. Because the current pay period began before the Petition Date, a portion of the wages and salaries for the current pay period represent prepetition debt of OneCore owed to the Employees.

29. OneCore estimates that the gross amount of accrued prepetition wages, salaries, and other cash compensation, excluding paid time off (“PTO”), that remains unpaid to the Employees as of the Petition Date is approximately \$299,766.00.

30. The accrued PTO for Debtor’s Employees, as of the Petition Date, is approximately \$181,149.00. Because some PTO benefits accrued prepetition, Debtor must obtain authorization to honor and pay such amounts to Employees to maintain without interruption the Employee benefits on a going forward basis. Debtor requests that this Court permit Debtor to honor and pay such PTO benefits as a component of the Employee Benefits authorized by the Proposed Order.

B. Prepetition Employee Business Expenses.

31. In the ordinary course of its business, Debtor promptly pays its Employees for certain expenses incurred in the scope of their employment upon submission of compliant expense reports.

32. Such expenses include, without limitation, expenses for work-related travel, including mileage, patient food, office supplies, and other business-related expenses.

33. It is impractical for Debtor to determine the actual amount of such prepetition reimbursable expenses, in part because Debtor pays such expenses only after an Employee submits a compliant expense report. Although Debtor promptly processes reimbursement requests, Employees are not required to submit their reimbursement requests within a specified time period after the expenses are incurred. Debtor estimates that, as of the Petition Date, the amount of such expenses are unlikely to exceed \$1,000.00.

C. Prepetition Deductions, Withholdings and Taxes.

34. During each applicable pay period, Debtor routinely deducts certain amounts from Employee paychecks, including without limitation, (i) garnishments, (ii) voluntary charitable contributions, (iii) other pre- and after-tax deductions payable pursuant to Employee Benefits plans and programs, (iv) other miscellaneous deductions and contributions for the Employee Benefits, including without limitation, 401(k) contributions (collectively, the “Employee Deductions and Contributions”).

35. Debtor is also required by law to withhold from an Employee’s wages amounts related to various federal, state and local taxes for remittance to the appropriate taxing authorities (the “Payroll Taxes”). Similarly, Debtor must pay unemployment taxes quarterly. However, these Payroll Taxes are withdrawn from Debtor’s account with the total payroll cost for each payroll period.

36. Debtor estimates that the gross amount of prepetition Deductions and Contributions, including Payroll Taxes and unemployment taxes, which remain unpaid as of the Petition Date is approximately \$62,291.00. While Debtor, through a payroll service, remits these funds to federal, state, and local taxing authorities, Debtor is the source of such remitted funds.

D. Insurance Premiums, Contributions, Costs and Claims.

37. Debtor maintains a BlueCross BlueShield health insurance plan (the “Health Plan”). Debtor also maintains separate policies providing coverage for vision, dental insurance, plus group term life insurance (collectively, the “Insurance Policies”).

38. Debtor estimates that the gross amount of insurance premiums, contributions, costs and claims owed for the period preceding the Petition Date is approximately

\$134,246.80. Debtor's estimate is based on its monthly estimated payment in the amount \$61,563.16 and outstanding pre-petition invoices totaling \$72,683.64.

E. Third-Party Administrative Costs.

39. In the ordinary course of its business, Debtor utilizes the services of third-party administrators, through Solara Surgical Partners, LLC, to whom it outsources tasks associated with the provision of 401(k) benefits to Employees. Outsourcing ensures that Debtor meets its obligations to Employees in a lawful, efficient and cost-effective manner. Debtor estimates that its outstanding administrative costs as of the Petition Date amount to approximately \$20,441.50. In the ordinary course of business, Debtor pays all amounts owed for third-party administrative costs.

Critical Vendors

40. Debtor operates in highly specialized, highly regulated, and highly competitive industries. The uniqueness and competitiveness of the hospital industry, including, without limitation, its component care specializations which Debtor offers, such as orthopedic surgery and radiology, leaves companies, such as OneCore, which provide services therein, with few alternatives with respect to certain vendors and service providers. If a vendor increases its prices or refuses to do business, OneCore may be unable to switch to a different vendor quickly and efficiently. Moreover, some vital products important to patients' health, safety and welfare are custom-made or supplied by sole-source or limited-source vendors who cannot be replaced without extraordinary expense or delay.

41. OneCore must ensure that it can deliver critical supplies to its patients when the need arises. Any material disruption to OneCore's substantial vendor relationships could have

a catastrophic impact on its reputation among its patients, its market share, and ultimately, OneCore's ability to successfully emerge from this Chapter 11 Case as a going concern.

42. To achieve uninterrupted and timely service to its patients, Debtor relies on continuing access to, and relationships with, certain vendors (the "Critical Vendors"). Without uninterrupted access to these goods and services, and the smooth transition into its restructuring, OneCore's operations would be severely impaired, and its patients impacted to the detriment of all.

