DISTRESS IN THE OR: AMERICAN HEALTHCARE IS NOT WELL

At The M&A Advisor’s recent Annual Distressed Investing Summit in Palm Beach, Florida, Gerald Shelley, director at Fennemore Craig PC., chaired a Stalwarts Roundtable discussion titled “Distress in the OR: American Healthcare Is Not Well.” He was joined by Thomas Kim, director at r² advisors LLC; Bryce Suzuki, partner with Bryan Cave LLP; Dan Garrison, member of the Andante Law Group; Nancy March, director at Fennemore Craig PC.; Carolyn Johnsen, member of Dickinson Wright PLLC; and Hilary Barnes, member of Allen Barnes & Jones PLC.

Healthcare in the United States is an industry unlike any other. Patients rarely pay directly for services. Doctors and hospitals get reimbursed by many third parties including Medicare, Medicaid, and private insurance companies. Thus, when a hospital is in financial distress, the number of parties involved in a bankruptcy resolution can be large and conflicted. All of the members of the Stalwarts Roundtable worked together on a particularly complicated case in Phoenix, Arizona, that involved two small hospitals that were part of a larger chain and founded by the same doctor. The challenges of bringing all the parties together and producing a plan that made all parties whole was daunting, but, spoiler alert, it was ultimately successful.

The principal topics addressed in this symposium report include the following:
- Hospitals And Healthcare In A Disruptive Environment
- The Vision Of “Emergency Hospitals” In Arizona
- Two Emergency Hospitals Hitting A Wall Of Financial Distress
- The Critical Role Of The Patient Care Ombudsman
- Opposing Views On “Meaningful Use”
- Plan Confirmed—Valuations Go Higher
- A “Ferrari Fast” Resolution

We hope that the insight is informative and proves valuable for you. We look forward to learning about your experience with the American healthcare industry.

David Fergusson
President and Co-Chief Executive Officer
The M&A Advisor
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Executive Summary
Statistics show that the most disrupted industries in the United States today are retail, oil and gas, and healthcare. With the future of the Affordable Care Act in limbo, the number of distressed healthcare providers is expected to grow. As a case study in the management of these situations, The M&A Advisor assembled a Stalwarts Roundtable composed of several attorneys and advisors who worked on a two-year bankruptcy case in the Phoenix, Arizona, area. It involved two small hospitals founded on a new model to provide fast emergency care to patients. The two-year case appeared complicated because each hospital was in a different judicial district. It was headed toward the appointment of a trustee or possible liquidation before a key event—the firing of the CEO at one of the hospitals—resulted in the combination of both cases under one reorganization plan. The patient care ombudsman, required in hospital bankruptcies under the federal code, was also seen as a critical player who added credibility to the ultimate resolution, which made all of the parties whole.

Introduction
At The M&A Advisor’s recent Annual Distressed Investing Summit, Gerald Shelley chaired a Stalwarts Roundtable discussion titled “Distress in the OR: American Healthcare Is Not Well.” The panelists included the following:

- Thomas Kim, director, r2 advisors llc
- Bryce Suzuki, partner, Bryan Cave LLP
- Dan Garrison, member, Andante Law Group
- Nancy March, director, Fennemore Craig P.C.
- Carolyn Johnsen, member, Dickinson Wright PLLC
- Hilary Barnes, member, Allen Barnes & Jones PLC

Hospitals and Healthcare in a Disruptive Environment
Gerald Shelley, director at Fennemore Craig P.C., opened the Stalwarts Roundtable on the healthcare industry by explaining that everyone on the panel worked together in a distressed situation that resulted in the merger of two regional hospitals in the Phoenix, Arizona, area. “It was a success, and it was an interesting success how it happened,” Shelley said. Then he introduced the panelists.

