IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF ALABAMA

In re:	Chapter 11
JACKSON HOSPITAL & CLINIC, INC., *et al.*,[1]	Case No. 25-30256
	Joint Administration Requested
Debtors.	

DECLARATION OF ALLEN WILEN IN SUPPORT OF CHAPTER 11 PETITION AND FIRST DAY PLEADINGS

I, Allen Wilen, hereby declare under penalty of perjury:

1. I am the Chief Restructuring Officer ("CRO") of Jackson Hospital & Clinic, and certain of its subsidiaries, each a debtor and debtor-in-possession (each, individually, a "Debtor" and, collectively, the "Debtors") in the above-captioned chapter 11 cases.

2. I have served as CRO for the Debtors since September 4, 2025. In such capacity, I am generally familiar with the Debtors' day-to-day operations, business and financial affairs, and books and records.

3. I am above 18 years of age, and I am competent to testify.

4. I am a Partner at Eisner Advisory Group LLC ("EisnerAmper") and serve as the National Director of EisnerAmper's financial advisory services group. I have more than thirty years of financial and accounting experience, as well as extensive experience advising insolvent and troubled companies, including several companies in the healthcare industry, in turnaround and crisis situations and navigating such companies through turnaround, sale and liquidation processes. I have frequently been involved in complex matters requiring expertise in forensic accounting and operational analysis and have been qualified as an expert in numerous state and federal courts

[1] The Debtors in these cases are: Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC.

throughout the United States.

5. I submit this declaration to assist this Court and parties in interest in understanding the circumstances leading to the commencement of these chapter 11 cases, the capital structure of the Debtors, the Debtors' prepetition debt facilities and the Debtors' prepetition restructuring efforts, and in support of: (a) the Debtors' petitions for relief under Chapter 11 Title 11 of the United States Code (the "Bankruptcy Code") filed on the date hereof (the "Petition Date"); and (b) the emergency "first day" relief that the Debtors have requested from the Court pursuant to the motions and applications described herein.

6. Except as otherwise indicated herein, all facts set forth in this declaration are based on my personal knowledge, my discussions with other members of the Debtors' management team and the Debtors' advisors, and my review of the relevant documents and information concerning the Debtors' operations, financial affairs, and refinancing and restructuring initiatives. If called upon to testify, I could and would testify competently to the facts set forth herein.

Background

I. Introduction

7. The Debtors' cases include, among other entities, a major hospital in Montgomery, Alabama – Jackson Hospital & Clinic, Inc. – as well as a number of affiliated physician practice groups. Each of these entities is directly or indirectly owned by Jackson Hospital & Clinic, Inc. ("JHC"), one of the Debtors herein.

8. As explained in greater detail below, the Debtors believe that JHC and its related entities are viable and valuable entities that can be preserved and reorganized through either a sale pursuant to section 363 of the Bankruptcy Code or a refinancing via a chapter 11 plan.

II. The Debtors' History and Operations

9. JHC is an Alabama non-membership non-profit corporation that is the direct or indirect parent company of JHC Pharmacy LLC ("JHP"), an Alabama limited liability company that provides pharmacy services to patients of the Debtor. JHC owns 100% of JHP. Additionally, JHC is a direct or indirect parent company of certain other entities that have not filed for bankruptcy. An organizational chart describing the Debtors' ownership structure is attached hereto as Exhibit A.

III. JHC

10. JHC is a 344-bed hospital located in Montgomery, Alabama. It has a long history of providing healthcare services. The hospital's origin dates back to 1894 when Watkins Infirmary received its 1st patients at the hospital's present location. On September 16, 1946, Jackson Hospital opened with 37 patient beds and 5 attending physicians. Today, JHC ranks among the largest hospitals in Alabama and is widely recognized for providing excellence in care, including cardiac, cancer, neurosciences, orthopedics, and women's care, as well as 24-hour emergency care in Montgomery and the Alabama River Region. JHC's service area includes 16 counties across central Alabama.

11. The Medical Clinic Board owns the majority of the real property on which the hospital resides. JHC does own some ancillary parcels of property.

12. JHC has approximately 1,641 full-time employees, 50 part-time employees, 361 PRN nurses and 31 contract workers.

13. Other Debtors. The remaining Debtor in these cases is JHP.

IV. Events leading to Bankruptcy Filing

14. The Debtors have experienced significant financial pressures in recent years due to increased costs, stagnant reimbursement rates, and a challenging payor mix, among a variety of

other factors. This confluence of factors caused the hospital to exhaust the $60 million in investments it had in June of 2021 and default on its secured debt by April 2024. Various challenges faced by the Debtors include:

(a) An evolving healthcare landscape that disfavors standalone community hospitals.

(b) A challenging payor mix and stagnant reimbursement rates.

(c) Increased costs from a patient population comprised of a high proportion of uninsured individuals or patients unable to pay their deductibles. In 2022 alone, these costs exceeded $10.3 million. Without the expansion of Medicaid, the hospital suffers significant financial losses. Alabama is one of ten states that has not expanded Medicaid under the Affordable Care Act.

(d) Accounts payable backlog grew to overwhelming levels, with some vendors demanding cash-on-delivery and others filing litigation to recover amounts owed.

(e) The hospital experienced workforce attrition and the departure of prominent medical staff members.

(f) COVID-19 brought increased costs that strained resources and depressed patient volume, accelerating already-existing problems. Poor decision-making by management worsened the situation. The hospital did not have the restructuring expertise needed to address existing issues to revive the hospital or develop a reorganization plan, stalling any forward momentum.

(g) In June 2024, the Hospital affiliated with HumanityCorp, a private equity company with multiple hospital and clinic affiliations/partnerships nationwide.

i. Humanity promised capital that never materialized, leaving the hospital with additional debt.

ii. Humanity brought in CAPTA Revenue Cycle Management (RCM) consulting firm in anticipation of their deal in April 2024, which did not perform as promised, worsening the financial situation.

iii. The affiliation was unsuccessful, and the hospital disassociated with HumanityCorp in September 2024.

15. As of the last audited financial statements for the year ended December 31, 2022 , Jackson hospital had operating losses of approximately $36,670,000 and a deficit of revenues over

expenses of approximately $44,000,000 and negative cash flows from operations totaling $3,852,000. However, the Debtors believe that with certain structural and operational changes currently underway, these losses could be reversed over time.

V. Bondholder Action and Restructuring Implementation

16. In June 2024, Moody's Ratings cited the hospital's severely deteriorated cash flow and financial position. They said the hospital suffered from very weak financial strategy and risk management, management credibility, and track record.

17. On September 3, 2024, the hospital missed an interest payment on its bond debt. and on September 4, 2024, S&P Global Ratings lowered the hospital's debt to D.

18. At the direction of the bondholders and the Board, the hospital then took several steps to stabilize its financial situation, including:

(a) On September 4, the hospital engaged with Eisner Advisory Group, beginning a restructuring initiative to strengthen the hospital's financial condition and achieve a fast and efficient restructuring. I was retained as Chief Restructuring Officer, reporting directly to the Board of Directors.

(b) In December, the Board of Trustees terminated the CEO and COO.

(c) The Debtors also enacted leadership changes at that time, including naming Ronald Dreskin of Eisner Advisory Group as Interim CEO. This helped relieve pressure on the hospital's senior leaders so they could focus on day-to-day management and provide additional restructuring expertise.

(d) Arranged for additional financing through the existing lenders and bondholders. On November 4, the Hospital received approval for an additional $22 million in financing from bondholders and $3.5 million in a new loan.

i. Only $8.5 million was received

ii. $13 million in pre-petition and rescue financing has been received.

iii. Negotiations with bondholders are ongoing regarding the continued forbearance of their exercise of remedies resulting from the payment default, arranging for new DIP financing.

(e) The Debtors have been engaged for months in discussions with the City of Montgomery related to a guarantee of a portion of the Debtors' DIP financing needs. The City Council for the City of Montgomery passed an amended Ordinance to support the guarantee conditioned upon a number of items. The amended order amounted to an agreement to negotiate a bond deal and would require additional notice time that the Debtors do not have at this point in time.

(f) The Debtors have also implemented a comprehensive restructuring plan focused on revenue growth and operating efficiency.

(g) Enacted a range of cost-saving initiatives, such as divesting non-core operations to community partners and announcing the closure of outpatient pediatric services along with a reduction in force. In addition, the Debtors have began to implement a program to reduce patient length of stay to industry norms.

19. In early January 2025, the Debtors retained SSG Capital ("SSG") to assist in pursuing a financing, sale or restructuring transaction. Immediately upon its retention, SSG has started to develop marketing materials, including a "teaser" and a confidential information memorandum. SSG also established an electronic data room containing key information for parties to conduct in depth due diligence on JHC

VI. The Debtors' Capital Structure and Primary Obligations

20. Bond and Other Debt. UMB serves as the trustee under that certain Trust Indenture, between the Debtors and UMB (the "Trust Indenture"). In accordance with the Trust Indenture, the Debtors issued bonds, Series 2015 (the "Bonds") in the aggregate principal amount of $61,000,000. The Debtors are also indebted in the amount of $5,000,000 for a bridge loan to the bondholders.

21. Each of the Debtors, as well as certain non-debtor entities, is obligated pursuant to that certain credit agreement with ServisFirst Bank which provides for credit facilities consisting of: (i) a revolving loan facility of up to $12,000,000 (the "LOC"); and (ii) a bridge loan facility of $5,000,000 million (the "Bridge Loan" and, with the LOC, collectively, the "Credit Facility").

22. The Credit Facility is secured by a security interest in the vast majority of the Borrowers' assets, including accounts receivable.

23. Trade Debt. The Debtors estimate that they owe in excess of $100 million to vendors and other parties in trade debt as of the Petition Date.