43. For this reason, Debtor requests authorization to pay certain outstanding prepetition claims of the Critical Vendors (the "Critical Vendor Claims"), subject to the limitations set forth in the proposed Interim and Final Orders. Given the size, number and scale of Debtor's operations, Debtor intends to use its discretion to pay only those Critical Vendor Claims that are critical to maintaining Debtor's supply chain and provide Debtor with favorable postpetition terms. The following table summarizes the estimated amount of outstanding Critical Vendor Claims that Debtor requests authority to pay:

Category	Estimated Amount Due to be Paid Within 25 Days (Interim Order)	Estimated Amount to be Paid after 25 Days (Final Order)
Critical Vendor Claims – General	\$1,000,000	\$1,000,000
Critical Vendor Claims – Contracted Services	\$200,000	\$200,000

44. Debtor has historically enjoyed favorable trade terms with certain of its Critical Vendors and believes that it would likely need to forego these favorable terms if it is forced to seek out new suppliers who may demand cash in advance or cash on delivery. Less favorable trade terms would negatively impact the value of Debtor's estate.

45. To identify Critical Vendors and estimate prepetition amounts outstanding, Debtor, in conjunction with its advisors, closely reviewed its accounts payable and prepetition vendor lists and segregated the Critical Vendors into two categories: General and Contracted Services. The criteria considered in evaluating critical vendor status included whether: (a) a particular vendor is a sole- or limited-source provider; (b) quality control or other contractual requirements preventing Debtor from replacing the vendor; (c) the vendor supplies highly specialized goods that require lead time to develop, produce and/or source and deliver; (d) Debtor receives advantageous pricing or other terms from the vendor; (e) the vendor might face its own liquidity problems if Debtor does not promptly pay its prepetition claim; and (f) Debtor lacked a long-term supply contract with the vendor, through which Debtor could compel performance.

46. Included among Debtor's Critical Vendors, as Contracted Services, is OneCore Health. As further described herein, doctors performing procedures on behalf of Debtor are contractually affiliated with OneCore Health.

47. OneCore Health contracts with over 28 individual doctors and/or entities to provide professional medical services including medical directorships and/or ordinary course medical services. These doctors and/or entities have been paid approximately \$1,300,000 in the last 12 months and have approximately \$400,000 outstanding in pre-petition claims. These pre-petition claims are comprised of outstanding checks and/or current accounts payable for recently rendered services. McEntire estimates that the monthly amount payable to these individuals and/or entities over the next 13 weeks will be approximately \$100,000 per month for ordinary course post-petition services.

48. Debtor believes that jeopardizing its relationships with any of the entities identified as Critical Vendors would impose a severe strain on its business operations, would

unfairly harm its patients, and would likely result in significant revenue loss. Even a temporary interruption of the provision of the Critical Vendors' goods and services would impede Debtor's operations, and the cumulative impact of such interruptions could have a catastrophic adverse effect on Debtor's business and its ability to restructure as a going concern. Such harm would likely far outweigh the aggregate amount of the Critical Vendor Claims, which is modest in comparison to the overall value of Debtor's enterprise and the amount of its secured and unsecured debt.

49. For the avoidance of doubt, Debtor and its advisors have not determined the complete list of individual Critical Vendors and will, in their sole discretion, make such determinations on a case-by-case basis. If the amount of claims proposed to be paid must be amended, Debtor will file a notice of the proposed coverage and provide an opportunity for objections thereto. For the avoidance of doubt, Debtor intends to pay only those Critical Vendor Claims where it believes, in its business judgment, that the benefits to making such payments will exceed the costs.

50. For the twelve months before the Petition Date, on average, Debtor paid the currently identified Critical Vendors - General approximately \$19,000,000. Debtor estimates that, as of the Petition Date, the outstanding amount of Critical Vendor Claims (that are not addressed by other First-Day Motions) may be as much as approximately \$2,000,000. Of these, approximately \$1,000,000 may come due during the first 25 days of these chapter 11 cases.

51. Before the Petition Date and in the ordinary course of business, Debtor may have ordered goods that will not be delivered until after the Petition Date (collectively, the "Outstanding Orders"). To avoid the risk of becoming unsecured creditors with respect to such goods, certain suppliers may refuse to ship or transport goods subject to the Outstanding Orders

(or may recall shipments) unless Debtor issues substitute postpetition purchase orders. To avoid this disruption to its business, and because goods delivered after the Petition Date and accepted by Debtor will likely be entitled to administrative expense priority under section 503(b) of the Bankruptcy Code, Debtor seeks an order authorizing it, in its discretion, to satisfy any Outstanding Orders.

