

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. 24-12862-JDL
	:	
Debtor.	:	
	X	

**DEBTOR’S MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING DEBTOR TO
(A) CONTINUE INSURANCE COVERAGE ENTERED INTO PREPETITION AND
SATISFY PREPETITION OBLIGATIONS RELATED THERETO,
(B) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE
POLICIES, (C) HONOR THE TERMS OF THE PREMIUM FINANCING AGREEMENT
AND PAY PREMIUMS THEREUNDER, (D) ENTER INTO NEW PREMIUM FINANCE
AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS; (II) AUTHORIZING
BANKS TO HONOR AND PROCESS CHECK AND ELECTRONIC TRANSFER
REQUESTS RELATED THERETO; AND (III) GRANTING RELATED RELIEF WITH
BRIEF IN SUPPORT, NOTICE OF OPPORTUNITY FOR HEARING
AND NOTICE OF HEARING**

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 motion, or you wish to have your views considered, you must file a written response to the motion 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 12:00 p.m. (CDT) on October 9, 2024.** You should also serve a file-stamped copy of the response to the undersigned [and others who are required to be served] and file a certificate or affidavit of service with the Court.

**NOTICE OF HEARING
(TO BE HELD IF A RESPONSE IS FILED)**

Notice is hereby given that if a response to the Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Payment of Prepetition Claims of Critical Vendors and (II)



Authorizing the Payment of Outstanding Orders is filed, the hearing on the matter will be held on October 10, 2024 at 10:00 a.m. (CDT) in the 2nd floor courtroom of the United States Bankruptcy Court for the Western District of Oklahoma, 215 Dean A. McGee Avenue, Oklahoma City, OK 73102. If no response is timely filed and the court grants the requested relief prior to the above-referenced hearing date, the hearing will be stricken from the docket of the Court.

Hospital for Special Surgery, LLC *dba* OneCore Health (“OneCore” or “Debtor”) hereby submits this motion (the “Motion”) for entry of an interim order, substantially in the form attached hereto as Exhibit 1 (the “Proposed Interim Order”), and a final order (the “Proposed Final Order”), pursuant to sections 105, 363, 364, 1107(a) and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as in effect and hereafter amended (the “Bankruptcy Code”), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 9013-1 of the Local Rules for the United States Bankruptcy Court for the Western District of Oklahoma (the “Local Bankruptcy Rules”), (i) authorizing Debtor to (a) continue insurance coverage entered into prepetition and satisfy obligations related thereto in the ordinary course of business, (b) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business on a postpetition basis, (c) honor the terms of the Premium Finance Agreement (as defined herein) and pay premiums thereunder, (d) enter into new premium finance agreements in the ordinary course of business; (ii) authorizing the banks and other financial institutions (collectively, the “Banks”) to honor and process checks and electronic transfer requests related to the foregoing; and (iii) granting related relief. In support of this Motion, Debtor relies on the *Declaration of Carrie McEntire in Support of Debtor’s 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.

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

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.

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 the Relief Requested

I. The Insurance Policies

9. In the ordinary course of business, Debtor maintains an insurance program comprised of multiple insurance policies² (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.

10. 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.

11. 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.

² The descriptions of the Insurance Policies provided in this Motion are summary in nature. The actual terms of the Insurance Policies and related agreements govern in the event of any inconsistency with the description in this Motion. Debtor requests authority to honor obligations and renew all Insurance Policies, as applicable, regardless of whether Debtor inadvertently fails to include a particular Insurance Policy on Exhibit 3.

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.

II. The Premium Finance Agreement

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

Jurisdiction

13. The United States Bankruptcy Court for the Western District of Oklahoma has jurisdiction to consider this 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. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are sections 105, 363, 364, 1107(a) and 1108 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1. 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

14. By this Motion, Debtor seeks entry of the Proposed Interim Order and the Proposed Final Order (i) authorizing Debtor to (a) continue insurance coverage entered into prepetition and satisfy obligations related thereto in the ordinary course of business, (b) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business on a postpetition basis, (c) honor the terms of the Premium Finance Agreement (as defined herein) and pay premiums thereunder, (d) enter into new premium finance agreements in the ordinary course of business; (ii) authorizing the Banks to honor and process checks and electronic transfer requests related to the foregoing; and (iii) granting related relief.