Hilary Barnes is a member of Allen Barnes & Jones PLC, which is a boutique bankruptcy firm that represents debtors and creditors. She represented the patient care ombudsman for each hospital in the case. “Every time there is some sort of a struggle between the interests of patients and the interests of creditors, Congress had mandated that a patient care ombudsman be involved,” Shelley noted. “So, you have somebody who’s policing and making sure that patients are being taken care of, notwithstanding the financial struggles.” Carolyn Johnsen practices at Dickinson Wright PLLC, a national law firm that has an office in Phoenix. Bryce Suzuki is a partner at Bryan Cave LLP, which is a lending firm. Nancy March, a director at Fennemore Craig P.C., worked with Shelley to represent one of the hospital debtors in the case. Thomas Kim, director at r2 advisors llc, used to practice in bankruptcy and commercial reorganization and now does analytics. “He did a really fine job analyzing the two hospitals and figuring out how a merger could actually work,”
Shelley said. Dan Garrison, a member of the Andante Law Group, has a boutique bankruptcy practice in Scottsdale, Arizona, and led the debtors council for one of the hospitals in the case.

“That’s a lot of people, but it would be wrong if I didn’t recognize the two people that did most of the work,” Shelley said. He specifically cited Jessica Bonteque, now with the Moses Singer law firm in New York, who practiced at Andante during the case, and Kyle Hirsch of the Bryan Cave firm.

To open the discussion, Carolyn Johnsen cited the top three industries—retail, oil and gas, and healthcare—that are expected to be disrupted the most and create reorganization opportunities in the future. “The reason that healthcare is on the list is really kind of obvious to us. With the changes in the Affordable Care Act, one way or the other, something is going to change,” Johnsen said. “All of the current models in the healthcare industry, whether it’s the hospital model or the physician model, are based on a certain level of regulation. And that’s about to change. So, the models are going to change. And when there’s a shake-up in that kind of business practice, then you’re going to need our assistance in restructuring. I think it’s going to be a really hot area.”

Nancy March cited statistics from 2016 that bear out Johnsen’s analysis. “Many hospitals, from the small to the very large hospital, are laying off employees, even from the physician group,” March said. “And the operating results from 2016 for a lot of hospitals are really sobering. Revenues seem to be increasing. It’s not an issue of whether patients are seeking medical care, but expenses are outpacing the revenue stream. And some of that is investing in technology. As a result, many hospitals are looking at restructuring options. Many of them are consolidating. Many of them are consolidating or merging. And I think that’s just going to get worse.”

March added that whether the Affordable Care Act, also known as Obamacare, is repealed, replaced, modified, or left alone, “there are going to be pressures on the revenue side because reimbursement streams are going to be very uncertain.” She said that in the first four months of 2017, there were at least five Chapter 11 bankruptcy filings by hospitals. “Those are mostly smaller hospitals, but I think we’re definitely going to see that trend continue in this current landscape.”

The Vision of “Emergency Hospitals” in Arizona

Bankruptcy analyst and advisor Thomas Kim noted that the rapid population growth of the Phoenix area was a catalyst in the distressed hospital merger the panelists worked on. “An emergency room doctor started both hospitals. He was looking for more outlets to provide emergency room care. But we obviously have an uncertain healthcare landscape right now,” Kim said. “Everyone is angling for position, but we’ve got a decentralization of hospitals. So, we’re moving away from the large, centralized hospital into distributed hospital units. All the healthcare providers are being subjected to the same business forces that every other business is subjected to.”

Kim said one of the hospitals was operating successfully in the metro Phoenix area, but the other one had opened farther from the city center: “That probably wouldn’t have been the best place if you were going to pick the next hospital to open. And then they were leveraged, and the business plan didn’t work the way they wanted it to. That caused all the normal disruptions in a business. The board started to fight, the investors started to fight, management was under pressure, and operating in that environment was very difficult for them.”
Shelley offered to set the stage for the Phoenix hospital case. “Tom mentioned we had smaller hospitals,” he said. “The hospitals that I think we all are accustomed to or grew up with can handle anything, and they’re huge—like a Macy’s department store. They’ve got several departments in several areas. And frankly, the last time I took my wife to an emergency room at one of those types of hospitals, I think we sat for six hours waiting for care. And that was long enough for her to get well enough and say, ‘Let’s go home.’”

The doctor, Timothy Johns, who founded the two small hospitals, envisioned a model where the emergency room was the centerpiece of each hospital. Patients could be admitted and stabilized and there would be enough beds for additional treatment. If the patients’ illnesses or injuries were serious enough, a helicopter ambulance could transport them to a bigger, traditional hospital.

