

So Ordered.

Dated: May 8th, 2019



Frank L. Kurtz

Frank L. Kurtz
Bankruptcy Judge

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

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IN RE:

ASTRIA HEALTH, et al.

Debtors.¹⁰

Chapter 11

Lead Case No. 19-01189-11

Jointly Administered

**ORDER GRANTING EMERGENCY
MOTION FOR ORDER: (I)
AUTHORIZING DEBTORS TO (A) PAY
PREPETITION EMPLOYEE WAGES,
SALARIES, AND AGENCY FEES, AND
(B) PAY AND HONOR EMPLOYEE
BENEFITS AND OTHER WORKFORCE
OBLIGATIONS; AND (II)
AUTHORIZING AND DIRECTING THE
APPLICABLE BANKS TO PAY ALL
CHECKS AND ELECTRONIC
PAYMENT REQUESTS MADE BY THE
DEBTORS RELATING TO THE
FOREGOING [re: Docket No. 20]**

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¹⁰ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).



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EMPLOYEE WAGE ORDER

1 Upon the motion, dated May 6, 2019, of Astria Health and the above-
2 referenced affiliated debtors (collectively, the “Debtors”), the debtors and debtors
3 in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the
4 “Chapter 11 Cases”), for the entry of an order, pursuant to §§ 105(a), 363(b),
5 507(a), 1107(a) and 1108 of title 11 of the United States Code (the “Bankruptcy
6 Code”):¹¹ (i) authorizing the Debtors, subject to the requirements imposed on the
7 Debtors pursuant to any interim or final orders (including any related budgets)
8 authorizing the Debtors’ entry into postpetition debtor in possession financing
9 (“DIP”) and use of cash collateral (each, a “DIP Document”), but otherwise in their
10 discretion, to (a) pay prepetition employee wages, salaries, and leased employee
11 fees, (b) pay and honor prepetition employee benefits and other workforce
12 obligations (including remitting withholding obligations, maintaining workers’
13 compensation and benefits programs, paying related administration obligations,
14 making contributions to retirement plans, and paying reimbursable employee
15 expenses) (collectively with (a), the “Employee Obligations”), and (c) continue
16 paying and honoring the postpetition Employee Obligations in the ordinary course
17 of business; and (ii) authorizing and directing the applicable bank to pay all checks
18 and electronic payment requests made by the Debtors relating to the foregoing (the

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21 ¹¹ All references to “§” or “sections” herein are to sections of the Bankruptcy Code.

1 “Emergency Motion”)¹² [Docket No. 20], all as more fully set out in the Motion;
2 and upon consideration of the Declaration of John Gallagher in support of the
3 Motion; it further appearing that the Court has jurisdiction over this matter; and it
4 further appearing that notice of the Motion as set forth therein is sufficient under
5 the circumstances, and that no other or further notice need be provided; and it
6 further appearing that the relief requested in the Motion is in the best interests of the
7 Debtors, their estates and their creditors; and after due deliberation and sufficient
8 cause appearing therefor, it is hereby

9 ORDERED that the notice of the Emergency Motion was appropriate under
10 the circumstances and in compliance with the Bankruptcy Code, Bankruptcy Rules,
11 and Local Bankruptcy Rules; and it is further

12 ORDERED that the Emergency Motion is granted; and it is further

13 ORDERED that the Debtors are authorized, in their sole discretion, to do the
14 following:

15 1. To honor and pay all Yakima, Toppenish, and Yakima Home Care
16 prepetition-accrued wages, payable (a) May 10, 2019, totaling approximately \$1.7
17 million, and (b) May 24, 2019, totaling approximately \$121,000;

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20 ¹² Capitalized terms not otherwise defined herein have the meanings ascribed to
21 them in the Emergency Motion.

1 2. To honor and pay all Sunnyside, Sunnyside Home Medical Supply,
2 and Home Health prepetition-accrued wages, payable May 17, 2019, totaling
3 approximately \$695,000;

4 3. To honor the collective bargaining agreements (“CBA”) with SEIU,
5 and remedy, through payment, any error identified by any Employee represented by
6 SEIU regarding payroll made on April 26, May 3, May 10, May 17, and May 24,
7 2019, on account of prepetition Wages; provided, however, that the Employee shall
8 identify such errors by May 31, 2019;

9 4. To pay to AHM, postpetition, the fees due that are attributable to
10 prepetition services, totaling approximately \$97,000; provided, however, that to the
11 extent is AHM is determined to qualify as an “insider” pursuant to §101(31), such
12 payment shall be conditioned on the filing of a Notice of Intent to Compensate
13 Insiders pursuant to LBR 3016-1;

14 5. To pay to the Agencies, postpetition, the fees due that are attributable
15 to prepetition services, not to exceed \$388,000;

16 6. To honor and pay all accrued and unpaid prepetition Withholding
17 Obligations (whenever payable) totaling approximately \$915,700;

18 7. To honor and pay all unpaid prepetition Reimbursement Obligations to
19 Employees totaling approximately \$10,000;

20 8. To honor and pay the Paid Time Off (“PTO”), Vacation (“VAC”),
21 Paid Sick Leave (“PSL”), and Extended Illness Time (“EIT”) obligations that

1 accrued prepetition, allowing Employees to utilize postpetition all prepetition PTO,
2 VAC, PSL, and EIT in the ordinary course of the Debtors' business;