VII. First Day Pleadings

24. Concurrently with its chapter 11 petition, the Debtor is filing the following pleadings (collectively, the "First Day Pleadings"):

(a) Motion of the Debtors for Entry of an Order Directing Joint Administration of Chapter 11 Cases ("Joint Administration Motion");

(b) Motion of the Debtors for Entry of an Order (I) Authorizing the Debtors to File a Consolidated Creditor Matrix, (II) Authorizing the Debtors to File a Consolidated List of the 30 Largest Unsecured Creditors, and (III) Establishing Patient Notice Procedures ("Consolidated Matrix and Notice Motion")

(c) Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing Continued Use of Existing Cash Management System and Bank Accounts; (II) Authorizing Continued Performance of Intercompany Transactions; Granting Administrative Expense Priority to Postpetition Intercompany Claims; and (IV) Granting Related Relief ("Cash Management Motion");

(d) Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Secured Superpriority Financing Pursuant to Section 364 of the Bankruptcy Code, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Lender, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the "DIP Motion");

(e) Motion of the Debtors for Entry of an Order Authorizing Certain Procedures to Maintain the Confidentiality of Patient Information as Required by Applicable Privacy Rules (the "Patient Confidentiality Motion");

(f) Motion of the Debtors for Entry of an Order (I) Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees and (II) Granting Related Relief (the "Tax Motion"):

(g) Debtors' Motion for Entry of Interm and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation and

Employee Benefits, (B) Continue Existing Employee Benefit Plans and Programs, and (C) Terminate Deferred Compensation Plans, (II) Authorizing Banks and Financial Institutions to Pay All Checks and Electronic Payments Requests Relating to the Foregoing, and (III) Scheduling a Final Hearing (the "Wages Motion");

(h) Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors' Proposed Form of Adequate Assurance of Payment to Utility Companies, (II) Establishing Procedures for Resolving Objections by Utility Companies, and (III) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Service (the "Utilities Motion");

(i) Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay or Honor Prepetition Obligations to Certain Critical Vendors and (II) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Critical Vendors Obligations (the "Critical Vendor Motion");

(j) Motions of Debtors for Entry of an Order Extending the Time within which Debtors Must File their Schedules of Assets and Liabilities and Statements of Financial Affairs (the "Schedule Extension Motion");

(k) Motion of the Debtors for Entry of Interim and Final Orders Authorizing the Debtors to (I) Continue Insurance Coverage Entered Into Prepetition and Satisfy Prepetition Obligations Related Thereto, (II) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies, (III) Honor the Terms of the Premium Financing Agreements and Pay Premiums Thereunder, and (IV) Enter Into New Premium Financing Agreements in the Ordinary Course of Business (the "Insurance Motion"); and

(l) Emergency Motion for Expedited Hearing on Certain "First Day Matters" (Emergency Hearing Motion").

25. The Debtor is also seeking to retain professionals, which applications are supported by separate declarations

26. I am familiar with the contents of each First Day Pleading (including the exhibits to such motions) and believe the relief sought in each First Day Pleading will allow for an orderly transition of the Debtor into the Chapter 11 Case and is critical to maintaining operational stability and preserving the value of the estate as the Debtor and the confirmation of a Chapter 11 Plan. Further, it is my belief that the relief sought in the First Day Pleadings is in each case narrowly

tailored and necessary to achieve the goals identified above, and, accordingly, best serves the interests of the Debtor's estate and its stakeholders.

27. As noted above, the relief sought in the various First Day Pleadings would allow the Debtor to, among other things, (i) obtain certain operational relief and establish various administrative procedures to promote a seamless transition into bankruptcy and (ii) obtain access to cash collateral in order to fund the Debtor's business operations and the administration of the Chapter 11 Case.

28. I have reviewed each of the First Day Pleadings or had their contents explained to me, and I believe the Debtor would suffer immediate and irreparable harm absent the ability to continue their business operations as sought in the First Day Pleadings. In my opinion, approval of the relief sought in the First Day Pleadings will be critical to maintaining the stability of the Debtor's business operations, preserving value, and allowing the Debtor to focus its efforts confirmation of the plan and liquidation of the Debtor's assets.

VIII. Joint Administration Motion

29. The Joint Administration Motion authorizes the joint administration of the Debtors' cases for procedural purposes only and directs parties-in-interest to use a consolidated caption indicating that any pleadings filed relate to the jointly-administered cases of "Jackson Hospital & Clinic, Inc., et al." Specifically, the Debtors request that the Court maintain one file and one docket for all of these cases, and that these cases be administered under the following consolidated caption (the "Consolidated Caption"):

(This space is intentional.)

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30. I believe that joint administration of the Debtors' cases is warranted because it will ease the administrative burden on the Court and various parties-in-interest. Specifically, I believe that joint administration of the Debtors' cases will eliminate the need for duplicate pleadings, notices, and orders in each of the respective dockets and will save the Court, the Debtors, and other parties-in-interest significant time and expense when preparing and filing such documents.

31. Further, I believe that joint administration will protect parties-in-interest by ensuring that they are apprised of the various motions and pleadings filed with the Court with respect to each of the Debtors' cases. Moreover, joint administration will not adversely affect the Debtors' respective constituencies and creditor bodies because this Motion seeks only administrative, not substantive, consolidation of the Debtors' estates.

VIII. Consolidated Matrix and Notice Motion

32. The Consolidated Matrix and Notice Motion requests entry of an order (i) authorizing the Debtors to file a single consolidated Creditor Matrix in lieu of submitting a separate creditor list for each Debtor, including the implementation of a Master Service List; (ii) authorizing the Debtors to file a consolidated list of the 30 largest unsecured creditors; and (iii) establishing

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patient notice procedures.

33. Given the affiliated nature of the Debtors, I believe that permitting them to maintain a single, consolidated Creditor Matrix, in lieu of filing a separate creditor matrix for each Debtor, is warranted, especially in light of the size and scope of the Debtors' cases and the number of the Debtors' creditors. Segregating the Debtors' records to a specific format would be an unnecessarily burdensome task. Many creditors are creditors of more than one Debtor, and thus, failure to maintain a single consolidated Creditor Matrix would result in duplicate and voluminous mailings. Further, filing a single, consolidated Creditor Matrix would facilitate the Bankruptcy Administrator's review of claims and their appointment of a single creditors' committee in these cases. Put simply – satisfying Rule 1007(d)'s requirements would only serve to frustrate its intended purpose in these cases.

34. For the same reasons, the Debtors request authority to file a consolidated Creditor Matrix in lieu of filing separate lists for each Debtor.

35. Similarly, a large number of creditors are shared among the Debtors. Accordingly, the Top 30 List will help alleviate administrative burdens, preserve judicial economy, lessen costs, and reduce the possibility of duplicative service.

36. Additionally, the Debtors request that the Court adopt specific notice procedures related to the notification of current and former patients of the Debtors. In particular, the Debtors request authority to serve a Notice of Commencement of Case, substantially in the form of Official Form 309F, via regular mail, on all current and former patients of the Debtors since January 1, 2023 as soon as practicable following the entry of an Order granting this Motion, if the Court elects to do so.

37. The Debtors request that no other filings be served on current and former patients,

except those patients: (i) that are listed on the Debtors' Schedules, (ii) that file a Proof of Claim, (iii) that file a Notice of Appearance, or (iv) as otherwise instructed by this Court. The Notice of Commencement of Case provides information concerning the meeting of creditors, the proof of claim deadline, among other information, as such, it would adequately inform the Debtors' current and former patients as to important deadlines in the Debtors' cases.

38. Although it is possible for the Debtors to identify which creditors have actual claims against the Debtors, it is impractical for them to identify former patients that may have unknown claims that might not have manifested or been identified. Providing individual notice to every current and former patient of the Debtors' for the past two years would be impractical and unnecessarily expensive given that the Debtors have seen thousands, if not hundreds-of-thousands, of patients since January 1, 2023. I, therefore, believe that it is in the best interests of the Debtors' estates and all creditors and other parties-in-interest to adopt the foregoing patient notice procedures.

IX. Tax Motion

39. By this Motion, the Debtors request entry of the Proposed Orders (i) authorizing, but not directing, the Debtors to remit and pay (or use tax credits to offset) the Taxes and Fees (as defined below) in the ordinary course of business, without regard to whether such obligations accrued or arose before or after the Petition Date and (ii) granting related relief.

40. Taxes and fees are remitted and paid by the Debtors through checks and electronic funds transfers that are processed through their banks and other financial institutions.

41. The Debtors pay taxes and fees to the Authorities on a periodic basis, remitting them monthly, quarterly, semiannually or annually of each year, depending on the nature and incurrence of a particular tax or fee.

42. The Debtors are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code.

43. The Debtors are obligated to pay sales and use taxes (the "Sales and Use Taxes") on a monthly basis to the State of Alabama for the retail sale, consumption, rental or use of tangible personal property in the ordinary course of their operations. The Debtors typically pay approximately $18,000 per month in Sales and Use Taxes.

44. The Debtors estimate that they have accrued, as of the Petition Date, approximately $305,000 in Sales and Use Taxes, of which $18,000 is expected to come due within the first 21 days following the Petition Date. The Debtors request authority, but not direction, to pay the Sales and Use Taxes and to continue to pay such taxes if and when they become due and payable during the pendency of these Chapter 11 Cases.

45. The State of Alabama imposes an assessment (the "Quality Care Assessment," and together with the Sales and Use Taxes, the "Taxes") on the net patient revenue of the Debtors, as well as other licensed hospitals, on a quarterly basis, to ensure access to quality hospital services for Alabama Medicaid beneficiaries.

46. The Debtors estimate that, as of the Petition Date, JHC has accrued approximately $34,225,736.94 in unpaid assessments under the Quality Care Assessment program. This amount includes $9,919,221 in penalties. The Debtors request authority, but not direction, to pay JHC's assessments under the Quality Care Assessment and to continue to pay JHC's assessments if and when they become due and payable during the pendency of these Chapter 11 Cases.

47. In the ordinary course of the Debtors' operations, the Debtors are obligated to pay a variety of regulatory and licensing Fees, as well as Fees related to the operation of the healthcare

business (each a "Fee," and collectively, the "Fees"). These Fees include annual report filing fees, which are required for the Debtors to conduct their businesses in Alabama. Moreover, examples of regulatory fees paid by the Debtors include hospital license fees, pharmacy license fees and lab license fees.

48. To the best of Debtors' knowledge, no Fees are outstanding as of the Petition Date. However, in an abundance of caution, the Debtors request authority to pay any Fees that may be owed as of the Petition Date, and to continue to pay such Fees as they become due in the ordinary course of the Debtors' businesses.

49. The Debtors believe that any failure to pay the Taxes and Fees may materially disrupt the Debtors' business operations in several ways: (i) the Authorities may initiate audits of the Debtors, which would unnecessarily divert the Debtors' attention from the restructuring process; (ii) the Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay, and pursue other remedies that will harm the estates; and (iii) certain of the Debtors' directors and officers could be subject to claims of personal liability, which would likely distract those key employees from their duties related to the Debtors' restructuring. Moreover, unpaid Taxes and Fees may result in penalties, the accrual of interest, or both.

