Docket #0018 Date Filed: 2/26/2019

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address

Steven J. Kahn (CA Bar No. 76933)
PACHULSKI STANG ZIEHL & JONES LLP
10100 Santa Monica Blvd., 13th Floor
Los Angeles, California 90067
Telephone: 310/277-6910
Facsimile: 310/201-0760
E-mail: skahn@pszjlaw.com

☐ *Individual appearing without attorney*
☒ *Attorney for:* Co-Counsel to Chapter 11 Debtors and Debtors In Possession

FOR COURT USE ONLY

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re:
VERITY HEALTH SYSTEM OF CALIFORNIA, INC., *et al.*,

Debtor(s).

CASE NO.: 2:18-bk-20151-ER
[Jointly administered]

ADVERSARY NO.: 2:19-ap-01002-ER

CHAPTER: 11

ST. VINCENT MEDICAL CENTER, a California nonprofit public benefit corporation and ST. FRANCIS MEDICAL CENTER, a California nonprofit public benefit corporation,

Plaintiff(s).

vs.

LOCAL INITIATIVE HEALTH AUTHORITY FOR LOS ANGELES COUNTY DBA L.A. CARE HEALTH PLAN, an independent local public agency,

Defendant(s).

JOINT STATUS REPORT [LBR 7016-1(a)(2)]

DATE: March 12, 2019
TIME: 10:00 a.m.
COURTROOM: 1568
ADDRESS: 255 E. Temple Street
Los Angeles, CA

The parties submit the following JOINT STATUS REPORT in accordance with LBR 7016-1 (a)(2):

A. PLEADINGS/SERVICE:

1. Have all parties been served with the complaint/counterclaim/cross-claim, etc. (Claims Documents)? ☒ Yes ☐ No
2. Have all parties filed and served answers to the Claims Documents? ☐ Yes ☒ No
3. Have all motions addressed to the Claims Documents been resolved? ☐ Yes ☒ No
4. Have counsel met and conferred in compliance with LBR 7026-1? ☒ Yes ☐ No

5. If your answer to any of the four preceding questions is anything other than an unqualified "YES," please explain below *(or on attached page):*

Defendant filed a Motion for Entry of Order Dismissing Complaint or, In the Alternative, Motion for Entry of Order Staying Trial of Adversary Proceeding (the "Motion"), set for hearing on April 2, 2019. The Motion, in the alternative, seeks an order compelling arbitration.

B. READINESS FOR TRIAL:

1. When will you be ready for trial in this case?

Plaintiff	Defendant
10/28/19 as per Court Scheduling Order (subject to ruling on the Motion)	10/28/19 as per Court Scheduling Order (subject to ruling on the Motion)

2. If your answer to the above is more than 4 months after the summons issued in this case, give reasons for further delay.

Plaintiff	Defendant
Date is as set in entered Scheduling Order	Date is as set in entered Scheduling Order

3. When do you expect to complete your discovery efforts?

Plaintiff	Defendant
Fact Discovery: 7/30/19; Expert Disclosure: 8/20/19; Expert Rebuttal Disclosure: 9/10/19; Expert Discovery Completion: 9/30/19	Fact Discovery: 7/30/19; Expert Disclosure: 8/20/19; Expert Rebuttal Disclosure: 9/10/19; Expert Discovery Completion: 9/30/19

4. What additional discovery do you require to prepare for trial?

Plaintiff	Defendant
Document production, interrogatories and depositions.	Document production, interrogatories and depositions.

C. TRIAL TIME:

1. What is your estimate of the time required to present your side of the case at trial *(including rebuttal stage if applicable)?*

Plaintiff	Defendant
5 days	5 days

2. How many witnesses do you intend to call at trial *(including opposing parties)?*

Plaintiff	Defendant
2-3	2-3

3. How many exhibits do you anticipate using at trial?

Plaintiff	Defendant
Unknown to date	Unknown to date

D. PRETRIAL CONFERENCE:

A pretrial conference is usually conducted between a week to a month before trial, at which time a pretrial order will be signed by the court. [See LBR 7016-1.] If you believe that a pre-trial conference is not necessary or appropriate in this case, please so note below, stating your reasons:

Plaintiff	Defendant
Pretrial conference ☒ is ☐ is not requested Reasons:	Pretrial conference ☒ is ☐ is not requested Reasons:

Plaintiff	Defendant
Pretrial conference should be set after: (*date*) 10/15/2019	Pretrial conference should be set after: *(date)* 10/15/2019

E. SETTLEMENT:

1. What is the status of settlement efforts?

Settlement efforts have been unsuccessful to date.