“They had a catch phrase, ‘Door to doc in thirty-one minutes,’” Shelley said. “So, you walk in, you’re going to see a doctor within thirty-one minutes is what they promised, and in a world of crowded emergency rooms, this seemed to make sense.”

One of the small hospitals was in Gilbert, a suburb of about 200,000 people that is a thirty-minute drive from downtown Phoenix. The second hospital opened in Florence, which is about ninety minutes from Phoenix. “It’s in the middle of the desert and, in fact, is where all the prisons are—federal, state, and county. But as Phoenix grows, there’s an awful lot of growth headed in that direction and that hospital probably will do very well in the long term.”

Two Emergency Hospitals Hit a Wall of Financial Distress

“But it didn’t do well, short term,” Shelley continued. The Florence hospital filed for Chapter 11 in 2014, and because it was in another county, the case was assigned to a court in Tucson, which is two hours from Phoenix. That hospital went into bankruptcy first, into Chapter 11, and because it was across the county line, it was assigned to a bankruptcy judge who sits in Tucson. In 2015, the Gilbert hospital filed for bankruptcy reorganization and was assigned to a judge in Phoenix.

Dan Garrison of the Andante Law Group continued with the next part of the story. “Dr. Johns really was a kind of visionary, but like a lot of visionaries, particularly doctors, he had these grand aspirations but probably didn’t have a lot of the tools to make things work the way he wanted them to,” Garrison said. “He actually envisioned setting up six or seven hospitals like this around metropolitan Phoenix, particularly in some of the rural areas.”

The Gilbert hospital opened in 2005 and “made bundles of money, to the point where he was able to pull north of $25 million of cash out to provide seed money for these other hospital projects. He had separately syndicated the investment groups for each one. So, you had, basically, money coming out of one group of investors’ pockets and benefiting others, which is part of the reason this started to fall apart,” Garrison said.

“Gilbert did very well for a number of years. Florence came online in 2012 and operated for less than a year before it fell into Chapter 11 bankruptcy. It languished in its Chapter 11 bankruptcy for about a year with folks trying to figure out whether a sale was possible, knowing that a sale...
was probably not going to generate enough to even pay off the secured debt, which, by the way, Gilbert had guaranteed,” Garrison continued. The Florence hospital could not create any value for the unsecured creditors, “and it was abundantly clear that equity was out of the money in the deal,” he said.

Litigation preceded the Florence bankruptcy case. “The investors got tired of the money getting sucked out of the successful hospital (Gilbert) and put into these other projects, and the state court litigation was a huge stress on the hospital. There was a complete change in senior management, and an interim CEO came in to run Gilbert. What had been a joint operation in a lot of ways between two hospitals morphed into adversarial, and these two hospitals really went their own directions,” Garrison said.

By the time Gilbert was forced to file Chapter 11, “we had literally zero cash balance,” he said. “For a hospital, that’s a very serious problem. There had been a new CEO and CFO hired, literally, two weeks before the bankruptcy was filed, and we had to figure out a path through that. What we settled on quickly was the proposition that one plus one did not equal two; it equaled three in this instance. Two years later and a lot of banging of heads against walls, we managed to get a full payment plan confirmed in both bankruptcy cases, and there was obviously some procedural wrangling that went along with getting it done.”

“A Unique Case in So Many Ways”
Bryce Suzuki, who represented the bank that had an interest in both hospitals, picked up the narrative on the reorganization.

“This was a unique case in so many ways,” Suzuki said. “It was unique from my perspective as a secured lenders’ lawyer in that we had a relatively small community bank as the lender and loans collectively in round numbers of about $16 million, which for the JPMorgans of the world would be just another middle-market loan. For this bank, it was a significant loan, and, because of that, it got a lot of attention within the bank. That, counter-intuitively, gave us more flexibility because so many people had eyes on this and said, ‘We’ve got to resolve this.’”