X. Wages Motion

50. The Wages Motion seeks an order authorizing but not directing the Debtors, in their sole discretion, to (a) pay prepetition wages, salaries, and other compensation, employee business expense allowances and reimbursements, relocation expenses, third-party payroll processor expenses, and employee benefits, (b) continue certain of their existing employee benefit plans and programs, and (c) finalize the termination, to the extent necessary, of the Deferred Compensation Plans (as defined below), (ii) authorizing banks and other financial institutions to receive, process,

honor, and pay all checks and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing, and (iv) granting certain related relief.

51. As of the Petition Date, the Debtors employ approximately 2,084 employees (the "Employees"), on full, part-time or per diem (as needed) bases. In the ordinary course of business, the Debtors pay Employees, among other things, salary, expense reimbursements, and certain other forms of compensation that are described herein, depending on the services provided by the Employees to the Debtors (the "Employee Obligations"). The Debtor has twenty-four volunteers. No relief is sought as to the volunteers.

52. The Employees perform a variety of critical functions, including operating the Debtors' medical treatment centers, providing acute, post-acute and primary care, and recruiting and training physicians and technicians. Employees also engage in various functions to manage and support the operations of the Debtors' medical facilities, including various administrative, marketing, legal, accounting, finance and management-related tasks. The skills and experience of the Employees are essential to the Debtors' ongoing operations.

53. In the ordinary course, the Debtors fund their payroll obligations to their executive and physician employees on a semi-monthly basis through ADP, LLC ("ADP") and on a bi-weekly basis for all other employees. ADP pays employees their wages from a separate non-debtor account (the "ADP Account") via direct deposit to each of the employees' personal bank accounts. ADP remits payment to the executive and physician employees on the 15th and last day of each month, and every other week for the remaining employees, with the Debtors generally funding their payroll obligations to ADP two to three business days prior to ADP remitting payment to the salaried employees. Prior to the Petition Date, the Debtors' aggregate semi-monthly gross payroll for executive and physician salaried employees was approximately $1.5 million (including payroll

taxes) for the pay period ending January 31, 2025, and $4.1 million (including payroll taxes) for non-executive, non-physician employees for the pay period ended January 18, 2025.

54. The following summarizes the various types of Employee compensation offered by the Debtors (collectively, the "Employee Compensation"):

55. Wages. The Debtors pay the majority of their Employees' wage and salary obligations (collectively, the "Wages") on either a salaried or hourly basis. Nearly all of the Employees receive their wages, salaries, and other compensation by direct deposit, with the remaining Employees receiving checks. Employees are paid one week in arrears.

56. In the ordinary course of business, Executive and Physician Employees are paid on a bi-monthly basis. The Debtors' last payroll was paid to Executive and Physician Employees on January 31, 2025, for the period from January 16, 2025, to January 31, 2025. The next scheduled payroll is due to be paid on February 15, 2025, for the period from February 1, 2025 to February 15, 2025. The Debtors estimate that the total amount of Executive and Physician Employees payroll will be approximately $3.9 million. This includes approximately $2.4 million of Physician RVU payments. This pay period will include 2 prepetition days (the "Prepetition Pay Period"), and 13.3% of the $3.9 million total payroll relates to the Prepetition Pay Period. Accordingly, the Debtors seek authority to pay their Employees the amounts owed for Wages for those prepetition days in the next scheduled payroll

57. Non-Executive and Physician Employees generally are paid on a bi-weekly basis. The Debtors' last payroll was paid to Employees on January 24th, 2025, for the period from January 5, 2025 through January 18, 2025. The next scheduled payroll is due to be paid on February 7, 2025, for the period from January 19, 2025, through February 2, 2025. The Debtors estimate that the total amount of the February 7, 2025, payroll will be approximately $4.3 million.

This pay period will include 14 prepetition days (the "Prepetition Pay Period"), and 100% of the $4.1 million total payroll relates to the Prepetition Pay Period. Accordingly, the Debtors seek authority to pay their Employees the amounts owed for Wages for those prepetition days in the next scheduled payroll. No single individual will be paid in excess of the statutory cap of $15,150 on account of any prepetition claim for wages, benefits, or other compensation, absent further order of the Court.

58. Reimbursable Expenses. Prior to the Petition Date and in the ordinary course of business, the Debtors reimbursed Employees, subject to manager approval, for certain allowed expenses incurred on behalf of the Debtors (the "Reimbursable Expenses"). Reimbursable Expenses generally include, among other things, business travel (e.g., airfare/rail, gas mileage, taxis, hotel and telephone/internet) and meals (e.g., business travel-related and onsite). Employees pay for such expenses directly from their own funds and are reimbursed upon the submission of an expense reimbursement form itemizing the applicable business expenses. Reimbursement is contingent on the Debtors' determination that the charges are for legitimate, reimbursable business expenses.

59. Reimbursable Expenses typically range from approximately $45,000 to $50,000 per month, although the Debtors' incurrence of Reimbursable Expenses varies from month to month; as a result, the Debtors cannot precisely estimate prepetition, unpaid Reimbursable Expenses. Nevertheless, as of the Petition Date, the Debtors estimate that they owe approximately $48,078 in outstanding prepetition Reimbursable Expenses.

60. Employees incurred the Reimbursable Expenses as business expenses on the Debtors' behalf and with the understanding that they would be reimbursed. To avoid harming Employees who incurred the Reimbursable Expenses, the Debtors request authority to: continue

paying the Reimbursable Expenses in accordance with prepetition practices in accordance with the Debtors' policy for reimbursing such expenses, and continue honoring any prepetition obligations related thereto to the extent Employees have paid for such expenses directly from their own funds or are otherwise personally liable for such expenses; and modify their prepetition policy relating thereto as they deem appropriate without the need for further court approval.

61. The Debtors request authority to pay up to $48,078 on an interim basis and on a final basis on behalf of prepetition Reimbursement Expenses. The Debtors also seek authority to continue their expense reimbursement policy in the ordinary course during the administration of the Chapter 11 Cases.

62. Holidays/Paid Time-Off and Leaves of Absence. The Debtors offer full-time Employees pay for predetermined holidays ("Paid Holidays"). In addition, Employees are eligible for earned time off from work based length of service. These absences include personal illness, family illness, personal days and vacation (collectively, "Earned Time Off"). Earned Time Off can be carried over from year to year, and can be paid out to the employee on separation with proper notice of resignation. The Debtors anticipate that after the Petition Date, certain Employees will seek to use or redeem for cash Paid Time Off accrued during the prepetition period ("PTO Payouts"). As of the Petition Date, the Debtors estimate that their accrued liability in connection with unused Paid Time Off equaled approximately $4.6 million.

63. During each applicable payroll period, the Debtors routinely deduct certain amounts from their Employees' gross pay, including, without limitation, (a) pre-tax and after-tax deductions payable pursuant to the Employee benefit plans discussed herein (e.g., garnishments, contributions relating to health care benefits, insurance premiums and flexible spending programs) and (b) other miscellaneous deductions (collectively, the "Deductions"). Out of an abundance of

caution, the Debtors request authority to remit any unpaid prepetition Deductions that exist. Additionally, the Debtors seek authority to continue deducting amounts from the applicable Employee's wages and salaries and forwarding Deductions to the appropriate third-party recipients on a postpetition basis, in the ordinary course of business, and consistent with past practices. The Deductions represent earnings that applicable authorities have designated for deduction from Employees' paychecks and thus may not be property of the Debtors' estates.

64. In addition to the Deductions, the Debtors are required by law to withhold amounts related to federal income taxes, as well as Social Security and Medicare taxes for remittance to the appropriate taxing authority (collectively, the "Withheld Amounts"). The Debtors are also required to pay additional amounts for federal and state unemployment insurance (together with the Withheld Amounts, the "Payroll Taxes"). On a bi-weekly basis, the Debtors remit approximately $1.8 million in Payroll Taxes, which amount includes employer taxes plus what is withheld and remitted on behalf of the employee.

65. As of the Petition Date, the Debtors estimate that they do not have any accrued and unpaid Deductions and Payroll Taxes because ADP automatically deducts and remits the Deductions and Payroll Taxes on a bi-weekly and semi-monthly basis. However, estimated payroll taxes of $1,036,603.31 will come due on the next scheduled payroll dated February 7, which is 100% pre-petition. To the extent that there are any accrued and unpaid Payroll Taxes, the Debtors request that the Court authorize the Debtors to transmit these amounts, all of which will become due within the first 21 days of these Chapter 11 Cases, to the appropriate parties in the ordinary course of business because the Deductions and Payroll Taxes are not property of the Debtors' estates.

66. The Debtors offer their Employees the opportunity to participate in a number of

insurance and benefit programs, including medical insurance, life and disability insurance, and other employee benefit plans as described below (collectively, the "Employee Benefits"). Maintaining these benefits and honoring obligations thereunder is necessary to preserve employee morale and maintain the stability of the Debtors' workforce during the Chapter 11 Cases

67. Medical, Dental and Vision Plans. The Debtors provide health care coverage and dental care to all of their non-unionized full-time Employees and their dependents under various benefit plans, as described below (collectively, the "Medical, Dental and Vision Plans"). The Debtors offer Employees the following Medical, Dental and Vision Plans:

68. *Medical Plan.* The Debtors' eligible Employees may enroll in one of several medical/prescription plans through Blue Cross Blue Shield. Employees may generally choose from among Plan 1 or Plan 2 plan options, which offer varying premiums, deductibles and other benefit options. The net monthly cost to the Debtors for the Medical Plan, net of Employee contributions, is approximately $981,439.34

69. *Dental Plan and Vision Plans.* The Debtors offer eligible Employees dental coverage through Metlife. The rates, deductibles and benefit options vary by plan. The net monthly cost to the Debtors for the Dental Plan is approximately $8,668.72. The Debtors offer eligible Employees vision coverage through Metlife. The rates, deductibles and benefit options vary by plan. The net monthly cost to the Debtors for the Vision Plan is approximately $4,945.98.

70. In the aggregate, the Debtors estimate that they incur approximately $1,019,518.125 in aggregate monthly premiums and administrative costs associated with the Medical, Dental and Vision Plans described above.

