

2/12/20

Honorable Whitman L Holt
904 W. Riverside Ave, Suite 304
P.O. Box 2164
Spokane, WA 99201

Honorable Whitman L. Holt
RE: Astria Employee PTO (vacation)
Case #: 19-01189

I have worked at the hospital since December 1986. I have seen it change ownership multiple times. When Astria filed for bankruptcy in 2019 no one informed us that we may lose our PTO and EIT hours earned. If we had been informed we all would have used our hours as we could and not have worked so hard to try to get the hospital out of debt and to prosper. We had no idea the hospital would be closing. John Gallagher CEO sent emails informing staff that things were looking up and we would be expanding service. See enclosed emails.

I was instructed to write to you as the proper channel to possibly get paid for my 147 hours of PTO earned. I am the primary income and insurance provider in my family. This PTO money is greatly needed to pay for insurances and living expenses until I am able to obtain another job.

Thank you for taking the time to read and review my case. I appreciate your consideration.

Sincerely,

Brenda Yost

Brenda Yost



19011892002180000000000005



Media Release

For Immediate Release

Contact: Dawn R. O'Polka, Chief Communication Executive
Astria Health
509.837.1543 W 509.391.5072 C
dawn@astria.health

Judge Approves Astria Health Funding

(Yakima, WA- June 13, 2019) This afternoon, June 13, 2019, the United States Bankruptcy Court for the Eastern District of Washington, Yakima Division approved the permanent and final order for \$36 million in financing to allow Astria Health to continue in its positive trajectory until Astria Health can restructure its debt and emerge from Chapter 11.

The Court again overruled erroneous objections raised by the San Francisco based Lapis Advisers on all grounds. The judge also recognized that Astria Health's enterprise value was so high that the secured creditors did not need to receive interest payments or any other protections while Astria Health uses existing funds to further invest in the Yakima Valley-based health system and while it is reinvesting and restructuring its debt during this process.

"We are pleased with today's decision. It is another important step in our efforts to reorganize our debts and emerge from this process," said John Gallagher, President and Chief Executive Officer, Astria Health. "We have every confidence that we will be able to continue to grow and provide health care that is locally-based. The Astria Sunnyside Hospital continues to grow, Astria Toppenish Hospital has also stabilized operations through the addition of its behavioral health programs, and the Astria Regional Medical Center continues to bring world-class emergency care, cardiac care, and other specialties right here to the Valley so people don't have to travel long distances for care."

About Astria Health

Astria Health, headquartered in the heart of the Yakima Valley in the state of Washington, is the largest non-profit healthcare system based in Eastern Washington. Astria Health is the parent non-profit organization of Astria Sunnyside Hospital in Sunnyside, Washington, Astria Regional Medical Center, Yakima, Washington, and Astria Toppenish Hospital, Toppenish, Washington along with outpatient Astria Health Centers (14 medical clinics and 23 specialty clinics) conveniently located in towns and cities throughout the Region. Committed to investing in a continuum of care for the people who live and work throughout Eastern Washington, Astria Health's goal is to build sustainable healthcare organizations that improve health in the communities we serve.

900 W Chestnut Avenue | Yakima, WA | 509.837.1330 | www.astria.health

MEMORANDUM

To: Astria Health
From: Dentons US LLP
Date: May 12, 2019
Subject: Bankruptcy Update

This is the weekly update on the status of Astria Health and related entities (collectively "Astria") bankruptcy case.

1. **General.** Astria filed for bankruptcy protection on May 6, 2019, in the United States Bankruptcy Court for the Eastern District of Washington, Yakima Division (the "Bankruptcy Court"). Although there are 13 related cases, all the cases are being jointly administered under the case of Astria Health, which was assigned case number 19-01189-11 (the "Case"); the Bankruptcy Judge assigned is the Honorable Frank L. Kurtz. Information on the case is available at this website – www.kkcllc.net/astria -- including documents filed in the Case, or dates, times and locations related to hearing dates or deadlines, etc. Astria is represented by the law firms of Dentons US LLP and Bush Kornfeld LLP.
2. **Creditors' Committee.** The Office of the United States Trustee ("UST") will be soliciting members for a Committee of Unsecured Creditors (the "Committee"), which will represent the interests of all unsecured creditors in the Case. There will be a formation meeting for the Committee at 1:30 p.m. on May 23, 2019, in the offices of the United States Trustee, 920 West Riverside Ave., Suite 593, Spokane, Washington 99201. Questions about the Committee or the formation meeting should be directed to Assistant U.S. Trustee Gary Dyer, tel: (509) 353-2999 or email: gary.w.dyer@usdoj.gov.
3. **Hearings.** The Bankruptcy Court held the first hearing in the jointly administered cases on May 8, 2019. At that hearing the Bankruptcy Court granted several motions, including granting a motion on an interim basis allowing Astria to borrow \$28 million in Debtor in Possession Financing which will ensure it has sufficient liquidity to continue to operate during the pendency of the Case, and allowing it to pay off two secured creditors. The Bankruptcy Court also granted motions to allow Astria to pay its employees their pre-bankruptcy wages and benefits, maintain existing bank accounts, and maintain accounts with existing utility companies. The next hearing in the Case is scheduled for June 4, 2019, at 10 a.m. at the U.S. Bankruptcy Court, 402 East Yakima Avenue, Tower Building, 2nd Floor Courtroom, Yakima, Washington. All hearings are open to the public. This hearing will involve the Bankruptcy Court's final consideration of

Page 2

Astria's Debtor in Possession Financing motion, which would give final approval to a total borrowing of \$36 million.