Utility Services and Utility Companies

52. In connection with the operation of its businesses and management of its properties, Debtor obtains electricity, water, waste disposal, telecommunications, and other similar services (collectively, the “Utility Services”) from a number of utility companies or brokers (collectively, the “Utility Companies”). A non-exclusive list of the Utility Companies and their affiliates that provide Utility Services to Debtor as of the Petition Date (the “Utility Services List”) is attached to the Utilities Motion as Exhibit 2.

53. The Utility Services are essential to Debtor’s ongoing business operations. Should any Utility Provider refuse or discontinue service, even for a brief period, Debtor’s business operations and safety procedures could be severely disrupted, and such disruption could jeopardize Debtor’s reorganization efforts. Accordingly, it is essential that the Utility Services continue uninterrupted during this Chapter 11 Case.

54. On average, Debtor pays approximately \$23,000 each month for third-party Utility Services. Debtor has a security deposit on account with the City of Oklahoma City totaling \$3,320.88.

55. Preserving Utility Services on an uninterrupted basis is vital to Debtor’s ongoing operations. In the course of operating its business, Debtor relies on Utility Services to, *inter alia*, power its medical equipment, administer patient procedures, ensure access to, and the

security of, patient health information, and safely dispose of medical waste. Any interruption in Utility Services, no matter how brief, would not only compromise Debtor's business, but, more importantly, would endanger patient safety. Such a result could harm Debtor's ability to remain in compliance with various government regulations and honor contractual commitments to private health plan counterparties, ultimately frustrating creditor recoveries and imperiling the trajectory of this Chapter 11 Case. Losing access to Utility Services would hinder Debtor's efforts to carry out its reorganization strategy and would dampen employee morale. Therefore, it is critical that Utility Companies provide Utility Services to Debtor on an uninterrupted basis.

Insurance

A. The Insurance Policies.

56. In the ordinary course of business, Debtor maintains an insurance program comprised of multiple insurance policies (collectively, the "Insurance Policies" and, each individually, an "Insurance Policy") that are administered by various third-party insurance carriers (collectively, the "Insurance Carriers"). The Insurance Policies provide coverage for, among other things, Debtor's property liability, general liability, worker's compensation, cyber, directors and officers liability, employment practices liability, pollution, umbrella liability and professional liability. The Insurance Policies are essential to the continuing operation of Debtor's business. The aggregate annual premium for the Insurance Policies is \$406,424.84. A schedule (the "Insurance Schedule") is attached hereto as Exhibit 3. For each Insurance Policy, the Insurance Schedule includes or identifies (i) the corresponding Insurance Carrier; (ii) the coverage period; and (iii) the annual premium.

57. The Insurance Policies have one-year terms, renewing at various times throughout the year, subject to such Policies' terms. Insurance premiums are paid either annually

or in installments throughout the year, subject to the payment terms under each Insurance Policy. As of the Petition Date, Debtor estimates that no amount is owed in overdue insurance premiums to the Insurance Carriers.

58. The continuation of the Insurance Policies and, if necessary, entry into new insurance policies is essential to the preservation of the value of Debtor's business and operations. Some of the Insurance Policies are required by the various regulations, laws, and contracts that govern Debtor's commercial activities. Additionally, section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). Moreover, the *Operating Guidelines for Chapter 11 Cases* of the U.S. Trustee (the "U.S. Trustee Guidelines") require debtors to maintain insurance coverage throughout the pendency of this Chapter 11 Case.

B. The Premium Finance Agreement.

59. The policies identified on Exhibit 2 to the Insurance Motion are covered by multiple finance agreements. Exhibit 2 to the Insurance Motion also identifies the monthly payment amount and expiration date for each of the financed policies.

Protection of Employee and Patient Personally Identifiable Information

60. As set forth above, Debtor has 100 Employees. Moreover, during the past two years, Debtor's physicians have performed 8,400 surgical procedures on distinct patients ("Surgical Patients") and performed radiology services for approximately 20,000 patients ("Radiology Patients"). Presently, it is unknown to Debtor whether any of the Surgical Patients are creditors or, even parties in interest in this Chapter 11 Case. Out of an abundance of caution, Debtor intends to provide notice to the Surgical Patients of the filing of this Chapter 11 Case and

to request that such Surgical Patients opt-in to further notices, if any such Surgical Patient believes he or she is a prepetition creditor of Debtor.

61. Debtor is concerned that disclosing Employee and/or Surgical Patient identities presents a risk to such persons of identity theft or other unlawful injury and would otherwise compromise confidential information protected from disclosure under the law.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: October 7, 2024

MCENTIRE ADVISORY, PLLC

s/Carrie McEntire

Carrie McEntire
Managing Director

Dated: October 7, 2024

Respectfully submitted,

ONECORE

/s/Craig M. Regens

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