71. The Debtors request authority to (a) continue the Medical, Dental and Vision Plans in the ordinary course of business, (b) continue making the above-described contributions to the

Medical, Dental and Vision Plans, and (c) pay any amounts related thereto, including premiums, claims amounts and administration fees, to the extent that they remain unpaid as of the Petition Date, in the ordinary course of business. The Debtors estimate that the total amount accrued and unpaid for the Dental and Vision Plans as of the Petition Date is approximately $764,249.85.

72. Insurance and Disability Benefits. The Debtors provide certain Employees with life insurance, accidental death and dismemberment and short-term and long-term disability coverage (collectively, the "Insurance and Disability Benefits"). The Debtors pay the premiums for Employees' basic life insurance and certain short-term disability coverage, and Employees pay for all other coverages related thereto. The monthly premium for the Debtors' Insurance and Disability Benefits, net of amounts paid by Employers, is approximately $64,169. The Debtors request authority to continue paying premiums for the Insurance and Disability Benefits in the ordinary course of business.

73. The Debtors also provide certain insurance coverage to certain eligible Employees (the "Supplemental Insurance Benefits"). The premiums for this coverage are paid by participating Employees. This insurance includes hospital, accident and critical illness coverage. The Debtors withhold from participating Employees' paychecks amounts sufficient to pay these premiums, although the Debtors pay certain related fees and administrative costs. The Debtors remit a total of approximately $117,321 per month in aggregate premiums for the Supplemental Insurance Benefits.

74. The Debtors request authority to pay approximately $561,066.10 for prepetition unpaid Insurance and Disability Benefits and unremitted Supplemental Insurance Benefits premiums on an interim basis, and any remaining amounts not included therein on a final basis. Additionally, the Debtors hereby seek authority to maintain the Insurance and Disability Benefits

and Supplemental Insurance Benefits on a postpetition basis.

75. The Debtors also provide certain benefits pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), flexible spending accounts ("FSAs"), health savings accounts ("HSAs") and commuter benefits to Employees in the ordinary course of business. On a monthly basis, the Debtors' current obligations under COBRA are approximately $1,000 and the Debtors' current monthly obligations for FSA, HSAs and commuter benefits total approximately $49,495. The Debtors seek authority to continue providing these benefits in the ordinary course of business, including any amounts accruing prepetition.

76. Retirement Plans. The Debtors provide retirement benefits to Employees, though eligibility varies by plan. Employees may be eligible to participate in the following retirement benefits: (i) a Jackson Hospital 403(b) retirement plan; and (ii) 403(b) Tax Deferred Annuity Program.

77. 403(b) Plan. The Debtors maintain for the benefit of eligible Employees an employee savings plan, which is a tax-qualified plan within the meaning of, and administered in accordance with, the requirements of section 403(b) and other applicable sections of the Internal Revenue Code (the "403(b) Plans"). There are approximately 650 participants in this plan, which is administered by Debtor in coordination with Corebridge. The Debtors withhold certain amounts from participating Employees' paychecks and contribute such amounts to the 403(b) Plans (the "Employee 403(b) Contributions"). The Debtors withhold a total of approximately $173,913 per pay period in Employee 403(b) Contributions. The Debtors request authority to continue the Employee 403(b) Contributions on a postpetition basis. The Debtors also have historically matched certain contributions to the 403(b) Plans, which the Debtors believe is discretionary. The Debtors are current with 403(b) deposits.

78. 457(b) Plan. Pre-petition, the Debtors sponsored the Jackson Hospital & Clinic, Inc. 457(b) Plan (the "457(b) Plan"), a deferred compensation plan under Internal Revenue Code Section 457(b) which gave those participants eligible under the terms of the 457(b) Plan the opportunity to defer compensation and receive Employer contributions. Amounts held in the 457(b) Plan were generally distributable in a single lump sum or installments, upon a participant's separation from service, in accordance with the terms of the 457(b) Plan. All accounts in the 457(b) Plan were held in trust for the benefit of the participants by Corebridge Financial ("Corebridge").

79. On December 23, 2024, the Debtors executed that certain Resolution Authorizing Plan Termination, under which the Debtors terminated the 457(b) Plan, effective as of February 1, 2025. In connection with such termination, on January 3, 2025, the Debtors authorized Corebridge to distribute the assets of the 457(b) Plan to all beneficiaries, which assets totaled an amount of no less than $3,490,631.18, as of December 31, 2024. As of January 8, 2025, all assets of the 457(b) Plan had been distributed by Corebridge to the beneficiaries of the 457(b) Plan.

80. While the 457(b) Plan has already been terminated, the Debtors are seeking an order of this Court, after a final hearing, pursuant to section 363(b)(1) of the Bankruptcy Code and Rule 6004 of the Bankruptcy Rules, authorizing the Debtors, and its agents, including, but not limited to Corebridge, to continue the termination of the 457(b) Plan, already in effect, and take any and all steps necessary, if any, to consummate its termination.

81. As noted above, the Debtors utilize the services of ADP to administer payroll for Employees, whether through direct deposit or check. ADP's responsibilities include processing payroll and transferring funds from the Debtors to their Employees and to the relevant taxing authorities. ADP also provides all other payroll-related services, including wages/payroll tax remittance calculations, timekeeper system and wage attachment processing. Though the Debtors

do not believe that any fees are owing to ADP for prepetition services, out of an abundance of caution, because the services provided by ADP are crucial to the smooth functioning of the Debtors' payroll system, the Debtors request permission to pay any unpaid fees to ADP and to continue to pay fees that accrue during the ordinary course of business.

82. In the ordinary course of business, the Debtors maintain workers' compensation insurance through Health Care Workers Self-Insurance Fund ("HCWF"), as third party administrator. Under the terms of the Debtors' workers' compensation policy, the Debtors fund, on an installment basis, a prefunded loss account for workers' compensation obligations. The total amount of the prefunded loss account for 2025 is $0. The Debtors make installment payments, which include both the prefunded loss account as well as premiums (for both the workers' compensation insurance and auto insurance) and administrative fees. To the extent applicable losses exceed the amount of the prefunded loss account, the Debtors are subject to a $0 deductible per accident, after which all additional losses are fully insured. The Debtors are current with respect to their obligations in connection with the prefunded loss account, and respectfully request authority to continue making the installment payments with respect thereto in the ordinary course of business. As of the Petition Date, the Debtors were also obligated to pay $125,000 with respect to the workers' compensation policy as a result of the most recent payroll audit. The payment will paid over the next policy year. Through this Motion, the Debtors respectfully seek authority to remit this amount. The Debtors also seek authority to continue honoring all applicable obligations with respect to their relationship with HCWF as third party administrator in the ordinary course of business.

XI. Utilities Motion

83. Through the Utilities Motion, the Debtors request entry of the Proposed Orders (i) authorizing Debtors' proposed form of adequate assurance of payment to utility companies, (ii) establishing procedures for resolving objections by utility companies, and (iii) prohibiting utility companies from altering, refusing, or discontinuing service.

84. In the ordinary course of business, the Debtors obtain traditional utility services related to the day-to-day operation and/or maintenance of their businesses from approximately [ ] different utility providers (each a "Utility Company" and collectively, the "Utility Companies"), for water, electricity, gas, steam, telephone and internet services (the "Utility Services"). The Utility Companies include, without limitation, the entities set forth on the list attached to the Utilities Motion as Exhibit C (the "Utility Companies List").

85. Uninterrupted Utility Services are essential to the continued operation of the Debtors' businesses and, consequently, to the success of their Chapter 11 Cases. Should any Utility Company alter, refuse, or discontinue service, even for a brief period, the Debtors' business operations could be severely disrupted, and such disruption would jeopardize the Debtors' reorganization efforts and patient safety. Accordingly, the Debtors seek to establish an orderly process for providing adequate assurance to their Utility Companies without hindering the Debtors' ability to function as a going concern.

86. The Debtors estimate that the cost for the Utility Services during the next two weeks (not including any deposits to be paid) will be approximately $278,722.14

87. The Debtors intend to pay their undisputed post-petition obligations to the Utility Companies on a timely basis and have the ability to do so. The Debtors anticipate that they will have sufficient funds to pay the amounts described in this Motion.

88. The Debtors propose to deposit $278,722.14, an amount equal to approximately two weeks of Utility Services, calculated as a historical average of all billings for Utility Services incurred by the Debtors (each an "Adequate Assurance Deposit") into a segregated bank account designated for the Adequate Assurance Deposits (the "Adequate Assurance Deposit Account") on behalf of all Utility Companies identified in Exhibit C to the Utilities Motion within 20 days of the Petition Date. The Adequate Assurance Deposit is equal to the prorated aggregate amounts historically billed by the Utility Companies for two weeks of Utility Services. The Adequate Assurance Deposit will be held in the Adequate Assurance Deposit Account for the duration of these Chapter 11 Cases and may be applied to any post-petition defaults in payment to the Utility Companies.

89. The Debtors submit that the Adequate Assurance Deposit, in conjunction with the Debtors' ability to pay for future Utility Services in the ordinary course of business, along with the existing deposits held by the Utility Companies, constitute sufficient adequate assurance of future payment to the Utility Companies to satisfy the requirements of section 366 of the Bankruptcy Code.

90. Nonetheless, if any Utility Company believes additional assurance is required, the Debtors request that the Court establish certain procedures, described below, by which a Utility Company may request such assurance.

91. In light of the severe consequences to the Debtors' business and operations, as well as patient safety, that would result from any interruption in Utility Services, and to address the right of any Utility Company under section 366(c)(2) of the Bankruptcy Code to seek additional adequate assurance satisfactory to it, the Debtors propose procedures sset forth in the Utilities Motion for any Utility Company that seeks additional assurance.

92. The Debtors request that they be allowed, without further order of the Court, to supplement the Utility Companies List if any Utility Company has been inadvertently omitted from the list. If the Debtors determine that the Utility Companies List should be supplemented, the Debtors will, as soon as reasonably practicable, file with the Court an amendment to Exhibit C to the Utilities Motion adding the name of any Additional Utility Company.

XII. Schedule Extension Motion

93. Through the Schedule Extension Motion, the Debtors seek an additional 30 days beyond the time alotted for the filing of the Schedules of Assets and Liabilities and Statement of Financial Affairs.

94. The Debtors are in the process of compiling and organizing the information required for the Schedules and Statements, but the finalization of these documents will extend past the Fourteen-Day Period. The Debtors have been primarily focused on assessing their business operations and negotiating a course of action.