Basis for Relief

15. The continuation, modification, and/or renewal of the Insurance Policies and the Premium Finance Agreement, and the payments made in connection therewith are transactions in the ordinary course of business. However, Debtor seeks approval of the Insurance Policies and the Premium Finance Agreement, and to continue making the payments thereunder, out of an abundance of caution.

16. Debtor further submits that the relief requested herein has routinely been granted by courts in this district to chapter 11 debtors. *See, e.g., In re White Star Petroleum Holdings, LLC*, No. 19- 12521 (Bankr. W.D. Okla., June 26, 2019) (ECF No. 138) (permitting debtor to continue to administer its insurance program and to pay prepetition obligations relating thereto); *In re Paul Transportation, Inc.*, Case No. 10-13022 (Bankr. W.D. Okla., Aug. 20, 2010) (ECF No. 155) (permitting payment of prepetition insurance expenses, including premiums and deductibles); *In re Roma Foods of Oklahoma, Inc.*, Case No. 09-12488 (Bankr. W.D. Okla., May

12, 2009) (ECF No. 30 (permitting payment of prepetition insurance expenses and continued administration of the insurance program)).

I. Debtor Should Be Authorized, But Not Directed, to Pay All Prepetition Obligations Owed Under the Insurance Policies and the Premium Finance Agreement Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code

17. Debtor, operating its business under sections 1107(a) and 1108 of the Bankruptcy Code, is a fiduciary “holding the bankruptcy estate and operating the business for the benefit of its creditors[.]” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor in possession is the duty “to protect and preserve the estate, including an operating business’s going-concern value.” *Id.*

18. Courts acknowledge that, sometimes, a debtor in possession can fulfill its fiduciary duty only “by the preplan satisfaction of a prepetition claim.” *Id.* In *CoServ*, the court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate,” *id.*, and when the payment is to “sole suppliers of a given product.” *Id.* at 498. The *CoServ* court provided a three-pronged test for determining whether a preplan payment of a prepetition claim is a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id.

19. Debtor’s payment of prepetition amounts owed under the Insurance Policies and the Premium Finance Agreement is permissible under the *CoServ* test. If Debtor does not maintain the Insurance Policies or the Premium Finance Agreement, Insurance Carriers could

refuse to renew or seek to terminate all or some of the Insurance Policies, thereby jeopardizing Debtor's ability to operate in the ordinary course. And, in the case of the Insurance Policies, any lapse in coverage could quickly result in dismissal or conversion of this Chapter 11 Case. If any of these outcomes transpire, the diminution in value to Debtor's estate would be significantly greater than the amount of any prepetition claim relating to the Insurance Policies. Consequently, as a fiduciary for its estate, Debtor can fulfill its fiduciary duties as debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code through the maintenance of the Insurance Policies, including the Premium Finance Agreement.

II. The Court Should Authorize Debtor to Make Payments Related to the Insurance Policies Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code

20. Debtor's proposed payment of prepetition obligations under the Insurance Policies and the Premium Finance Agreement should be authorized under sections 105 and 363 of the Bankruptcy Code and under the "doctrine of necessity."

21. Section 363(b) of the Bankruptcy Code provides that a debtor in possession, "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b). Courts have authorized payments pursuant to section 363(b) of the Bankruptcy Code in situations where a debtor can demonstrate a sound business justification for the payment of prepetition obligations. *See In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (stating that "the bankruptcy court has considerable discretion" in granting motions pursuant to section 363(b) of the Bankruptcy Code); *See also In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (noting that section 363(b) of the Bankruptcy Code provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification). In addition, section 105(a) of the

Bankruptcy Code provides in pertinent part that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). A bankruptcy court may use its equitable powers under section 105 of the Bankruptcy Code to permit a debtor in possession to pay prepetition claims when payment is necessary to effectuate a debtor’s bankruptcy goals and is essential to the continued operation of the business. *See In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981).

22. Indeed, the doctrine of necessity is a well-settled and routinely utilized doctrine that permits a bankruptcy court to authorize payment of certain prepetition claims prior to the completion of the chapter 11 process where the payment of such claims is necessary to preserve and maximize value. *See In re Just for Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (stating that where the debtor “cannot survive” absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (noting that, under the necessity of payment doctrine, prepetition claims may be paid if essential to the continued operation of the business).

