

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

In re

HOSPITAL FOR SPECIAL SURGERY, LLC
Dba ONECORE HEALTH,

Debtor.

X

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X

Chapter 11

Case No. 24-_____ - _____

**DEBTOR’S APPLICATION FOR ENTRY OF AN ORDER UNDER 11 U.S.C. §§ 327(a)
AND 328 AUTHORIZING THE RETENTION AND EMPLOYMENT OF MCENTIRE
ADVISORY, PLLC AS FINANCIAL ADVISOR TO AND CHIEF RESTRUCTURING
OFFICER OF DEBTOR AND DEBTOR IN POSSESSION EFFECTIVE AS OF THE
PETITION DATE AND NOTICE OF OPPORTUNITY FOR HEARING**

**YOUR RIGHTS MAY BE AFFECTED. YOU SHOULD READ THIS DOCUMENT
CAREFULLY AND CONSULT YOUR ATTORNEY ABOUT YOUR RIGHTS AND THE
EFFECT OF THIS DOCUMENT. IF YOU DO NOT WANT THE COURT TO GRANT THE
REQUESTED RELIEF, OR YOU WISH TO HAVE YOUR VIEWS CONSIDERED, YOU
MUST FILE A WRITTEN RESPONSE OR OBJECTION TO THE REQUESTED RELIEF
WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA, 215 DEAN A. MCGEE AVENUE, OKLAHOMA
CITY, OK 73102 NO LATER THAN **14 DAYS** FROM THE DATE OF FILING OF THIS
REQUEST FOR RELIEF. YOU SHOULD ALSO SERVE A FILE-STAMPED COPY OF YOUR
RESPONSE OR OBJECTION ON THE UNDERSIGNED MOVANT/MOVANT’S ATTORNEY
AND ANY OTHERS WHO ARE REQUIRED TO BE SERVED. IF NO RESPONSE OR
OBJECTION IS TIMELY FILED, THE COURT MAY GRANT THE REQUESTED RELIEF
WITHOUT A HEARING OR FURTHER NOTICE. **THE 14-DAY PERIOD INCLUDES THE
THREE (3) DAYS ALLOWED FOR MAILING PROVIDED FOR IN BANKRUPTCY
RULE 9006(F).****

Hospital for Special Surgery, LLC *dba* OneCore Health (“OneCore” or the “Debtor”)
hereby submits this application (this “Application”) for entry of an order, substantially in the form
attached hereto as Exhibit 1 (the “Proposed Order”), pursuant to sections 327(a) and 328(a) of title
11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), Rule 2014(a) of
the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 2014-1 of the Local



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Bankruptcy Rules of the United States Bankruptcy Court for the Western District of Oklahoma (the “Local Bankruptcy Rules”), authorizing the retention and employment of McEntire Advisory, PLLC as financial advisor and Carrie McEntire of McEntire Advisory, PLLC as chief restructuring officer to Debtor retroactive to the Petition Date. In support of this Application, Debtor relies on the *Declaration of Disinterestedness of Carrie McEntire*, 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.

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.

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.

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.

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 Relief Requested

9. In consideration of the size and complexity of its business, as well as the exigencies of the circumstances, Debtor has determined that the services of an experienced financial advisor, including, without limitation, service of such financial advisor in the role of chief restructuring officer, will substantially enhance Debtor's attempts to maximize the value of its estate. McEntire Advisory, PLLC is well qualified to provide these services in light of its knowledge and expertise with respect to chapter 11 proceedings.

10. Carrie McEntire has over a decade of experience working with debtors and creditors in insolvency and restructuring proceedings. Her experience includes, but is not limited to, assisting Debtors in Possession with the preparation of financial disclosures required by the Court, implementation of cash management systems and processes to comply with Court Orders, identification and negotiation of pre-petition critical vendors, and assisting Debtors through a sale pursuant to section 363 of the Bankruptcy Code and/or through a plan of reorganization.

11. Additionally, McEntire Advisory, PLLC is familiar with Debtor's business, financial affairs and capital structure. Since its engagement on September 12, 2024, McEntire Advisory, PLLC 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, Debtor believes that McEntire Advisory, PLLC has developed significant relevant experience and expertise regarding Debtor and the unique circumstances of this case. For these reasons, McEntire Advisory, PLLC is both well qualified and uniquely suited to deal effectively and efficiently with matters that may arise in the context of this case. Accordingly, Debtor submits

that the retention of McEntire Advisory, PLLC on the terms set forth herein is necessary and appropriate, is in the best interests of Debtor's estate, creditors, and all other parties in interest, and should be granted in all respects.