95. Because of (a) the size and scope of the Debtors' business; (b) the complexity of their financial affairs; and (c) the press of numerous business matters incident to the commencement of these Chapter 11 Cases, it was impracticable for the Debtors to assemble all of the information necessary to complete the Schedules and Statements prior to the Petition Date.

96. Moreover, the Debtors have many known and potential creditors. Under the circumstances, the Debtors submit that the Fourteen-Day Period within which to file the Schedules and Statements under Bankruptcy Rule 1007(b) and (c) will not provide the Debtors with sufficient time to complete the Schedules and Statements.

97. The size, scope, and complexity of these Chapter 11 Cases, and the volume of material that must be compiled, provide ample "cause" justifying the requested extension beyond

the Fourteen-Day Period.

98. The Debtors believe that an extension, for an additional thirty (30) days, of the deadline to file the Schedules and Statements would be appropriate at this time. The Debtors request that such extension be without prejudice to their right to seek one or more further extensions of this deadline from the Court. Additionally, the Debtors will work with the Office of the Bankruptcy Administrator for the United States Bankruptcy Court for the Middle District of Alabama and any subsequently officially-appointed committee of creditors to make available sufficient financial data and creditor information as may be required to timely facilitate the initial Section 341 meeting.

XIII. Insurance Motion

99. By this Motion, the Debtors request entry of the Proposed Orders authorizing the Debtors to: (i) continue insurance coverage entered into prepetition and satisfy prepetition obligations related thereto; (ii) renew, amend, supplement, extend or purchase Insurance Policies (as defined below); (iii) honor the terms of the Premium Financing Agreement (as defined below) and pay premiums thereunder; and (iv) enter into new Premium Financing Agreements in the ordinary course of business.

100. In the ordinary course of business, the Debtors maintain insurance policies that are administered by various insurance carriers (collectively, the "Insurance Carriers"). These policies provide coverage for, among other things, the Debtors' property, general liability, professional liability, automobile, excess umbrella liability, workers' compensation, terrorism, pollution, storage tank, volunteer/student accident, cyber, crime, fiduciary liability, directors' and officers' liability, and employed lawyers liability (collectively, the "Insurance Policies"). A schedule of the

Insurance Policies is attached to the Insurance Motion as Exhibit B.

101. The Debtors' coverage under the Insurance Policies is provided in connection with a global insurance program providing coverage for both the Debtors as well as certain non-debtor affiliates of the Debtors. Each of the Debtors are covered under each Insurance Policy, other than the aviation policy, which only covers certain applicable Debtors.

102. The aggregate annual premium for the Insurance Policies is approximately $6,100,511, including applicable taxes and fees. The cost of such premiums are allocated among the covered Debtors and non-debtor entities in a manner dependent on the type of coverage provided. For example, fiduciary, crime, D&O and employment practices Insurance Policies are allocated based on the total number of employees per entity, general liability, terrorism and pollution coverages are allocated based on square footage, workers' compensation insurance is allocated based on payroll, and risk retention group coverage is allocated based on actuarial reports (occupied bed equivalents).

103. The premiums for 4 of the Insurance Policies are financed (collectively, the "Financed Policies") because it is not economically advantageous to pay the premiums on the Financed Policies, in full, on a lump-sum, quarterly, or monthly basis. The premiums on three of the Financed Policies are financed pursuant to a premium financing agreement between the agent ARC South, LLC (Agent/Broker), and Jackson Hospital and Clinic Inc (Insured/Borrower), the fourth financed policy is financed pursuant to a premium financing agreement between the agent ARC Excess & Surplus of New England, LLC (Agent) and Jackson Hospital Employed and Contracted Physicians (Insured/Borrower) under the terms of the (the "Premium Financing Agreements"). The Insurance Policies that are subject to the Premium Financing Agreement are indicated on Exhibit C to the Insurance Motion.

104. As of the Petition Date, the Debtors are current with respect to their obligations relating to the Premium Financing Agreement. The Debtors respectfully request authority to pay all outstanding installment payments in connection with the Premium Financing Agreement (which the Debtors believe to be approximately $657,631) in the ordinary course of business.

105. With respect to premiums for non-financed policies, the Debtors request authority to pay $1,838 on account of premiums which came due prior to the Petition Date and remain outstanding, and to continue to pay such premiums coming due postpetition in the ordinary course of business.

106. The obligations under the Premium Financing Agreement are secured by all sums payable to the applicable Debtor under the Financed Policies, including, among other things, any gross unearned premiums and any payment on account of loss that results in a reduction of unearned premiums in accordance with the terms of the Financed Policies.

107. If the Debtors were unable to continue honoring their obligations related to the Premium Financing Agreement, Premium Assignment Corporation may seek relief from the automatic stay to terminate the Financed Policies to recoup their losses. The Debtors could then be required to obtain replacement insurance on an expedited basis and likely at significant cost to their estates. The Debtors likely would face great hardship if they were required to obtain replacement insurance and pay a lump-sum premium for the Financed Policies in advance. Even if the Financed Policies were not terminated, any interruption in the Debtors' payments could have a severe, adverse effect on the Debtors' ability to finance premiums for future policies.

108. Continuation of the Debtors' Insurance Policies, and entry into new insurance policies in the ordinary course of business, is essential to the preservation of the value of the Debtors' business and operations. Moreover, in many instances, insurance coverage is required by

the regulations, laws, and contracts that govern the Debtors' commercial activities, the Bankruptcy Administrator's requirement that a debtor maintain adequate coverage given the circumstances of its chapter 11 case. Accordingly, to ensure uninterrupted coverage, the Debtors request authority to maintain their existing Insurance Policies, pay any prepetition obligations related thereto, honor their obligations related to the Premium Financing Agreement, and enter into new Insurance Policies in the ordinary course of business.

109. In addition, to the extent that the Premium Financing Agreement expires during the course of these Chapter 11 Cases, the Debtors seek authority to renew the Premium Financing Agreement without further Court approval. The Debtors respectfully submit that renewal of the Premium Financing Agreement falls squarely within their ordinary course of business and, but for the constraints of section 364 of the Bankruptcy Code, the Debtors would not need the Court's prior approval to renew the Premium Financing Agreement. To reduce the administrative burden, as well as to confirm their ability to satisfy one of their obligations of operating as debtors in possession, the Debtors seek the Court's authority now to renew the Premium Financing Agreement when and as necessary in the Debtors' business judgment.

110. Pursuant to the Insurance Policies, the Debtors may be required to pay various deductibles or retention amounts (the "Insurance Deductibles"), depending upon the type of claim and insurance policy involved. Under certain policies, the Insurance Carriers may pay claimants and then invoice the Debtors for any Insurance Deductible. In such situations, the Insurance Carriers may have prepetition claims against the Debtors. While the Debtors are not aware of any Insurance Deductibles that are due and owing as of the Petition Date, the Debtors seek authority to honor any amounts owed to the Insurance Carriers to ensure uninterrupted coverage under their Insurance Policies.

111. The Debtors utilize the services of Harmon Dennison Bradshaw, Inc. as insurance broker (the "Insurance Broker") to obtain their Insurance Policies. The Insurance Broker primarily assists the Debtors with the procurement and negotiation of the Insurance Policies, enabling the Debtors to obtain the Insurance Policies on advantageous terms and at competitive rates. The Debtors pay fees (the "Brokerage Fees") to the Insurance Broker on a commission basis as policies are renewed. While the Debtors are not aware of any Brokerage Fees that are due and owing as of the Petition Date, the Debtors seek authority to honor any amounts owed to the Insurance Broker to ensure uninterrupted coverage under their Insurance Policies.

XIV. DIP Motion[3]

112. The Debtors' access to the DIP Facility during these chapter 11 cases is critical not only to their restructuring efforts, but more importantly to their obligation to maintain the health and safety of their patients.

113. Access to new-money financing will send a strong message to the Debtors' patients, vendors, employees, affiliated physicians, and contract counterparties that operations are funded and the impact on the Debtors' businesses and operations will be minimized.

114. The DIP Orders (as defined in the DIP Motion) will give the Debtors the necessary funding and flexibility to continue the day-to-day operations of their businesses, maintain patient care, implement the anticipated sales of their hospital assets, and bring these chapter 11 cases to a value-maximizing conclusion.

115. Inability to access the DIP Loans (as defined in the Motion) will render the Debtors unable to continue to ensure the health and safety of their patients, and will negatively impact the

[3] Capitalized terms used in this section not otherwise defined, as defined in the DIP Motion.

Debtors' ability to provide clinical care, generate revenue, meet their existing trade obligations, and compensate employees.

116. Without the incremental new-money financing anticipated to be provided under the DIP Facility, the Debtors will be forced to shutter the hospital and wind down all operations in the near term.

117. In the absence of the DIP Loans, the Debtors will be unable to satisfy any ongoing operations, including their outstanding and accrued obligations to employees, and will have no alternatives other than to wind down operations through state court processes or under chapter 7 of the Bankruptcy Code. The Debtors would be forced to immediately stop the intake of new patients and would work to transport their thousands of existing patients to other hospitals. At that point, the Debtors would likely not have the liquidity to implement appropriate shut down procedures under applicable federal, state, and local regulatory requirements, which would both imperil patient safety and expose the Debtors to fines, sanctions, and criminal penalties.

118. Further, the DIP Facility was evaluated by the Debtors' independent directors at Jackson Hospital, who have been overseeing the Debtors' restructuring efforts.

119. The DIP Facility is the product of exhaustive, good-faith, arm's-length negotiations among the Debtors and the DIP Lender, each of which was represented by experienced counsel and financial advisors. The Debtors and their advisors actively negotiated the terms and provisions of the DIP Facility leading up to the Petition Date, including on material terms of the proposed financing, ultimately resulting in the deal embodied in the DIP Term Sheet.

120. Based on extensive negotiations among the parties, the Debtors respectfully submit that the DIP Facility represents the best financing option reasonably available to the Debtors under the current circumstances. The claim priority, liens, and other protections to be granted to the DIP

Lender pursuant to the DIP Facility, were essential features of the facility, without which the DIP Lender would not have committed to provide funding for the Debtors, and are comparable to other debtor-in-possession financings and generally consistent with market terms for companies facing similar circumstances as the Debtors.