The bank hired Suzuki’s firm as well as Thomas Kim’s r2 advisors to formulate exit strategies. The bankruptcy cases were filed one year apart. The first one, Florence, was “the weaker, to put it mildly, of the two cases,” he said. The bank faced about $10 million in debt in the Florence case and more loans in the Gilbert hospital that were still solvent. “I have to give Tom the kudos here of really trying to think, ‘How can we put these things together?’ That was an idea that Tom had from the beginning, and we just didn’t see a way to do it initially, Suzuki said.”

Ultimately, Suzuki said that all of the members of the Stalwarts Roundtable came together and began working toward a resolution of the bankruptcy cases. “I have to give credit really to all the parties having foresight, and to the other folks around the room here for taking this sort of crazy idea of putting these two cases together. These were separately pending bankruptcy cases, two different judges, two different venues. So, it was a very creative process, one that the bank got behind. There were lots of stops and starts, but at the end of the day, the bank took a modest haircut and ended up with a reorganized thriving set of hospitals.”
Johnsen described the combined effort as “a creative approach to what, I think, in most circumstances would have been a disaster; certainly for Florence and possibly for Gilbert.” Her firm represented creditors in the Florence case. “You had a whole set of unsecured creditors in Florence and a completely different set of unsecured creditors in Gilbert. We didn’t want to substantively consolidate these entities because somebody was not going to come out whole. So, we had to put our heads together and say, ‘How can we procedurally get this done?’”

Garrison said, “It took a while for us to get everyone together. I mean everyone’s up here singing Kumbaya now, but there was a lot of wrangling back and forth, and the one constituency that’s not represented up here is the creditors’ committee in the Gilbert case. You can imagine being perceived as the stronger of the two bankruptcy estates, particularly in an asset-rich even if illiquid state. They were very concerned about compromising and creating risks for themselves to merge with what was perceived as a much, much weaker operation in Gilbert. So, it took two years and, like I said, a lot of banging heads against walls.”

Thomas Kim described the difficulties that arose before the parties came together. “The senior secured lender thought it was under-secured when the first case was filed, so you can understand that’s where the tension came from,” he said, when describing how the hospitals’ business models provided a road map for resolution. “The hospitals were supposed to be together from the beginning, as designed. The systems were connected; it was a scale play. You have six hospitals with one central backbone ringing Phoenix, and then you make a lot more money because you can centralize the administration. It didn’t work when you separated them. You had separate systems, but you also couldn’t scale it anymore and so putting them back together really made the most sense from just a very simple business plan perspective,” he said. However, there were a lot of complications that took up time. “As time went on, somebody else’s ox was getting gored,” Kim said. “First it was us, and it sort of cascaded down until we got everybody together.”

Garrison said, “It was one of those things where we go and negotiate a deal with one constituency and that would change things for another, and we would have to go renegotiate with them, and that in turn was like a domino effect where we keep going around and around in circles.”

The Critical Role of the Patient Care Ombudsman

“All this tension came on a lot of different levels,” Shelley said. “And different people talking to each other worried about the finances and the continued health of the two hospitals. So, what did that do for the patient care ombudsman. What was the patient role and how did he get a foot into all of this?” he asked the panel.

Hilary Barnes explained how the bankruptcy code requires a patient care ombudsman (PCO) to be appointed to monitor and report to the court as well as look out for the best interests of the patients. “My client, Jerry Seeley, is a healthcare consultant. He was the patient care ombudsman for both hospitals,” Barnes said. “That was an interesting role for him to play because there was a lot of dysfunction between the two hospitals.” She said the ombudsman was constantly trying to make certain that cash collateral was going to be released so that the hospitals could continue to operate and benefit patients. But she said that it aggravated creditors. “He would get involved in aspects of the cash where people would call me and say your client has no business being in that particular part of the hospital,” Barnes said.
“He was much more aggressive than many patient care ombudsmen are,” she added. “Some patient care ombudsmen go in and make certain the fire extinguishers are working, the generators are working, and the drugs are locked up, and that is about it. My client in this case reported to the court on a regular basis. Both judges appreciated his take on things. I always had to make certain that his healthcare lingo was intelligible. And sometimes getting him to sit down was a harder job. But it was really important because he got to know both sides of management.”