Scope of Services

12. McEntire Advisory, PLLC will provide such restructuring support services as it and the Debtor shall deem appropriate and feasible in order to manage, in its capacity as CRO, and advise, in its capacity as FA, the Debtor in the course of the Chapter 11 Case, including, but not limited to:

- (a) assistance to the Debtor in the preparation of financial-related disclosures required by the Court, including the Debtor's Schedules of Assets and Liabilities, Statements of Financial Affairs, and Monthly Operating Reports;
- (b) assistance with the identification and implementation of short-term cash management procedures;
- (c) advisory assistance in connection with the development and implementation of key employee compensation and other critical employee benefit programs;
- (e) assistance with the identification of executory contracts and leases and performance of cost/benefit evaluations with respect to the affirmation or rejection of each;
- (f) assistance to the Debtor's management team and counsel focused on the coordination of resources related to the sales process and independent management of the sales process;
- (g) assistance in the preparation of financial information for distribution to creditors and others, including, but not limited to, cash flow projections and budgets, cash receipts and disbursement analysis, analysis of various asset and liability accounts, and analysis of proposed transactions for which Court approval is sought;
- (h) attendance at meetings and assistance in discussions with potential investors, banks, and other secured lenders, any official committee(s) appointed in the Chapter 11 Case, the United States Trustee for the Western District of Oklahoma (the "U.S. Trustee"), other parties in interest, and professionals hired by same, as requested;

- (i) analysis of creditor claims by type, entity, and individual claim, including assistance with development of databases, as necessary, to track such claims;
- (j) assistance in the preparation of information and analysis necessary for the confirmation of a plan of reorganization or otherwise in the Chapter 11 Case, including information contained in the disclosure statement;
- (k) assistance in the evaluation and analysis of avoidance actions, including fraudulent conveyances and preferential transfers;
- (l) assistance in the analysis and preparation of information necessary to assess the tax attributes related to the confirmation of a plan of reorganization in the Chapter 11 Case, including the development of the related tax consequences contained in the disclosure statement;
- (m) litigation advisory services with respect to accounting and tax matters if necessary, along with expert witness testimony on case related issues as required by the Debtor; and
- (n) rendering such other general business consulting or such other assistance as Debtor's management or counsel may deem necessary consistent with the role of a financial advisor to the extent that it would not be duplicative of services provided by other professionals in this proceeding.

McEntire Advisory, PLLC's Disinterestedness

13. To the best of Debtor's knowledge, information and belief, other than as set forth in the Declaration of Carrie McEntire (the "McEntire Declaration"), annexed hereto as Exhibit 1, McEntire Advisory, PLLC: (i) has no connection with the Debtor, its creditors, other parties in interest, or the attorneys or accountants of any of the foregoing, or the United States Trustee or any person employed in the Office of the United States Trustee; (ii) does not hold any interest adverse to the Debtor's estate; and (iii) believes it is a "disinterested person" as defined by section 101(14) of the Bankruptcy Code.

14. Accordingly, Debtor believes that McEntire Advisory, PLLC is "disinterested" as such term is defined in section 101(14) of the Bankruptcy Code.

15. Additionally, as set forth in the McEntire Declaration, if any new material facts or relationships are discovered or arise, McEntire Advisory, PLLC will provide the Court with a supplemental declaration.

Terms of Retention

16. Subject to approval by the Court, Debtor proposes to employ and retain McEntire Advisory, PLLC to serve as FA and CRO on the terms and conditions set forth in the Engagement Letter, annexed hereto as Exhibit 2.

17. Compensation. In accordance with the terms of the Engagement Letter, McEntire Advisory, PLLC will be paid by Debtor for its services at its customary hourly billing rates, which are set forth immediately below:

18. Additionally, McEntire Advisory, PLLC will be reimbursed for its reasonable expenses, subject to applicable U.S. Trustee Guidelines and application to the Court and entry of an order approving the reimbursement of such expenses.

Fees

19. Debtor understands that McEntire Advisory Services, PLLC intends to apply to the Court for allowance of compensation and reimbursement of expenses for its financial advisory services in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, corresponding Local Rules, orders of the Court, and guidelines established by the U.S. Trustee regarding submission and approval of fee applications.

20. McEntire Advisory, PLLC received \$22,392.50 for pre-petition services and a \$100,000.00 retainer as described in the Engagement Agreement. In the ninety (90) days prior to the Petition Date, McEntire Advisory, PLLC drew the amount of \$5,750.00 against the retainer for services renders to Debtor. The remaining balance of the retainer will be applied to

amounts due for services rendered during the course of the Chapter 11 Case, subject to allowance of such fees and expenses.

21. Debtor submits that the fee arrangements set forth herein are reasonable pursuant to section 328(a) of the Bankruptcy Code.

Jurisdiction

22. The Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334 and rule 81.4 of the Local Civil Rules of the United States District Court for the Western District of Oklahoma. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue for purposes of considering this Application is proper in this Court under 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, and Local Bankruptcy Rule 2014-1.