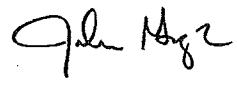
4. **Meeting of Creditors.** The UST will hold the Meeting of Creditors required by section 341(a) of the Bankruptcy Code at 10 a.m., on June 20, 2019, at the Red Lion Hotel, 607 East Yakima Ave., Yakima, Washington. This meeting is open to the public. Parties who have questions about the Meeting of Creditors, including requests for transcripts or audio recordings, should contact Assistant US Trustee Gary Dyer, whose contact information is included above.



MEMORANDUM

DATE: January 08, 2020

TO: Astria Regional Medical Center Physicians, Caregivers and Staff

FROM: John M. Gallagher, President and Chief Executive Officer
Astria Health 

RE: Important Message

It is with deep regret that I must announce that Astria Regional Medical Center (ARMC) today received authorization from the United States Bankruptcy Court for the Eastern District of Washington to begin the process of closing ARMC. This is not a decision that was made lightly, and we made every effort to avoid it. On behalf of all the Directors, Managers, and your fellow employees, I want to sincerely thank you for all your efforts to provide outstanding patient care.

Inpatient services will begin winding down immediately, and we anticipate that within approximately the next two weeks patient services will cease at the hospital. We have worked diligently to sustain the ARMC hospital and avoid closing it, including funding substantial ongoing financial losses, but ultimately the hospital's continued financial losses proved unsustainable. Since purchasing the Astria Regional Medical Center in late August 2017, ARMC has lost over \$40M. Struggling hospital finances are not unique to ARMC, due in part to the nationwide shift in the healthcare delivery models from inpatient care to outpatient care. We sought lenders that would provide additional liquidity to ARMC, but were ultimately unsuccessful. Similarly, we have sought to sell ARMC or partner with nearby hospitals, all in an effort to continue providing healthcare to the community, and these paths were also not successful. Finally, we requested government assistance from the State of Washington, including intervention to save the hospital, but without success. Having exhausted all available alternatives, the closure of ARMC is unavoidable.

Astria Regional Medical Center has struggled with declining patient volumes and declining revenues for some time, and despite investigating various scenarios to sustain the hospital's inpatient hospital services, ARMC was unable to develop a profitable model based upon patient needs. While Astria Health's other hospitals collectively generate significant positive cash flow, funding ARMC's continuing financial losses was placing too significant a financial drain on the overall organization. Continued funding of ARMC jeopardized the long-term sustainability of Astria Health and the region's other healthcare facilities, including Astria Sunnyside Hospital and Astria Toppenish Hospital, as well as healthcare delivery for the Yakima Valley as a whole.

Astria Health is adapting its healthcare delivery model in the Upper Valley to an ambulatory care model and will continue to provide outpatient care. As such, patients in the Upper Valley will be able to continue to access care in the Astria Health network through its ambulatory surgical center locations and Astria Health Centers. Both Primary Care and Specialty Care will be available and delivered through the Astria Ambulatory Surgical Center and Astria Health Medical Plaza in Yakima, along with other outpatient ambulatory services including Laboratory Services, Therapy Services, and Advanced Imaging Services. Further, Astria Health will continue to deliver both inpatient hospital care and ambulatory care, outpatient and emergency services to the Yakima Valley at both the Astria Sunnyside Hospital and Astria Toppenish Hospital. The Astria Sunnyside Foundation is also not affected by this decision.

Astria Health is preparing to emerge from Chapter 11 in early 2020 as lenders and investors have indicated interest in supporting Astria Health's ongoing mission to sustain healthcare for the entire Yakima Valley. They are willing to support the remaining services and are confident in Astria Health's future plan for healthcare delivery.

In Yakima, the following Astria Health ambulatory care and outpatient locations are not affected by this decision and will remain open as usual and during their regular business hours. Astria Health locations in Yakima include:

- Astria Ambulatory Surgical Center
- Astria Health Centers
- Astria Plastic Surgery Center
- Astria Home Health & Hospice
- Astria Hearing & Speech Center

You, the physicians, caregivers and staff at Astria Regional Medical Center are among the best in the industry. Your dedication and the quality of the care you deliver to our patients and communities is invaluable to healthcare in the Yakima Valley. As many Astria Regional Medical Center caregivers and staff as possible will be given consideration for positions within existing Astria Health Hospitals or other Astria Health facilities or assisted in finding new positions. We encourage you to visit www.astria.health (Employment / Current Opportunities) for a list of available positions, and we encourage you to apply. All Astria Regional Medical Center employees will receive information from Human Resources outlining next steps.

Astria Health will ensure all Astria Regional Medical Center hospital patients are transitioned smoothly to other Astria Health hospitals or other facilities as appropriate.

Astria Regional Medical Center patients' medical records will be made available by calling 509.576.3749, or faxing a request to 509.575-5244 or, over the next 30 days, through the Medical Records Department at the hospital located at 110 S. 9th Avenue, Yakima.

Hold your head high knowing that you gave the hospital, the patients, and the community everything. Finish strong. You have a lot to be proud of.