2. Has this dispute been formally mediated? ☐ Yes ☒ No
If so, when?

3. Do you want this matter sent to mediation at this time?

Plaintiff	Defendant
☐ Yes ☒ No	☒ Yes ☐ No

F. FINAL JUDGMENT/ORDER:

Any party who contests the bankruptcy court's authority to enter a final judgment and/or order in this adversary proceeding must raise its objection below. Failure to select either box below may be deemed consent.

Plaintiff	Defendant
I ☒ do ☐ do not consent to the bankruptcy court's entry of a final judgment and/or order in this adversary proceeding.	I ☒ do ☐ do not consent to the bankruptcy court's entry of a final judgment and/or order in this adversary proceeding.

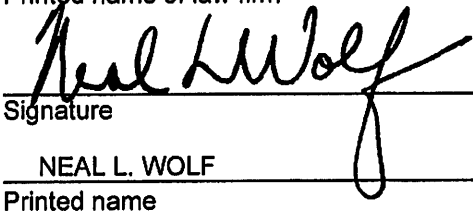
G. ADDITIONAL COMMENTS/RECOMMENDATIONS RE TRIAL: *(Use additional page if necessary)*

Defendant's Comments: On Friday, February 15, 2019, Defendant L.A. Care filed a motion to dismiss or, in the alternative, stay the trial of this adversary proceeding ("Motion") that is based, in part, on the presence of an identical arbitration clause ("Arbitration Clause") in each of the two contracts between the parties. The Arbitration Clause calls for, *inter alia*, the conduct of discovery under the California Rules of Civil Procedure, not under the Federal Rules of Civil Procedure. The Motion is scheduled for hearing on Tuesday, April 2, 2019. For the reasons set forth in the Motion, and in a separate Motion for Protective Order that Defendant either has filed or will shortly file, Defendant respectfully requests that all discovery in this Adversary Proceeding, including the sharing of Initial Disclosures, be stayed until the ruling on the Motion. At that time, if necessary and appropriate, a revised discovery schedule can be set.

Plaintiffs' Comments: Plaintiffs' intend to oppose the Motion, both as to dismissal on the grounds asserted under FRCP Rule 12(b)(6), as each asserted pleading deficiency is not valid, and as to a requested stay of proceedings on the asserted ground that the arbitration provisions in the subject contracts require arbitration. The Plaintiffs' turnover and stay violation claims are central to the administration of these bankruptcy cases, and arbitration would be in severe conflict with the core policy of the Bankruptcy Code to consolidate proceedings and advance reorganization without requiring debtors to pursue or defend actions in multiple jurisdictions. Plaintiffs may also oppose any motion to stay discovery pending ruling on the Motion, as they view both the Motion and any discovery stay motion to reflect a pattern of continuing and systemic efforts by Defendant to hinder and delay adjudication of valid submitted claims for healthcare payments.

Plaintiffs do concur with Defendant, however, that the dates set forth in section B, above, and the issued Scheduling Order, may require adjustment by reason of the pending Motion.

Respectfully submitted,

Date: February 26, 2019	Date: February 26, 2019
PACHULSKI STANG ZIEHL & JONES LLP Printed name of law firm	HANSON BRIDGETT LLP Printed name of law firm
/s/ Steven J. Kahn Signature	 Signature
STEVEN J. KAHN Printed name	NEAL L. WOLF Printed name
Attorney for: Plaintiffs, St. Vincent Medical Center and St. Francis Medical Center	Attorney for: Defendant Local Initiative Health Authority for Los Angeles County dba L.A. Care Health Plan

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled: **JOINT STATUS REPORT [LBR 7016-1 (a)(2)]** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On *(date)* February 26, 2019, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Anthony Dutra adutra@hansonbridgett.com
- Steven J Kahn skahn@pszyjw.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Neal L Wolf nwolf@hansonbridgett.com, calendarclerk@hansonbridgett.com,lchappell@hansonbridgett.com

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:
On *(date)* _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) February 26, 2019, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Honorable Ernest M. Robles
United States Bankruptcy Court
255 E. Temple Street, Suite 1560 / Courtroom 1568
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

February 26, 2019	MARY DE LEON	*/s/ Mary de Leon*
Date	*Printed Name*	*Signature*