121. The Debtors considered a number of sources of potential debtor-in-possession financing, including internal sources of cash, existing lenders, and actual or potential transaction counterparties. The Debtors and their advisors reached out to various stakeholders, government and regulatory departments, potential sale counterparties, and other related parties to address their capital needs through the provision of incremental financing or by supporting and accelerating transaction closings. New-money financing was generally advertised as a protective advance for existing constituents or an advance on sale transaction proceeds. As discussed below, no financing party was willing to provide financing to the Debtors on a junior or unsecured basis.

122. In the months prior to the Petition Date, the Debtors engaged extensively with the Indenture Trustee and holders of the obligations under the Existing Indenture Obligations (collectively, the "Existing Indenture Secured Parties") and the holders of the 2024 Bridge Facility Obligations (collectively, the "2024 Bridge Facility Secured Parties" and together with the Existing Indenture Secured Parties, the "Prepetition Secured Parties"). Ultimately, the Prepetition Secured Parties were unable to offer the Debtors a viable post-petition financing option.

123. In contrast, the DIP Facility offers the Debtors an aggregate of $24.5 million in new-money DIP financing, without needing to solve for the complicated bondholder structure of the Indentures. The proposed DIP Facility is, by a large margin, the best financing available to the Debtors' estates because it is the only proposal that allows the Debtors to continue providing life-saving, critical care to their patients while the Debtors work to reorganize and/or effectuate sales

of their hospital assets to willing purchasers as going-concern operations. Entry into the DIP Facility will allow the Debtors to continue serving their patients, repair their strained relationships with key vendors that provide critical healthcare supplies and services, and move towards effectuating the going-concern sale of the hospital, with the overarching twin goals of protecting patient safety and bringing these chapter 11 cases to a value-maximizing conclusion for the Debtors' creditors.

124. The Debtors therefore submit that DIP Facility presents the best terms available to these estates within the totality of the circumstances of these chapter 11 cases.

125. The DIP Term Sheet contains certain milestones that the Debtors must meet throughout these chapter 11 cases. The milestones were negotiated by the Debtors and the DIP Lender as a condition to providing the DIP Facility and are the result of good-faith and arm's-length negotiations between the Debtors and the DIP Lender. The milestones provide the Debtors with sufficient time to effectuate the contemplated sale transactions while balancing the need for an expeditious resolution of these chapter 11 cases.

126. The DIP Facility and the accompanying economic terms were the product of extensive, good-faith, arm's-length negotiations among the Debtors and the DIP Lender. The claim priority, liens, and other protections (including the waivers of section 506(c), waiver of marshalling, and granting of liens on Avoidance Actions (as defined in the Interim DIP Order) and the proceeds thereof upon entry of the Final Order), were essential features of the facility without which the DIP Lender would not have committed to provide funding for the Debtors. These protections are comparable to other DIP financings and generally consistent with market terms for companies facing similar circumstances as the Debtors. Accordingly, the Debtors have exercise The Debtors have not been able to obtain unsecured credit or an alternative DIP financing on better

terms than those reflected in the DIP Term Sheet, and there are no better offers available to the Debtors or before the Court at this time. The DIP Term Sheet was the sole financing proposal that would allow the Debtors to continue their going-concern operations for any reasonable period of time after the Petition Date.

127. The DIP Facility is necessary to preserve the Debtors' estates. As previously discussed, in the absence of DIP financing, the Debtors will be unable to pay their employees and vendors, and will be forced to begin shutting down the hospital. The DIP Facility has been sized to provide the Debtors with liquidity to continue the operation of their businesses, including the hospital, maintain relationships with vendors, suppliers, and customers, satisfy wage and salary obligations for their employees, and continue to satisfy other working capital and operational needs during the chapter 11 cases.

128. The terms of the DIP Facility are fair, reasonable, and adequate under the circumstances. The DIP Facility provides tens of millions of dollars more in new-money financing commitments than the Debtors only other DIP financing alternatives, on terms that are comparable to other DIP financings and generally consistent with market terms for companies facing similar circumstances as the Debtors.

129. The Debtors submit that the priming of the liens held by the Prepetition Secured Parties (collectively, the "Prepetition Liens") by the DIP Liens should be approved by the Court. First, the Debtors were unable to find alternative financing that preserved the Debtors as going-concern operations. No potential financing party was willing to provide the Debtors with unsecured or junior secured financing. The Debtors have an extremely limited pool of unencumbered assets that was insufficient to attract potential financing counterparties. Additionally, in the face of a near-term potential shutdown of the Debtors' hospital operations, no

counterparty was willing to assume the risk of extending credit on an unsecured or junior secured basis. The DIP Lender was not willing to extend the new capital absent being provided priming liens on the DIP Collateral.

130. The DIP Facility is necessary to preserve the Debtors' estates and continued operations. Without the DIP Loans, the Debtors face a shutdown of the hospital's operations beginning on February 6, 2025, at which point they will halt all new patient intakes and begin moving patients to other hospitals.

131. The terms of the DIP Loans are eminently reasonable under the circumstances, and provide for financing on terms that are comparable to other DIP financings and generally consistent with market terms for companies facing similar circumstances as the Debtors.

132. The DIP Facility was negotiated at arm's length and in good faith. The terms of the DIP Facility were the result of a thorough prepetition marketing process under the circumstances, and reflect a sound exercise of the Debtors' business judgment.

133. The Debtors are offering their Prepetition Secured Creditors adequate protection in the form of replacement liens on all assets of the Debtors (subject and subordinate to the Carve Out, the DIP Liens, and the Permitted Prior Liens). Further, the Prepetition Secured Creditors are expected to have significantly higher recoveries if the Debtors gain access to the DIP Facility. The DIP Facility provides the Debtors with the funding necessary to pay employees and vendors, and continue their hospitals' operations while they pursue value-maximizing sale transactions. In the absence of this incremental financing, the Debtors would not even have the option to pursue the planned sale transactions, which are expected to bring additional capital into the Debtors' estates. The preservation, maintenance, and enhancement of the going-concern value of the Debtors that will result from the optionality provided by the DIP Loans will inure to the benefit of the

Prepetition Secured Parties.

134. Priming the Prepetition Secured Parties is appropriate under the circumstances because the Debtors' critical health care operations have one alternative in the absence of the DIP Facility: an immediate and destructive wind down of all operations as soon as February 6, 2025, either through state law processes or chapter 7 of the Bankruptcy Code

135. The DIP Liens and the DIP Superpriority Claims, and the Adequate Protection Claims and Adequate Protection Liens are subject to the Carve Out. Without the Carve Out, the Debtors' estates or other parties in interest could be harmed because the services that professionals might otherwise provide in these chapter 11 cases could be restricted.

136. Additionally, the Carve Out protects against administrative insolvency during the pendency of the chapter 11 cases by ensuring that funds are available to pay U.S. Trustee's fees and professional fees of the Debtors and any statutory Committee.

137. The Debtors have agreed to pay certain interest and fees in connection with the DIP Facility, which are integral to the financing package. The DIP Facility, including the fees and other economic terms of the DIP Facility, were all negotiated at arm's length. Under the circumstances, the terms of the DIP Facility, which include the fees payable in connection therewith, are the most favorable terms the Debtors could obtain. Furthermore, the Debtors submit that the interest payments and fees required by the DIP Facility are reasonable, comparable to other debtor in possession financings, and generally consistent with market terms for companies facing similar circumstances as the Debtors. The Debtors believe that under these circumstances, authorization to pay the fees is warranted.

138. The Debtor hs analyzed the proposed DIP lender and based on its business judgment it believes that the proposed lender has the appropriate strength and viability to meet its

commitments under the DIP

XV. Critical Vendor Motion

139. The Critical Vendor Motion seeks entry of an Order authorizing, but not requiring, the Debtors to pay, in the Debtors' sole discretion, through reasonable exercise of their business judgment (subject to the conditions of the Debtors' post-petition financing arrangements), the prepetition claims of certain vendors that are essential to the uninterrupted functioning of the Debtors' business operations (the "Critical Vendors," whose prepetition claims shall be identified as the "Critical Vendor Claims"), which shall not exceed $2,000,000.00 in the aggregate.

140. I firmly believe that the Debtors' ability to continue to generate revenue on an uninterrupted basis and operate their businesses (thereby continuing quality patient care), and therefore, the successs of these Chapter 11 Cases, inextricably depends on the goods and services provided by a variety of Critical Vendors.

141. The Debtors also seek authorization for the applicable banks and financial institutions to process, honor, and pay any and all checks on account of the pre-petition Critical Vendor Claims and to rely on the representations of the Debtors as to which checks are issued and authorized to be paid in accordance with the Critical Vendor Motion without any further duty of inqury and without liability for following the Debtors' instructions.

142. The Critical Vendors outlined in the Critical Vendor Motion were identifed via a consultation with the Debtors' professionals, and each Critical Vendor is absolutely necessary and critical to the continued operations of the Debtors – they are either a sole source of goods and services or an irreplacable provider of the same.

143. Critical Vendor status is sought for those vendors (i) whose continued business is needed for the Debtors' successful reorganization; (ii) that would cease dealing with the Debtors

but for immediate payment of some or all of their prepetition claims; or (iii) that would benefit the Debtors enough from the continued transactions that some residual benefit would be imparted to the remaining creditors, or at least would leave them no worse off. The Debtors do not seek to impart Critical Vendor status on any vendors for whom the Debtors account for 50% or more of the vendors' business.

144. To implement the terms of the Critical Vendor Motion, the Debtors propose that as a condition precedent to paying any Critical Vendor, a letter be sent to each Critical Vendor and executed by said Critical Vendor. A copy of said letter is attached to the Critical Vendor Motion.

145. If a Critical Vendor refuses to supply goods and/or services to the Debtors on the trade terms as provided for in this Motion following receipt of payment on its Critical Vendor Claim, the Debtors seek authority to, in their sole discretion and without further order of the Court, declare that provisional payments made to Critical Vendors on account of Critical Vendor Claims be deemed to have been in payment of then outstanding postpetition claims of such vendors without further order of the Court or action by any person or entity. In the event that such occurs, a Critical Vendor shall then immediately repay to the Debtors any payment made to it on account of its Critical Vendor Claims to the extent that payments on account of such Critical Vendor Claims exceed the postpetition claims of such vendors then outstanding without giving effect to any rights of setoff, claims, provision for payment of reclamation or trust fund claims, or otherwise. In sum, the Debtors seek to return the parties to their position immediately prior to the entry of the order approving this Motion with respect to all prepetition claims in the event a Critical Vendor refuses to supply goods and/or services to the Debtors on customary trade terms following receipt of payment on its Critical Vendor Claim.