23. Paying obligations under the Insurance Policies and the Premium Finance Agreement is warranted. Maintaining the Insurance Policies is necessary to preserve and maximize the value of Debtor’s estate, thereby ensuring the adequate protection of Debtor’s properties, and to minimize exposure to risk. Honoring the Premium Finance Agreement is necessary to maintain the Insurance Policies, as failure to make the payments required under the Premium Finance Agreement can trigger cancellation of one of those Insurance Policies. Moreover, making such Premium Finance Agreement payments is critical to Debtor’s ability to finance future premiums. As described above, maintaining the Insurance Policies enables Debtor to avoid the incurrence of possibly significant liabilities and therefore represents a sound exercise of its business

judgement. The Insurance Policies protect Debtor and other parties in interest from losses caused by casualty, natural disaster, fraud, or other unforeseen events. In fact, in some instances, maintenance of insurance coverage is required by the regulations, laws, and contracts that govern Debtor's commercial activities, including the U.S. Trustee Guidelines. Accordingly, it is necessary for Debtor to pay its prepetition insurance premiums and obligations owed under the Premium Finance Agreement to ensure that Debtor is able to renew, supplement, or purchase insurance coverage on a postpetition basis.

III. Debtor Should Be Authorized to Honor and Renew the Premium Finance Agreement

24. Debtor respectfully submits that continuation of the Premium Finance Agreement and authorization for entry into new premium finance agreements is necessary and appropriate and may be authorized under section 363 of the Bankruptcy Code, as set forth above. In addition, pursuant to section 364(c) of the Bankruptcy Code, a debtor may, in the exercise of its business judgment, incur postpetition debt if the debtor has been unable to obtain unsecured credit and the borrowing is in the best interest of the estate. *See, e.g., In re Acqua Assocs.*, 123 B.R. 192, 195-96 (Bankr. E.D.Pa. 1991); *see also In re Ames Dept. Stores, Inc.*, 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990) (stating that with respect to postpetition credit, courts "permit debtors in possession to exercise their basic business judgment consistent with their fiduciary duties"); *In re Simasko Prod. Co.*, 47 B.R. 444, 448-49 (D. Colo. 1985) (authorizing interim financing agreement where debtor's business judgment indicated financing was necessary and reasonable for benefit of estate). To satisfy the requirements of section 364(c) of the Bankruptcy Code, a debtor need only demonstrate "by a good faith effort that credit was not available" to the debtor on an unsecured or administrative expense basis. *See Bray v. Shenandoah Fed. Savs. & Loan Ass'n (In re Snowshoe Co.)*, 789 F.2d 1085, 1088 (4th Cir. 1986).

25. As discussed above, Debtor believes that continuing to perform under the Premium Finance Agreement on a postpetition basis is within the ordinary course of its business and in the best interests of its estate. Moreover, in light of its financial circumstances, Debtor does not believe that it can obtain financial accommodations comparable to those offered pursuant to the Premium Finance Agreement on an unsecured basis or an administrative expense basis. Moreover, alternative insurance premium finance companies or surety companies may not be willing to provide financing or bonding to Debtor on attractive market terms on a postpetition basis unless Debtor can demonstrate its ability to enter into such agreements. Debtor therefore requests authority to enter into postpetition premium finance agreements and surety bonds under sections 503(b)(1) and section 364(c) to the extent necessary to obtain such financings or bonds to fund the premiums for Debtor's Insurance Policies.

26. The premium finance agreements have security interests in any and all unearned or return premium(s) and dividends which may become due under the policy(ies) being purchased.

IV. Processing of Checks and Electronic Fund Transfers Should be Authorized

27. Debtor has sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of its current cash on hand, expected cash flows from ongoing business operations, and anticipated access to cash collateral. Under Debtor's existing cash management system, Debtor can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the relief requested herein. Debtor does not believe that checks or wire transfer requests, other than those relating to authorized payments, will be honored inadvertently. Debtor respectfully requests that the Court authorize and direct Banks, when

requested by Debtor, to receive, process, honor and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

Satisfaction of Bankruptcy Rule 6003(b)

28. Pursuant to Bankruptcy Rule 6003(b), any motion seeking to use property of the estate pursuant to section 363 of the Bankruptcy Code or to satisfy prepetition claims within twenty-one (21) days of the Petition Date requires Debtor to demonstrate that such relief “is necessary to avoid immediate and irreparable harm.” Debtor believes that, among other things, the success of this Chapter 11 Case hinges, in part, on Debtor’s maintenance of the Insurance Policies and the Premium Finance Agreement, that failure to do so would substantially disrupt or halt its business operations, and moreover, that failure to do so would substantially impair Debtor’s efforts to preserve and maximize the value of its estate. Consequently, if the relief requested in the Motion is not granted, Debtor’s estate will suffer immediate and irreparable harm by detracting from and potentially derailing this Chapter 11 Case. For these reasons and those set forth above, Debtor respectfully submits that Bankruptcy Rule 6003(b) is satisfied, and the relief requested herein is necessary to avoid immediate and irreparable harm to Debtor and its estate.