In reference to the ombudsman, Garrison said, “He ended up being the recess playground teacher with the fighting between the management of the two hospitals.” Barnes said, “He used to say somebody has to be the adult in the room. He said that a lot.” Shelly said, “I was surprised to find that when the PCO stood in front of the judges, there was silence and they listened. It didn’t matter if he was talking about things that had to do with patient care or whether he was talking about things that had to do with the reorganization or the finances, the judges listened very, very carefully. It became a thing that we all understood. If you can get Jerry on your side, something good is going to happen.”

Shelley asked Judge Kevin J. Carey, US bankruptcy judge for the District of Delaware and a participant in the other Stalwarts Roundtables at this conference, if he found PCOs to be credible participants in his cases. Carey responded, “Anybody who doesn’t have a vested interest, someone you look at as a neutral, always creates credibility.”

Suzuki added that the management teams of the two distressed hospitals were “somewhat at odds,” which added to the dynamics of the case. “It struck us very early on that the patient care ombudsman, who is very good, was weighing in on things that could affect patient care but were not just operations related. He was weighing in on things like economic decisions, replacement of management, use of cash collateral. It was very important, and he really did play a very central role in these cases.”

**Opposing Views on “Meaningful Use”**

Barnes stressed that one of the most important systems in the two cases was the electronic medical records system, which the hospitals were attempting to merge and update “to get meaningful use funds from Medicare and Medicaid, which of course would bring in millions of dollars.” Barnes further stated, “These were opportunities that the patient care ombudsman continually pounded on both sets of management—to ensure that the meaningful use funds would come in, because that would benefit the patients. But it also benefited the bottom line.”

Garrison explained that the management teams at each hospital had different views on “meaningful use,” which was the term used to describe how multiple agencies such as Medicare, Medicaid, and private insurance companies reimburse the hospitals for patient services. “That dispute kind of illustrated the dynamic that pervaded the two cases for quite some time, until we broke a significant log jam. And that involved convincing the founding doctor who was still the sole corporate manager of Florence that he needed to finally pull the trigger and let the CEO of the Florence hospital go,” Garrison said. The firing also resulted in a change in counsel for the Florence hospital. “What ensued from there very quickly was Gilbert entered into an inter-management agreement with Florence. As we were moving closer to confirmation of the plan, we were scrambling the egg,” Garrison said.
Shelley, who became the replacement counsel for the Florence hospital, said firing the CEO and replacing the counsel was key to resolving the case. “My predecessor could only see one way out, and that was to do a 363 sale. He played that card over and over and over,” Shelley said. Kim further added, “There were people interested in doing that, but they were going to gouge everyone’s eyes out.”

“Correct,” Shelley said. “The bank wasn’t even going to be paid in full. There were issues. So, when I got involved, I did the best I could do to size up the case and realized there is inter-company debt. If there is a merger, that can be dealt with much more easily than if the weak hospital must pay it over time. It became one of those things where I had to look in the mirror and say, okay, how can I make this work for everybody. It became a little bit of an exercise in trust.”

“I first went to the bank’s lawyer, Bryce (Suzuki), who I have known for a number of years and worked with,” Shelley continued. “I said look, I need a concession from you before I can get involved and before I can do what I need to do. I will let Bryce speak to that point, but I think he trusted what came out of that conversation. Later, I had to sit down with C. J. (Carolyn Johnsen), who probably could have had a trustee appointed. The judge was ready to do it. We had had a conversation in the hall, and the judge in the Florence case looked at her and said, ‘if you want a trustee, I will appoint it right now.’ I remember thinking, as debtors’ counsel, I am going to hang or not depending on what she says. I wasn’t sure how she was going to respond.”

“I had a lot of power;” Johnsen joked. “She had a ton of power;” Shelley said, “but she said ‘no, let’s not do a trustee right now.’ That allowed the merger to continue to move on. Now, I think she wondered whether that trust was merited after the fact. We had some differences of opinion. For a while I thought she was not going to speak to me again, but we were able to work through certain things and get to a point where we could at least see a common goal. Once that happened, adversaries became partners in an endeavor that worked out really well.”