146. The statutory and legal bases for the Critical Vendor Motion are set forth therein.

XVI. Patient Confidentiality Motion

147. Pursuant to the Patient Confidentiality Motion, the Debtors seek the entry of an order authorizing certain procedures to maintain the confidentiality of patient information as required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), while providing required disclosure in these chapter 11 cases.

148. HIPAA and its corresponding regulations impose stringent standards on health care providers and establish significant penalties for any health care provider that uses or discloses patient information. *See* 42 U.S.C. § 1302d, *et. seq.*, 45 C.F.R. § 164.502.

149. Because the Debtors qualify as health care providers that transmit health information, they are considered "covered entities" under 45 C.F.R. § 160.103. This designation prevents the Debtors from disclosing, except in limited circumstances, "individually identifiable health information." 45 C.F.R. § 164.502. HIPAA defines "individually identifiable health information" as any information relating to the individual's "past, present or future physical or mental health or condition, the provision of health care to the individual, or the past, present or future payment for the provision of health care to the individual" that also "identifies the individual or for which there is a reasonable basis to believe that the information can be used to identify the individual." 42 U.S.C. § 1302d(6). Individually identifiable health information is referred to as PHI under HIPAA.

150. The Debtors could be subjected to significant monetary penalties for the unauthorized disclosure of PHI. *See* 45 C.F.R. § 160.402. Such penalties can be imposed even if a person "did not know and, by exercising reasonable diligence, would not have known" that a violation occurred. *See id.* at § 160.404(b)(2)(i).

151. The Debtors believe, and I agree, that the requirements to maintain patient

confidentiality under HIPAA conflict with the requirements to disclose information under the Bankruptcy Code, specifically the duty to file a list of all creditors under Bankruptcy Code section 521(a)(1)(A) and the duty to file schedules of all assets and liabilities under Bankruptcy Code section 521(a)(1)(B)(i). The Debtors therefore respectfully request that such patient information be protected through the privacy procedures set forth in the Patient Confidentiality Motion pursuant to Bankruptcy Code section 107(c), which allows a bankruptcy court, for cause, to protect an individual if disclosure would create an undue risk of unlawful injury. See also Bankruptcy Rule 9018 (allowing a bankruptcy court to protect governmental matters that are made confidential by statute or regulation).

152. I believe that the relief requested in the Patient Confidentiality Motion appropriately balances the need to maintain confidential patient information under HIPAA with the need for adequate disclosure under the Bankruptcy Code. Given the nature of any information that may reveal even the identity of patients, confidentiality in this context is of paramount importance.

XVII. Interim Compensation Motion

153. Through the Interim Compensation Motion, the Debtors seek an order setting procedures for periodic interim allowance of compensation and reimbursement of expenses for counsel, investment bankers, and financial advisors.

154. The Debtors believe that establishing orderly procedures for the payment of fees and expenses for professionals whose retentions are approved by this Court pursuant to Bankruptcy Code sections 327 or 1103 and who will be required to file applications for allowance of compensation and reimbursement of expenses pursuant to Bankruptcy Code sections 330 and 331 (each a "Professional" and, collectively, the "Professionals") will streamline the administration of

these Chapter 11 Cases and otherwise promote efficiency for the Court, the Office of the Bankruptcy Administrator for the Middle District of Alabama, and other parties in interest. A streamlined process for serving fee applications is in the best interest of the Debtors because it will facilitate efficient review of the Professionals' fees and expenses while saving the Debtors unnecessary copying and mailing expenses.

XVIII. Cash Management Motion

155. Below is a brief discussion of the Debtor's Cash Management Motion and an explanation of why, in my belief, such motion is critical to the successful prosecution of the Chapter 11 Case. More detailed descriptions of the facts regarding the Debtor's operations, and the bases for the relief requested in the Cash Management Motion, can be found in the Cash Management Motion.

156. Specifically, the Debtors seek authority to: (i) maintain and continue to use the Bank Accounts (as defined below) in the same manner and with existing account numbers, styles, and document forms; (ii) deposit funds in, and withdraw funds from, the Bank Accounts by usual means, including check, wire transfer, automated clearinghouse ("ACH") transfer, draft, electronic fund transfer, centralized lockbox, or other items presented, issued, or drawn on the Bank Accounts; (iii) pay prepetition and ordinary course bank fees for the Bank Accounts; (iv) perform their obligations under the Bank Accounts' governing documents and agreements; (v) treat the Bank Accounts for all purposes as "debtor in possession" accounts; and (vi) close any inactive accounts with zero balances.

157. The Cash Management System is an integrated network of bank accounts that is critical to the Debtors' operations during these cases. The Debtors have designed the Cash Management System to meet their operating needs, enable management to control and monitor

corporate funds, comply with the requirements of their financing agreements, reduce administrative expenses by facilitating the movement of funds, and enhance the development of accurate account balances. The Debtors have maintained their Cash Management System since their inception, and the Cash Management System has served as the primary cash flow mechanism for the Debtors' ordinary, usual, and essential business operations.

158. As of the Petition Date, the Cash Management System includes [thirteen] bank accounts listed on Exhibit C to the Cash Management Motion (each a "Bank Account" and collectively the "Bank Accounts"), which are located at Regions Bank (the "Bank" or "Regions") and used in the ordinary course of the Debtors' businesses. The Debtors routinely deposit, withdraw, and otherwise transfer money to, from, and between the Bank Accounts by various methods (collectively, the "Ordinary Transfer Methods"), including by checks, drafts, ACH transfers, and other electronic funds transfers.

159. Four of JHC's Bank Accounts held at Regions are dormant Bank Accounts. These Accounts include: Retirement (9256), MCB-New (4699), Jackson Professional Fees (5113), and Jackson Wellness Center (7948).

160. JHC's primary accounts held at Regions include "General" which is the Debtors' master deposit account, and "Jackson Hospital and Clinic" which is the Debtors' main operating account.

161. JHC's master deposit account is named "General" (the "Master Deposit Account"). The Master Deposit Account receives the vast majority of revenue cycle payments as well as a significant amount of 340B revenue, liquidating of investment accounts, and miscellaneous revenue. Depending on timing, the funds deposited into the Master Deposit Account are transferred to the following accounts owned by JHC: Jackson Hospital and Clinic account (operating account

7345) (the "Main Operating Account"), Payroll account (0205) and/or Executive Payroll account (2525).

162. Excess funds from all revenue accounts, with the exception of the Medical Staff account (7035) are transferred to the Main Operating Account.

163. The Main Operating Account is used to fund all checks, ACH and wires paid as well as the Refund account (0627), Payroll account (0205), Executive Payroll account (2525) and Jackson Hospital - Clinic (x2559) for payment to Athenahealth, Inc.

164. A general overview of the movement of cash through the Debtors' Cash Management System is illustrated by the flow of funds charts is attached to the Cash Management Motion as Exhibit D.

165. In the ordinary course of business, the Debtors use a variety of checks, correspondence, and business forms. To minimize expenses to their estates and avoid unnecessarily confusing their employees and creditors, the Debtors believe it is appropriate to continue to use the existing stock of checks, correspondence, and other business forms (including, without limitation, letterhead, purchase orders, and invoices) (collectively, the "Business Forms") as such forms were in existence immediately before the Petition Date—without reference to the Debtors' status as debtors-in-possession—rather than disposing of the existing forms and delaying operations until new Business Forms are obtained, or requiring the Debtors to include a legend on their Business Forms that would cause unnecessary confusion. After existing Business Forms are depleted, the Debtors' Business Forms will identify the Debtors' status as debtors-in-possession.

166. The Debtors incur certain fees and charges in connection with the ordinary course operation of the Cash Management System (collectively, the "Bank Fees"). The Bank Fees include account maintenance charges, charges relating to ACH and wire transfers, lockbox and depository

service charges, fees for maintaining various letters of credit with the Bank, credit card processing fees, and other customary miscellaneous charges. On average, the Debtors incur approximately $5,500 in Bank Fees per month. In the ordinary course of business, the Bank charges, and the Debtors pay, honor, or allow the deduction from the appropriate bank accounts, certain service charges, and other fees, costs, and expenses. The Debtors estimate that there was approximately $5,500 in prepetition Bank Fees outstanding on the Petition Date.

167. In connection with the operation of the Cash Management System, at any given time there may be intercompany claims owing by one Debtor to another. The Debtors track all fund transfers in their accounting system and can ascertain, trace, and account for all intercompany transactions (the "Intercompany Transactions"). Under the Debtors' existing procedures for recording Intercompany Transactions, the Debtors will be able to track and segregate postpetition Intercompany Transactions. If the Intercompany Transactions were to be discontinued, the Cash Management System would be unnecessarily disrupted and the Debtors could lose valuable tax savings, to the detriment of the Debtors and their estates.

168. The Debtors' ability to maintain the Cash Management System and implement necessary changes to such system is important to maintaining the Debtors' businesses and maximizing the value of their estates. Requiring the Debtors to adopt entirely new cash management systems and liquidate all existing bank accounts would be expensive, onerous, and disruptive. Continued use of the Cash Management System will facilitate the Chapter 11 Cases by, among other things, avoiding administrative inefficiencies and expenses associated with disrupting this system and minimizing delays in the payment of postpetition obligations. The Debtors respectfully submit that parties in interest will not be harmed by the maintenance of the existing Cash Management System because the Debtors employ appropriate mechanisms and

internal control procedures to prevent unauthorized payments on account of obligations incurred before the Petition Date.

169. The Debtors further request that the Court grant a waiver of certain bank account and related requirements of the Bankruptcy Administrator, including, among other things, any requirements that the Debtors must:

(a) close all existing bank accounts;

(b) open new bank accounts in a Bankruptcy Administrator-approved depositary that are designated as debtor in possession accounts ("DIP Accounts"), with separate DIP Accounts established for an operating account, a tax account, and a payroll account;

(c) obtain and utilize new checks for all DIP Accounts that bear the designation "Debtor In Possession" and contain other information about the debtor's chapter 11 case; and

(d) deposit all business revenues into the general operating DIP Account, with amounts needed to fund the other accounts being transferred to those accounts as necessary.

170. Although the requirements of the Bankruptcy Administrator are designed to provide a clear line of demarcation between a debtor's prepetition and postpetition transactions and operations, and to prevent inadvertent postpetition payment of prepetition claims, they risk interfering with the efficient administration of the Debtors' Cash Management System.