Waiver of Stay Under Bankruptcy Rule 6004(h)

29. Debtor seeks a waiver of any stay of the effectiveness of an order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As set forth above and in the First Day Declarations, the relief requested herein is essential to prevent immediate and irreparable damage to Debtor’s operations, going-concern value and its efforts to pursue a resolution of this Chapter 11 Case. To implement the foregoing successfully, Debtor requests that

the Proposed Interim Order and Proposed Final Order both include a finding that Debtor has established cause to exclude such relief from the fourteen-day stay period under Bankruptcy Rule 6004(h).

Reservation of Rights

30. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against Debtor under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of Debtor's estate; (g) a waiver or limitation of Debtor's, or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by Debtor that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of Debtor's or any other party in interest's rights to subsequently dispute such claim.

Notice

31. No creditors' committee, trustee, or examiner has been appointed in this Chapter 11 Case. Notice of this Motion 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) counsel to the DIP Lender; (e) BOKF, N.A.; (f) the parties identified on Debtor's list of 20 largest unsecured creditors; (g) each of Debtor's depositories and their counsel, if known; (h) the Insurance Carriers; and (h) any other party that has requested notice pursuant to Bankruptcy Rule 2002. Debtor submits that, considering the nature of the relief requested, no other or further notice need be provided.

Conclusion

WHEREFORE, Debtor respectfully requests that the Court grant the relief requested herein and such other and further relief as the Court deems appropriate under the circumstances.

Dated: October 7, 2024

Respectfully submitted,

ONECORE

/s/ Craig M. Regens

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Proposed Counsel to Debtor

Exhibit 1

Proposed Interim 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. 24-12862-JDL
	:	
Debtor.	:	
	X	

**INTERIM ORDER (I) AUTHORIZING DEBTOR TO (A) CONTINUE INSURANCE
COVERAGE ENTERED INTO PREPETITION AND SATISFY PREPETITION
OBLIGATIONS RELATED THERETO, (B) RENEW, AMEND, SUPPLEMENT,
EXTEND, OR PURCHASE INSURANCE POLICIES, (C) HONOR THE TERMS OF
THE PREMIUM FINANCING AGREEMENT AND PAY PREMIUMS THEREUNDER,
(D) ENTER INTO NEW PREMIUM FINANCE AGREEMENTS IN THE ORDINARY
COURSE OF BUSINESS; (II) AUTHORIZING BANKS TO HONOR AND PROCESS
CHECK AND ELECTRONIC TRANSFER REQUESTS RELATED THERETO; AND
(III) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)³ of Hospital for Special Surgery, LLC *dba*
OneCore Health (“OneCore” or “Debtor”) for entry of an interim order (this “Interim Order”) and

³ Capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

a final order pursuant to sections 105, 363, 364, 1107(a) and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as in effect and hereafter amended (the “Bankruptcy Code”), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 9013-1 of the Local Rules for the United States Bankruptcy Court for the Western District of Oklahoma (the “Local Bankruptcy Rules”), (i) authorizing Debtor to (a) continue insurance coverage entered into prepetition and satisfy obligations related thereto in the ordinary course of business, (b) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business on a postpetition basis, (c) honor the terms of the Premium Finance Agreement (as defined herein) and pay premiums thereunder, (d) enter into new premium finance agreements in the ordinary course of business; (ii) authorizing the banks and other financial institutions (collectively, the “Banks”) to honor and process checks and electronic transfer requests related to the foregoing; and (iii) granting related relief; and this Court having jurisdiction to consider the Motion 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; 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 served on or before October 7, 2024 and that the interim response deadline to the Motion expired on October 9, 2024; and objections (if any) to the Motion having been withdrawn, resolved or overruled on the merits; and this Court having found 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 a hearing having been held to consider the relief