Shelley also described his relationship with the two judges when he entered the case. “When I first got involved with the two judges, we had an odd situation. If it makes no sense to substantively consolidate the cases, how about administratively consolidating cases from two different districts?” Shelley asked. “Somebody even suggested it, and I never thought this was a good idea. I was nobody on this stage, but somebody suggested that maybe you have both judges sit on the bench and preside over the confirmation hearing of the joint plan. Happily, that did not happen. What we do know is the two judges communicated wonderfully together; or we think they did. It sure seemed like they did. They were able to defer to each other and allow the joint plan to be confirmed in Phoenix.”

Garrison clarified that a joint administration order only applied to plan confirmation issues. “We left everything else in the respective courts. So, we had proceedings still going on in the Phoenix courtroom in the Gilbert case that didn’t relate to the confirmation while we were pursuing confirmation of the plan,” said Garrison.

Kim said, “From my perspective, just looking at it from the business side, it was a little frustrating because the idea was pretty simple. It took a lot of execution. I really credit Bryce, from the bank’s perspective, helping to kind of orchestrate everything. We keep using the ‘we’ words now, but it really

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1 363 Sale Definition: https://www.divestopedia.com/definition/6687/363-sale
wasn’t ‘we’ all the way through.” Suzuki agreed, stating, “It was quite adversarial at times. For the first nine months, certainly, it was extremely adversarial, and we were teetering on the appointment of a trustee, which at that time the bank was supporting.”

**Plan Confirmed—Valuations Go Higher**
Shelley said that after the plan was confirmed, “suddenly the debtors had to negotiate with much higher numbers. It was surprising, but as the numbers got better, the hospital performance improved. We got to a point where we could look down the road and predict that we could have a full payment plan.”

“Part of the reason this worked so well,” Garrison observed, “was that the Gilbert hospital, which was perceived as the stronger of the two, had zero cash, had a terminated lease, had turnover in management, and was involved in pre-petition litigation. Once we got new management involved and once we started charting a course, there was an operational turnaround that really got some traction. By the time we confirmed the plan two years later, Gilbert had paid all of its ordinary course obligations and paid its professional fees during the pendency of the bankruptcy case. And it had amassed north of $10 million in cash reserves.”

“The new management of the Gilbert hospital became the management of the reorganized entity, and one of those gentlemen is still the CEO of the hospital,” said Kim.

“What’s interesting, too,” Garrison added, “is that once they [the courts] got control over Florence, an operational and financial turnaround in Florence started gaining traction too, and now Florence, which was perceived as the weaker of the two hospitals, is arguably doing better than Gilbert.”

“I think it’s worth noting,” Shelley said, “that the first conversation that I had with the patient care ombudsman was that you have a CFO and a CEO of one hospital, a CEO and a CFO over the other hospital. The PCO told me, ‘I know this. I know this industry. I know these people. Your CFO of the Gilbert Hospital knows what he’s talking about. I have complete confidence in him.’ That CFO is now the CEO of the combined enterprise. I think uniformly, what the PCO said was dead on.”

“I still talk with the CEO,” Kim said, “and one of the things he said to me recently really made me stop and think. He said, ‘just remember, in healthcare, there really isn’t a consumer because the patient doesn’t pay.’ It’s a very interesting aspect of the financial model for them to deal with, and we’re going to be dealing with it for a long time. It’s embedded in our system now, so it’s a very interesting point that he made.”

Shelley asked Kim to elaborate. Kim described the differences in the business models of healthcare and other industries: “There’s a big difference. There’s a difference between what you charge, and what you get reimbursed for, and then what it costs. The hospital administrators have a big challenge in trying to manage all of that and, frankly, to explain it to their economic constituents. It’s mind-numbingly complex to me,” said Kim.

Barnes made the point that debtors in cases like this “should have good regulatory counsel, good healthcare counsel. Gilbert Hospital had a wonderful attorney.”