3 9. To pay, in the Debtors' sole discretion, Employees for unused PTO, as
4 permitted per Hospital policy and relevant CBA terms, that accrued within 180 days
5 prepetition so long as the total of payments already then made for prepetition
6 Employee Obligations plus the PTO does not exceed \$12,850 per Employee;

7 10. To pay accrued and unpaid prepetition amounts relating to employee
8 health insurance as follows: (a) approximately \$1.7 million to UMR for claims
9 against the self-insured medical plans; and (b) any administration fees and
10 premiums to the extent outstanding, and to deliver the Employees' portion of any
11 accrued and unpaid prepetition premiums to the corresponding administrators in
12 connection with the payment of the Wages and Withholding Obligations;

13 11. To maintain the Debtors' self-insured medical, dental and vision
14 insurance plan (the "Health Plan"), including to continue to pay, in their discretion
15 and in the ordinary course of their business, the administrative fees, medical, dental,
16 and vision claims for the Health Plan incurred postpetition; and to deliver the
17 Employees' portion of any premiums to the corresponding administrators in
18 connection with the payment of the Wages and Withholding Obligations;

19 12. To pay postpetition (when payable) any amounts that accrued
20 prepetition for Continuation Health Coverage ("COBRA"), and to continue to
21 perform any obligations related thereto in the ordinary course of business;

1 13. To pay Sunlife (when payable) (a) the amount of approximately
2 \$84,000 for Employee life, long-term disability, and accidental death and disability
3 (“AD&D”) insurance; and (b) any amounts held in trust from Employee
4 contributions for supplemental insurance coverage and voluntary programs;

5 14. To continue to honor their workers’ compensation insurance
6 obligations, including paying quarterly payments of approximately \$260,500 to
7 Washington State L&I fund, and monthly payments of approximately \$61,000 to
8 Washington Hospital Workers Compensation Trust, in the ordinary course of their
9 business;

10 15. To pay matching contributions of approximately \$130,000 that accrued
11 and remain unpaid as of the Petition Date for the Retirement Plan and to deliver the
12 Employee contributions and administration fees held by the Debtors in trust;

13 16. To the extent not expressly identified above, prepetition wages and
14 benefits, including contributions that may be due or arise on the Retirement Plan,
15 may be paid as a priority claim to the extent there is availability of under the
16 priority cap of §§ 507(a)(4) and (a)(5);

17 17. To continue to honor, in their discretion and in the ordinary course of
18 their business, miscellaneous employee benefit programs that are Employee-
19 funded, and to distribute to third-parties the payments for these programs in
20 connection with the payment of Wages and Withholding Obligations; and
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1 18. To continue to pay, in the ordinary course of their business, all
2 Employee-related expenses and obligations described in the Motion and this
3 Order—including the AHM and Agency fees for Leased Employees—that accrue
4 postpetition in the ordinary course of the Debtors’ business; and it is further

5 ORDERED that notwithstanding anything to the contrary herein, any
6 payment to be made or authorization contained hereunder shall be subject to the
7 requirements imposed on the Debtors pursuant to the DIP Documents;

8 ORDERED that all the Debtors’ banks—including Bank of America, Banner
9 Bank, Heritage Bank, Lower Valley Credit Union, US Bank, and Wells Fargo—are
10 authorized *and directed* to do the following:

11 1. To the extent they have frozen any of Debtors’ accounts, to unfreeze
12 the Debtors’ accounts, including their payroll and other Employee-related
13 disbursement accounts;

14 2. With regard to the foregoing obligations, to debit the Debtors’
15 accounts in the ordinary course of business without need for further order of this
16 Court for: (i) all checks, items, and other payment orders drawn on the Debtors’
17 accounts which are cashed at such bank’s counters or exchanged for cashier’s
18 checks by the payees thereof prior to the bank’s receipt of notice of filing of the
19 Debtors’ chapter 11 petitions; (ii) all checks, automated clearing house entries, and
20 other items deposited or credited to one of Debtors’ accounts with such bank prior
21 to filing of the Debtors’ chapter 11 petitions which have been dishonored, reversed,

1 or returned unpaid for any reason, together with any fees and costs in connection
2 therewith, to the same extent the Debtors were responsible for such items prior to
3 filing of their chapter 11 petitions; and (iii) all undisputed prepetition amounts
4 outstanding as of the date hereof, if any, owed to any bank as service charges for
5 the maintenance of the Debtors' cash management system;

6 3. For the avoidance of doubt, to honor all items presented against the
7 Debtors' bank accounts, whether originated prepetition or postpetition and whether
8 or not authorized by other orders; and

9 4. To rely on the representations of the Debtors with respect to whether
10 any check, item, or other payment order drawn or issued by the Debtors prior to
11 filing of their chapter 11 petitions should be honored pursuant to this or any other
12 order of this Court and the DIP Documents, and such Bank shall not have any
13 liability to any party for relying on such representations by the Debtors as provided
14 for herein.

15 ///End of Order///

16 PRESENTED BY:

17 /s/ James L. Day
18 JAMES L. DAY (WSBA #20474)
BUSH KORNFELD LLP

19 SAMUEL R. MAIZEL (*Pro Hac Vice* pending)
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21 *Proposed Attorneys for the Chapter 11
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