Relief Requested

23. By this Application, Debtor requests entry of the Proposed Order authorizing Debtor to retain and employ Crowe & Dunlevy as its counsel in connection with this Chapter 11 Case effective *nunc pro tunc* to the Petition Date.

Basis for Relief

24. The relief requested herein is appropriate under sections 327(a), 328, and 1107(b) of the Bankruptcy Code. Section 327(a) of the Bankruptcy Code empowers the trustee, with the Court's approval, to employ professionals "that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title." 11 U.S.C. § 327(a). Section 101(14) of the Bankruptcy Code defines a "disinterested person" as a person that:

- (a) is not a creditor, an equity security holder, or an insider;
- (b) is not and was not, within 2 years before the date of the filing of the petition, a director, officer, or employee of the debtor; and
- (c) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.

11 U.S.C. § 101(14).

25. Further, section 1107(b) of the Bankruptcy Code provides that “a person is not disqualified for employment under section 327 of this title by a debtor in possession solely because of such person’s employment by or representation of the debtor before the commencement of the case.” 11 U.S.C. § 1107(b). McEntire Advisory, PLLC’s prepetition relationship with Debtor is therefore not an impediment to its retention as Debtor’s post-petition FA and CRO.

26. Section 328(a) of the Bankruptcy Code authorizes the employment of a professional person “on any reasonable terms and conditions of employment, including on a retainer . . .” 11 U.S.C. § 328(a). Debtor submits that the terms and conditions of McEntire Advisory, PLLC’s retention as described herein, including the proposed compensation and indemnification terms, are reasonable and in keeping with the terms and conditions typical for engagements of this size and character. Since Debtor will require substantial assistance with the reorganization process, it is reasonable for Debtor to seek to employ and retain McEntire Advisory, PLLC to serve as its FA and CRO on the terms and conditions set forth herein.

Notice

27. Notice of this Application has been provided to: (a) the United States Trustee for the Western District of Oklahoma (the “U.S. Trustee”); (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) any other party that has requested notice pursuant to Bankruptcy Rule 2002. Debtor submits that, in light of the nature of the relief requested, no other or further notice need be provided.

Conclusion

WHEREFORE, for the reasons set forth herein, Debtor respectfully requests that the Court enter an order granting this Application and awarding 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 Regens, OBA #22894

Mark A. Craige, OBA #1992

Kaleigh Ewing, OBA #35598

-Of the Firm-

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Proposed Counsel to Debtor

Exhibit 1

McEntire Declaration

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

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

**DECLARATION OF CARRIE MCENTIRE IN SUPPORT OF DEBTOR'S
APPLICATION FOR ENTRY OF AN ORDER UNDER 11 U.S.C. §§ 327(a) AND 328
AUTHORIZING THE RETENTION AND EMPLOYMENT OF MCENTIRE
ADVISORY, PLLC AS FINANCIAL ADVISOR TO AND CHIEF RESTRUCTURING
OFFICER OF DEBTOR AND DEBTOR IN POSSESSION EFFECTIVE AS OF THE
PETITION DATE**

I, Carrie 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 ("McEntire"), a restructuring advisory services firm. I have personal knowledge of the matters set forth herein.

2. I have reviewed the list of potential parties in interest reflected on the creditors matrix and the list of surgical patients (collectively, the "Potential Conflicts List").

3. Based on this review of the Potential Conflicts List, McEntire is not a creditor of Debtor; an equity security holder of Debtor; is not, and has not been, within two (2) years before the date of the filing of the petition, a director, officer, or employee of Debtor; and does not have an interest materially adverse to the interests of the Debtor's estate, or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtor, or for any other reason.

4. To the best of my knowledge, no employee of McEntire is a relative of, or has been connected with the U.S. Trustee in this district or its employees.

5. Accordingly, to the best of my knowledge, McEntire is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code.

6. If any new material relevant facts or relationships are discovered or arise, McEntire will promptly file a supplemental declaration.

7. Subject to Court approval and in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, applicable U.S. Trustee guidelines, and the Local Rules, McEntire will seek from Debtor payment for compensation on an hourly basis and reimbursement of actual and necessary expenses incurred by McEntire. McEntire’s customary hourly rates as charged in bankruptcy and non-bankruptcy matters of this type by the professionals assigned to this engagement are outlined in this Application.

8. To the best of my knowledge, (i) no commitments have been made or received by McEntire with respect to compensation or payment in connection with these cases other than in accordance with applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and (ii) McEntire has no agreement with any other entity to share with such entity any compensation received by McEntire in connection with the Chapter 11 Case.

9. By reason of the foregoing, I believe McEntire is eligible for employment and retention by Debtor pursuant to section 327(a), as modified by sections 1107(b), 328, 330 and 331 of the Bankruptcy Code and applicable Bankruptcy Rules and Local Rules.