“In healthcare, there really isn’t a consumer because the patient doesn’t pay.”
- Thomas Kim
Garrison added, “We had some real challenges there because Gilbert was old enough to be grandfathered under the physician-owned hospital regulations, and Florence was not, so you couldn’t have anyone be an owner of the combined enterprise that we created. So, as part of the plan, what happened is we canceled equity in Florence, and we rolled equity from Gilbert up into a holding company that would operate both hospitals. But we had to keep them very distinct because of those regulatory challenges that we had.”

A “Ferrari Fast” Resolution
As the Roundtable wrapped up, an audience member asked Shelley, “Nothing in healthcare moves fast. You saw that in the emergency room. There was no emergency going on. There were some adversarial relationships in the beginning, but, all that aside, you guys did this Ferrari fast. Was there a magic sauce, or are you guys just the new A-team?”

Shelley responded, “One, we have relatively new bankruptcy judges in Arizona, but they are seasoned and experienced bankruptcy practitioners. Those two judges got what was going on, and while we don’t have anything on the record that they were regularly speaking with each other, every indication we got was each of them knew what the other was doing. So, kudos to them for talking, for paying attention, and for getting their arms around a complicated case. Second thing, we’ve all fought with each other and called each other bad names. But when it was in the interest of the merger and of the case, this group came together and realized that we have a common goal and worked through it very nicely, so I think there are two human components that made this work in ways that maybe you don’t see.”

Garrison said, “We have a really close bankruptcy bar in the Phoenix market. We see the same twenty, twenty-five people over and over in cases, and some of us gravitate toward debtor cases or committee cases or the like, but there’s a rotating cast of folks. I think that really does make a difference. We’re careful to preserve relationships even where we must be adversarial and strong advocates. I think that really helps.”
Video Interviews

To watch exclusive M&A Advisor interviews with these industry experts on “Distress in the OR: American Healthcare Is Not Well,” click on the following images:

Dan Garrison
Member
Andante Law Group

Carolyn Johnsen
Member
Dickinson Wright PLLC

Thomas Kim
Director
r² advisors LLC
Symposium Session Video

To watch the Stalwarts Roundtable discussion titled “Distress in the OR: American Healthcare Is Not Well” click on the image below:
Contributors’ Profiles

**Hilary Barnes** is a Member at Allen Barnes & Jones, PLC. Super Lawyers has ranked Hilary Barnes among Arizona’s “Top 50” for 2017 and “Top 25 Women” since 2015. Her practice focuses on commercial bankruptcy, representing both debtors and creditors in bankruptcy court proceedings in numerous jurisdictions. Ms. Barnes’ experience includes matters involving cash collateral and stay relief proceedings and prosecution and defense of various adversary proceedings and contested matters, such as fraudulent transfer and preference avoidance, exemption and claims objections, non-discharge litigation, and contested confirmations. She has also represented individual and institutional creditors in state court enforcement and collections proceedings in Arizona, helping them to protect and take control of their collateral and to collect the amounts that are due and owing to them. In addition, Ms. Barnes has successfully briefed and argued appeals before the Bankruptcy Appellate Panel of the Ninth Circuit Court of Appeals.

**Dan Garrison** is the Founder and Managing Member of Andante Law Group and of its sister firm, The Turnaround Team. For two decades, Dan has assisted clients with corporate restructuring, bankruptcy, commercial and real estate litigation, and corporate and real estate transactions. Dan graduated from the University of Utah College of Law. Following graduation, he clerked for the Honorable Dee V. Benson of the United States District Court for the District of Utah. Prior to founding his own firm, Dan practiced for many years with regional, national and international law firms. Dan regularly represents corporate debtors, acquirers, investors and other significant constituencies of troubled companies. He has restructuring experience in the real estate development, retail, manufacturing, healthcare, telecommunications, construction, airline and high-tech industries. He is a founding principal of Andante Ventures and Andante Properties. He has served as President, CEO and a Director of a wholesale company, General Manager of a multi-location retail company, and was the founding Program Manager of a community mediation service. He is licensed to practice in the state and federal courts in Arizona and Utah.