171. Pursuant to sections 363 and 105(a) of the Bankruptcy Code, the Debtors seek a waiver of the requirements of the Bankruptcy Administrator that they close the Bank Accounts and open new DIP Accounts. The Debtors believe it would be efficient and beneficial to all parties in interest to maintain the Bank Accounts and not undergo the time and expense of liquidating such accounts at the outset of these cases.

172. The Debtors also seek a waiver of the requirements of the Bankruptcy Administrator to establish specific DIP Accounts for payroll and tax payments and to deposit into

the tax accounts sufficient funds to pay any payroll tax liability (when incurred). The Debtors believe that they can meet their tax obligations and payroll obligations most efficiently through the existing Bank Accounts, and requiring new payroll and tax DIP Accounts would be both unnecessary and disruptive to their businesses.

173. To minimize expense, the Debtors seek authority but not direction to continue using checks, substantially as they existed immediately before the Petition Date, without reference to the Debtors' status as debtors in possession. The Debtors also seek authority but not direction to use all correspondence and other business forms, including, but not limited to, purchase orders, multicopy checks, letterhead, envelopes, promotional materials, and other business forms, substantially as they existed immediately before the Petition Date without reference to the Debtors' status as debtors in possession. To the extent the Debtors exhaust their existing supply of checks, each Debtor will reorder checks with the designation "Debtor-in-Possession" and the corresponding case number.

174. The Debtors are providing notice of the commencement of these cases, as required, to creditors and parties in interest. Parties doing business with the Debtors will, therefore, be aware of the Debtors' status as debtors in possession. Changing the Debtors' existing checks, correspondence, and other business forms would be expensive, unnecessary, and burdensome to the Debtors' estates. Further, such changes would be disruptive to the Debtors' business operations and would not confer any benefit upon those dealing with the Debtors. For these reasons, the Debtors request that they be authorized but not directed to use existing check stocks and all correspondence and business forms without being required to label them "Debtor In Possession."

175. The Cash Management System is an ordinary-course and essential business practice. Compelling the Debtors to further alter their current cash management practices to

comply with the requirements of the Bankruptcy Administrator outlined above would risk disruption to the Debtors' business and jeopardize the Debtors' ability to maximize value for any parties in interest.

176. The Debtors respectfully request that the Court authorize the Bank to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course of business. In this regard, the Bank should be authorized to receive, process, honor, and pay any and all checks, ACH transfers, other instructions, and drafts payable through, drawn, or directed on such Bank Accounts after the Petition Date by holders, makers, or other parties entitled to issue instructions with respect thereto; provided, however, that any check, advise, draft, or other notification that the Debtors advised the Bank to have been drawn, issued, or otherwise presented before the Petition Date may be honored by the Bank only to the extent authorized by order of the Court.

177. The Debtors further request that the Court authorize the Bank to accept and honor all representations from the Debtors as to which checks, drafts, wires, or ACH transfers should be honored or dishonored consistent with any order of the Court and governing law, whether such checks, drafts, wires, or ACH transfers are dated before or subsequent to the Petition Date. The Debtors also request that, to the extent the Bank honors a prepetition check or other item drawn on any account either (i) at the direction of the Debtors, (ii) in a good-faith belief that the Court has authorized such prepetition check or item to be honored, or (iii) as a result of an innocent mistake made despite the above-described protective measures, the Bank will not be deemed to be liable to the Debtors or their estates on account of such prepetition check or other item honored postpetition. The Debtors respectfully submit that such relief is reasonable and appropriate because the Bank is not in a position to independently verify or audit whether a particular item may be paid

in accordance with a Court order or otherwise.

178. The Debtors further request that the Court authorize but not direct them to pay the Bank Fees and authorize the Bank to (i) continue to charge the Bank Fees and (ii) charge-back returned items to the Bank Accounts, whether such items are dated before, on, or subsequent to the Petition Date, in the ordinary course of business. The Debtors' inability to pay the prepetition Bank Fees or to continue to pay the Bank Fees in the ordinary course of business postpetition could hinder their ability to manage the Cash Management System to the detriment of the Debtors' estates.

179. While the Debtors believe they are substantially in compliance with section 345(b) of the Bankruptcy Code, to the extent they are not, the Debtors submit that given their limited liquidity and need to conserve cash, incurring administrative expense complying with section 345(b) would unnecessarily drain scarce resources. As noted above, each of the Bank Accounts is insured by the Federal Deposit Insurance Corporation and thus complies with section 345(b) of the Bankruptcy Code. The Debtors also believe that all deposits and investments are made into deposit accounts that in turn invest only in assets, securities, or other instruments insured or guaranteed or collateralized by the United States, or by a department, agency, or instrumentality of the United States, or backed by the full faith and credit of the United States. The Debtors request that such deposit practices be deemed to satisfy section 345(b) of the Bankruptcy Code.

180. The Debtors understand that their principal bank, Regions Bank, has been used by another debtor in a chapter 11 case before this Court. The Debtors will work with the Bankruptcy Administrator to ensure that Regions Bank is in compliance with all requirements of the Bankruptcy Administrator. To the extent that the Bank is not approved by the Bankruptcy Administrator and/or a Uniform Depository Agreement has not been signed and to the extent the

Debtors, as of the Petition Date, do not otherwise comply with deposit and investment guidelines under section 345(b) of the Bankruptcy Code, the Debtors request a 45-day extension to achieve compliance.

181. The Debtors believe that the benefits of the requested extension far outweigh any potential harm to the estates

182. The Debtors' deposits and investments are prudent and designed to yield the maximum reasonable net return on the funds deposited, taking into account the safety of such deposits. The Debtors operate a sophisticated business and hold their funds at reputable, stable banking institutions and monitor their cash flows and positions on a daily basis.

183. Requiring the Debtors to modify their Cash Management System to strictly adhere with the deadline to comply with section 345(b)'s requirements will only distract the Debtors' management and cause the Debtors' estates to needlessly incur potentially substantial costs to the detriment of all creditors.

184. As noted above, the Intercompany Transactions are made between and among the Debtors in the ordinary course as part of the Cash Management System, and at any given time, there may be intercompany claims owing by one Debtor to another. The Debtors track (and will continue to track) in their accounting system all fund transfers and all intercompany payables and receivables and the Debtors can ascertain, trace, and account for all such transactions. If the Intercompany Transactions were to be discontinued, the Cash Management System would be disrupted and the Debtors could lose valuable tax savings to the detriment of the Debtors' estates. Accordingly, the Debtors respectfully submit that the continued performance of Intercompany Transactions in the ordinary course is in the best interest of the estates and, therefore, the Debtors should be permitted but not directed to continue such performance without need for further order

from this Court.

185. Furthermore, to ensure each individual Debtor entity will not, at the expense of its creditors, fund the operations of another Debtor entity, the Debtors respectfully request, pursuant to section 503(b)(l) of the Bankruptcy Code, that all payments between or among the Debtors on account of a postpetition Intercompany Transaction be accorded administrative expense priority. This relief will ensure that each Debtor entity receiving payments from another Debtor entity will continue to bear ultimate repayment responsibility for such ordinary course transactions.

186. Failure to receive the authorization and other relief requested in this Motion during the first 21 days of these Chapter 11 Cases would severely disrupt the Debtors' operations at this critical juncture. As such, because the relief requested in this Motion is necessary for the Debtors to operate their businesses in the ordinary course, preserve the ongoing value of the Debtors' operations for the benefit of all stakeholders and otherwise avoid immediate and irreparable harm to the Debtors.

XIX. Emergency Hearing Motion

187. As is typical for first day motions, the Debtors require expedited relief in order to ensure that it can timely meet its operating needs, including, without limitation, the next payroll that is due to be made on Thursday, February 5, 2024.

188. The First Day Pleadings described above involve matters that require an emergency and expedited hearing and the Debtors are requesting that the Court, on an *ex parte* basis, schedule a hearing on the First Day Pleadings (the "First Day Hearing") as soon as the Court's schedule will permit and no later than Wednesday, February 5, 2025, and that the Court approve the form of notice thereof.

189. The relief requested in the Emergency Hearing Motion is necessary to obtain

expedited relief on the First Day Pleadings. As described in detail in each of the First Day Pleadings, the expedited relief requested in the First Day Pleadings is essential to: (a) obtain postpetition financing; (b) ensure a smooth transition into chapter 11; (c) maintain the Debtors' operations and business throughout the Chapter 11 Cases; (d) efficiently administer the bankruptcy cases; and (e) establish the basis for the Debtors' restructuring efforts. The Emergency Hearing Motion and the First Day Pleadings are of the type typically heard on an emergency or expedited basis, and any delay in authorizing the relief therein could have a severe and irreparable effect on the Debtors' operations and its transition into operating as a chapter 11 debtors in possession.

190. Pending entry of an order approving the Emergency Hearing Motion, the Debtors propose to give notice of the Emergency Hearing Motion and a hearing to consider the pleadings referenced therein on various notice parties, including each party whose rights are affected by the First Day Pleadings.

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 and belief.

Dated: February 3, 2025

/s/ Allen Wilen
Allen Wilen, CRO

BURR & FORMAN LLP

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Proposed Counsel for Debtor and Debtor-in-Possession

Exhibit A

JIC = Jackson Imaging Center, LLC
JSC = Jackson Surgery Center, LLC
JMS = JMS Health Services, LLC
Rehab = Rehab Associates of Jackson Hospital, LLC
JHP = JHC Pharmacy, LLC
JHF = Jackson Hospital Financing, LLC
CAPCS = Central Alabama Primary Care Specialists, LLC

Jackson Hospital & Clinic, Inc Organizational Structure

Current Bonds

Medical Clinic Board of the City of Montgomery, Alabama

Lease Assets

Jackson Hospital & Clinic, Inc.
(non-membership nonprofit corporation)

Members:
Articles provide for members, but they have no voting power. No members named.

Jackson Hospital Foundation

Supports JHC

Governed by self-perpetuating Board of Directors
(3 members presently)

JHC operates the hospital and all physician clinics

Sole Member

Hospice of Montgomery, Inc.

Jackson Health, Inc
(Inactive)

30%

CAPCS
(Inactive)

100%

JHP

20%

Rehab

50%

JMS

51% Class A
~3% Class B

JSC

67%

JIC

100%

JHF

80%

Caesarea-Millbrook, LLC
(Inactive)

80%

Caesarea Chantilly, LLC
(Inactive)