10. The foregoing constitutes the statement of McEntire pursuant to Bankruptcy Rule 2014(a).

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



McEntire Advisory, PLLC
13701 S. Santa Fe Ave, Suite B
Oklahoma City, OK 73170
(405) 594-0450

September 30, 2024

Steve Hockert
Hospital for Special Surgery, LLC
d/b/a OneCore Health
100 NE 85th St
Oklahoma City, OK 73114

Re: Chief Restructuring Officer for OneCore Health

Dear Mr. Hockert,

We are pleased to be retained by you as the Chief Restructuring Officer to provide restructuring advisory services for OneCore Health. This engagement letter sets forth the terms of our services. If these arrangements are acceptable, please sign the enclosed copy of this letter and return it to us at your earliest convenience along with the \$100,000 retainer set forth below.

Independent Nature of Services. Our services will be delivered in a manner that is independent, impartial and objective. We do not warrant the outcome of this matter, and neither the amount nor payment of our fees is contingent on any result.

Fees and Expenses. Our fees will be based on the actual hours expended at our standard rates, plus out-of-pocket expenses. Our current hourly rates are:

	<u>Hourly Rate</u>
Director	\$300-\$375
Manager	\$200-\$295
Consultant	\$150-\$195
Staff	\$100-\$145

Our rates are subject to change periodically. When balances are owed, we will provide invoices on a monthly basis to you. Our invoices will include our out-of-pocket expenses such as research costs, delivery services, postage, telephone, travel and photocopying. Invoiced amounts are due and payable upon receipt of the invoice. Any invoices which are past due sixty (60) days or more are subject to a service charge of 1.5% monthly.

Retainer. It is our policy to collect a retainer and receive the fully executed engagement letter before we begin providing any services. The retainer for this matter shall be \$100,000. This retainer

will be applied to our final invoice for time and expenses, with any unused amount refunded to the party who paid the retainer unless that party directs, in writing, that the refund be paid to a different party.

Right to Withhold Services and/or Withdraw. Without liability on our part and without regard to the stage of litigation, we shall have the right to withhold providing services (including delivering any report or providing testimony) or withdraw completely, at our sole discretion, if any of our invoices are not timely paid or if we determine that an irreconcilable conflict has arisen.

Reliance on Expert Reports. In the event that we prepare any expert reports, exhibits or presentation materials (“**Expert Work Product**”) as part of this engagement, the use of any such Expert Work Product shall be limited to the litigation of the above referenced matter. The Expert Work Product may not be used or relied on, in whole or in part, for any other purposes.

Valuation Dates. If the development of any appraisal opinions is needed in this engagement, you shall have responsibility for determining and advising us of the date(s) of value that are legally pertinent to the matter.

Confidentiality and Recordkeeping. We will maintain the confidentiality of all information and documentation received during our work and will abide by all court orders and applicable professional standards regarding the disclosure of information relating to this matter. Our firm document retention policy, in compliance with our professional standards, dictates that we retain our work file for a period of five-years after preparation or at least two years after final disposition of any judicial proceeding in which the firm provided testimony related to the assignment, whichever period expires last.

Subpoenas and Testimony. In the event that our firm or any of its owners, appraisers or employees are required by subpoena or other legal process to provide testimony or produce documents relating to our services or work product in connection with this engagement, whether as an expert or percipient witness, and whether in court, deposition, arbitration or in any other proceeding, and regardless of the identity of the party requiring such testimony or production of documents, you agree to compensate our firm for the time incurred in connection with preparation for and provision of such testimony and/or documents at our regular hourly rates in effect at that time for expert/testimonial services and to reimburse our reasonable actual expenses. The foregoing shall not apply to the extent that a third party pays for our fees or expenses.

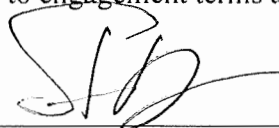
Hold Harmless and Limitation of Liability. To assure that our services in this matter can be rendered freely and independently, you agree to indemnify, defend and hold harmless our firm, its owners, appraisers, employees, agents and representatives from and against any and all liabilities, losses, costs and expenses relating to our consulting or testimonial services rendered under this engagement. The foregoing shall not apply to any matter resulting from our gross negligence or willful misconduct. In any case, however, the total collective liability of our firm, its owners, appraisers, employees, agents and representative for all claims of any kind arising out of, relating to or connective with this engagement shall be limited to the total fees paid to us under this engagement.

Sincerely,



Carrie McEntire
Owner & Managing Director
McEntire Advisory, PLLC

Approved as to engagement terms and fees:



Steve Hockert
Hospital for Special Surgery, LLC
dba OneCore Health

Date: 10/2/24