**Carolyn J. Johnsen** is a Member at Dickinson Wright PLLC. Ms. Johnsen’s experience includes creating complex plans of reorganization for multi-million dollar companies in a wide-range of industries, including mortgage lending, real estate, manufacturing, retail, refining, hospitality, aviation and energy-related. Ms. Johnsen has advised private and public corporations in formulating and implementing managerial, personnel and operational structures. She has also guided numerous boards and senior managers in developing strategies and solutions for revising operations and restructuring debt to effectuate the emergence of a stronger business through bankruptcy, or to take advantage of acquisition and sale opportunities, including the application of bankruptcy procedures favorable to corporate securities regulation compliance. In addition, Ms. Johnsen has negotiated multiple multi-million dollar transactions with lenders, investment bankers and brokers, asset purchasers and sellers, and governmental agencies.
Thomas Kim is a Director at r² advisors LLC. Since 1988, Tom has worked in the turnaround or insolvency industry. He has been involved with troubled companies as a bankruptcy lawyer, business analyst and as a turnaround practitioner. Prior to founding r² advisors LLC, Tom was an originator and asset manager with Republic Financial Corporation, a private investment company based in Denver, where he recovered troubled loans and performed valuations of distressed companies from an investor’s perspective. Prior to Republic, Tom was an attorney with LeBoeuf Lamb, Greene & MacRae, LLP, where he practiced bankruptcy and corporate law. Tom holds a Bachelor of Science in economics from the University of Utah and a J.D. and MBA from the School of Law and the School of Business Administration at Santa Clara University. Mr. Kim served as global President, Chairman, Immediate Past Chairman, VP of Finance and VP of Membership for the Turnaround Management Association. He has also served as a member of TMA’s Executive Committee and Chair of TMA’s Chapter Resource and Response Council.

Nancy March is a Director at Fennemore Craig, PC. Nancy practices primarily in the areas of commercial bankruptcy, collections, and related litigation and transactional matters in Arizona and in federal courts in other states, including Delaware, New York, California, Texas, Pennsylvania, Nevada, and the District of Columbia. She also helps clients with estate planning and probate matters. Her bankruptcy practice includes appearing in court on all aspects of business bankruptcy matters, counseling clients, and negotiating and drafting workout resolutions and related contracts. She represents creditors, debtors, trustees, and official committees in bankruptcy cases in many different industries, such as healthcare, real estate, retail businesses, agriculture, charter airlines and restaurants. Whether her clients need help with estate planning or bankruptcy, Nancy uses her strong communication and analytical skills to help clients understand the legal process, resolve problems, and make decisions that will help their business or family. Nancy is a proud supporter of the arts community in Tucson and serves on the boards of the Fox Theatre of Tucson, the Tucson Symphony Orchestra and the Tucson Desert Song Festival.

Gerald L. Shelley is a Director at Fennemore Craig, PC. Gerald practices in the areas of commercial bankruptcy, litigation and business restructuring and reorganization. He has handled insolvency and reorganization cases in a variety of industries, including real estate, agriculture, mining, transportation, retail, franchising and licensing, healthcare, manufacturing, non-profit, and e-commerce. He represents lenders, secured and unsecured, committees, debtors, trustees, examiners, purchasers and other parties affected by or connected to an insolvency or bankruptcy. He has also handled cross-border insolvency issues involving Canada, Europe, Asia, and Latin America, where his Spanish fluency assists.
Bryce Suzuki is a Partner at Bryan Cave LLP. Mr. Suzuki provides strategic business planning and dispute resolution assistance to a diverse range of lenders, companies, and business owners. His practice focuses on providing advice to clients affected by potential or actual insolvency issues. He has represented secured and unsecured creditors, debtors, landlords, vendors, investors, and equity security holders in a wide array of commercial restructuring and insolvency issues, including loan workouts, distressed asset sales, Chapter 11 bankruptcy administration and reorganization, liquidation, enforcement of creditors’ rights, distressed financing, and bankruptcy litigation. He also has significant experience managing appeals involving bankruptcy and insolvency issues. Mr. Suzuki is active in various bar organizations. He currently serves on the Board of Trustees of TMA Global. He has served as the national co-chair of the Restructuring and Bankruptcy Committee for the National Asian Pacific Bar Association. He is also a Fellow of the American Bar Foundation.
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