requested in the Motion and upon the record of the hearing and all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of the 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 on an interim basis.
2. Debtor is authorized but not directed to pay prepetition obligations in connection with the Insurance Policies and the Premium Finance Agreement.
3. Debtor is authorized, but not directed, to maintain and continue the Insurance Policies without interruption and to pay any undisputed postpetition obligations related to the Insurance Policies and including premiums, claims, deductibles, retrospective adjustments, administrative fees, and any other obligations that become payable, in accordance with and in the amounts consistent with the same practices and procedures as were in effect prior to the commencement of the Chapter 11 Cases, and enter into, renew, amend, supplement, extend, and/or purchase insurance policies (including through obtaining “tail” coverage) to the extent that Debtor determines that such action is in the best interest of its estate in accordance with the ordinary course of business.
4. Debtor is authorized, but not directed, to honor the terms of any Premium Finance Agreements and pay premiums thereunder, and to enter into, renew, amend, supplement, and/or extend premium finance agreements, as necessary, to the extent Debtor determines that such action is in the ordinary course of business.

5. Consistent with the Interim Cash Management Order, Banks on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on Debtor's designation of any particular check or electronic payment request as approved by this Order.

6. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of Debtor's estate; (g) a waiver or limitation of Debtor's, or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (h) a concession by Debtor that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

7. Debtor is authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of this Chapter 11 Case with respect to prepetition amounts owed in connection with the relief granted herein.

8. The final hearing (the “Final Hearing”) on the Motion shall be held on _____, 2024, at __:___.m., prevailing Central Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before __:___.m., prevailing Central Time on October _____, 2024. Objections must be filed and served on: (i) proposed counsel to Debtor, Crowe & Dunlevy, Braniff Building, 324 N. Robinson Ave., Suite 100, Oklahoma City, OK 73102, Attn: William H. Hoch (will.hoch@crowedunlevy.com) and Craig M. Regens (craig.regens@crowedunlevy.com); (ii) the Office of the United States Trustee for the Western District of Oklahoma, 215 Dean A. McGee Ave., Room 408, Oklahoma City, OK 73102, Attn: Marjorie Creasey (Marjorie.Creasey@usdoj.gov) and Jeff Tate (Jeff.Tate@usdoj.gov); (iii) counsel to BOKF, Frederic Dorwart, Lawyers PLLC, 124 E. 4th St., Tulsa, OK 74103, Attn: Samuel S. Ory (Sory@fdlaw.com); and (iv) counsel to any statutory committee appointed in this Chapter 11 Case. If no objections are filed to the Motion, the Court may enter a Final Order without further notice or a hearing.

9. Notwithstanding the relief granted in this Interim Order, any payment made or to be made by Debtor pursuant to the authority granted herein shall be subject to and in compliance with the Approved Budget and in accordance with the Interim Cash Collateral Order.

10. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b) because the relief request set forth in this Interim Order is necessary to avoid immediate and irreparable harm to the estate.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim order are immediately effective upon its entry.

12. Debtor is authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

13. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

14. Findings of fact are based on representations of counsel.

15. Debtor shall serve this Order on parties in interest appearing on the Distribution Service List in accordance with, and as such term is defined in, the *Order Authorizing Limited Notice and Establishing Notice Procedures* [Dkt. No. 9].

IT IS SO ORDERED.

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Approved for Entry:

ONECORE

/s/Craig M. Regens

William H. Hoch, OBA #15788

Craig M. Regens, OBA #22894

Mark A. Craige, OBA #1992

Kaleigh Ewing, OBA #35598

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Proposed Counsel to Debtor

Exhibit 2

Schedule of Insurance Policies

Exhibit 2**Schedule of Insurance Policies**

Type of Policy	Insurance Carrier	Term	Annual Gross Premium	Finance Agreement Monthly Payment
Professional & General Liability	Summit First Insurance, LLC	12/31/2023-2024	\$170,000.00	
Umbrella Liability	Summit First Insurance, LLC	12/31/2023-2024	\$86,250.00	
D&O/EPL	Summit First Insurance, LLC	12/31/2023-2024	\$29,150.00	
Pollution	Summit First Insurance, LLC	01/01/2024-2025	\$16,933.50	\$26,890.85 (10 payments for above 4 policies)
Cyber	Summit First Insurance, LLC	12/31/2023-2024	\$11,948.34	\$1,196.80 (6 payments per annum)
Property	Chubb	1/01/24-2025	\$25,742.00	N/A
Workers Comp	Zenith	07/01/2024-2025	\$66,401.00	\$5,889.00 (9 payments)
		Total	\$406,424.84	