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Attorneys for the UnitedHealthcare Insurance Company

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

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In
Possession.

- ☒ Affects All Debtors
- ☐ Affects Verity Health System of California, Inc.
- ☐ Affects O'Connor Hospital
- ☐ Affects Saint Louise Regional Hospital
- ☐ Affects St. Francis Medical Center
- ☐ Affects St. Vincent Medical Center
- ☐ Affects Seton Medical Center
- ☐ Affects O'Connor Hospital Foundation
- ☐ Affects Saint Louise Regional Hospital Foundation
- ☐ Affects St. Francis Medical Center of Lynwood Foundation
- ☐ Affects St. Vincent Foundation
- ☐ Affects St. Vincent Dialysis Center, Inc.
- ☐ Affects Seton Medical Center Foundation
- ☐ Affects Verity Business Services
- ☐ Affects Verity Medical Foundation
- ☐ Affects Verity Holdings, LLC
- ☐ Affects De Paul Ventures, LLC
- ☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
Case No. 2:18-bk-20168-ER
Case No. 2:18-bk-20169-ER
Case No. 2:18-bk-20171-ER
Case No. 2:18-bk-20172-ER
Case No. 2:18-bk-20173-ER
Case No. 2:18-bk-20175-ER
Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Ernest M. Robles

**NOTICE OF MOTION TO COMPEL
COMPLIANCE WITH ORDER APPROVING
PROCEDURES RELATED TO THE
ASSUMPTION OF CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES
[DOCKET NO. 1572]**

HEARING:

Date: July 10, 2019

Time: 10:00 a.m.

Place: Courtroom 1568

255 E. Temple Street, Los Angeles, CA 90012



1820151190619000000000002

1 **PLEASE TAKE NOTICE** that at the above-referenced date, time, and location,
2 UnitedHealthcare Insurance Company (collectively with its affiliates, subsidiaries, and
3 parents, “United”) will move, pursuant to 11 U.S.C. § 105(a), for entry of an order
4 compelling the Debtors and Strategic Global Management, Inc. (the “Purchaser”) to comply
5 with the terms of this Court’s *Order (1) Approving form of Asset Purchase Agreement for*
6 *Stalking Horse Bidder and for Prospective Overbidders, (2) Approving Auction Sale Format,*
7 *Bidding Procedures and Stalking Horse Bid Protections, (3) Approving Form of Notice to be*
8 *Provided to Interested Parties, (4) Scheduling a Court Hearing To Consider Approval of the*
9 *Sale to the Highest Bidder and (5) Approving Procedures Related to the Assumption of*
10 *Certain Executory Contracts and Unexpired Leases* [Docket No. 1572] (the “Bid
11 Procedures Order”). Pursuant to the Bid Procedures Order, the Debtor and Purchaser were
12 required to have made by April 11, 2019, an irrevocable designation of whether the United
13 Provider Agreement (as defined below) would be assumed and assigned in the asset sale of
14 the St. Vincent Medical Center, St. Francis Medical Center, and Seton Medical hospitals. As
15 previously explained in the Bid Procedures Objection (as defined below), United needs
16 irrevocable notice of the treatment of the United Provider Agreements at least seventy days
17 prior to the closing of the asset sale to allow it to provide notice to its members, as required
18 by state and federal regulations, if the hospitals will not be in network with United upon the
19 closing of the asset sale. Providing such notice will also avoid unnecessary prejudice to
20 United’s members by providing them ample time to arrange to seek medical services from
21 alternative, in-network facilities if Purchaser determines to not have the United Provider
22 Agreements assumed and assigned to it. Despite United’s repeated attempts to obtain the
23 Debtors and Purchaser’s compliance with the Bid Procedure Order, they have failed to do so.
24 Thus, cause exists for this Court to enter an order requiring the Debtors and Purchaser to
25 comply immediately with the Bid Procedures Order by making the irrevocable designation of
26 whether the United Provider Agreements will be assumed and assigned at the closing of the
27 asset sale within one business day of this Court’s order granting the instant Motion.
28

1 **PLEASE TAKE FURTHER NOTICE** that the Motion is based on this Notice of
2 Motion and Motion, the accompanying Notice of Hearing, Memorandum of Points and
3 Authority, and the Declaration of Eric Goldstein (“Goldstein Decl.”) filed
4 contemporaneously herewith, supporting statements, arguments and representations of
5 counsel who will appear at the hearing on the Motion, the record in this case, and any other
6 evidence properly brought before the Court in all other matters of which this Court may
7 properly take judicial notice.

8 **PLEASE TAKE FURTHER NOTICE** that any party opposing or responding to the
9 Motion must file a response (the “Response”) with the Bankruptcy Court and serve a copy of
10 it upon the moving party and the United States Trustee not later than 14 days before the date
11 designated for the hearing. A Response must be a complete written statement of all reasons
12 in opposition to the Motion or in support, declarations and copies of all evidence on which
13 the responding party intends to rely, and any responding memorandum of points and
14 authorities.

15 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Rule 9013-1(h) of the Local
16 Bankruptcy Rules for the United States Bankruptcy Court for the Central District of
17 California, the failure to file and serve a timely objection to the Motion may be deemed by
18 the Court to be consent to the relief requested herein.

19 DATED: June 19, 2019

LAW OFFICE OF SUSAN I. MONTGOMERY

20 By /s/ Susan I. Montgomery

21 SUSAN I. MONTGOMERY

22 -and-

23 Eric Goldstein (*pro hac vice* pending)

24 Shipman & Goodwin LLP

25 One Constitution Plaza

26 Hartford, CT 06103

27 Tel: (860) 251-5059

28 Email: egoldstein@goodwin.com

Attorneys for UnitedHealthcare Insurance Company

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

United moves, pursuant to 11 U.S.C. § 105(a), for entry of an order compelling the Debtors and Purchaser to comply with the terms of the Bid Procedures Order. Pursuant to the Bid Procedures Order, the Debtor and Purchaser were required to have made by April 11, 2019, an irrevocable designation of whether the United Provider Agreements (as defined below) would be assumed and assigned in the asset sale of the St. Vincent Medical Center, St. Francis Medical Center, and Seton Medical hospitals. As previously explained in United's objection to the Debtors' proposed procedures for the assumption and assignment of executory contracts, United needs irrevocable notice of the treatment of the United Provider Agreements at least seventy days prior to the closing of the asset sale to allow it to provide notice to its members, as required by state and federal regulations, if the Purchaser will not have those contracts assumed and assigned, resulting in the hospitals no longer being in United's network as of sale's closing. Providing such notice will also avoid unnecessary prejudice to United's members by providing them ample time to make arrangements to seek medical services from alternative in-network facilities if the Purchaser to determine to not have the United Provider Agreements assumed and assigned to it. Despite United's repeated attempts to obtain the Debtors and Purchaser's compliance with the Bid Procedure Order, they have failed to do so. The Debtors and Purchaser must immediately provide United with the irrevocable notice required under the Bid Procedures Order given the fact that the AG's review may conclude in less than two months. Thus, cause exists for this Court to enter an order requiring the Debtors and Purchaser to comply immediately with the Bid Procedures Order by making the irrevocable designation of whether the United Provider Agreements will be assumed and assigned in the asset sale within one business day of granting the instant Motion.

II. JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (N). The venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for this Motion is § 105(a).

III. STATEMENT OF FACTS

2. United provides health insurance benefits to members insured under its commercial fully insured group medical plans and Medicare Advantage plans through a network of providers that contract with United to render medical services to members. United also administers self-insured health plans of third parties, by which the members of those self-insured plans may also access medical care through United's network of providers.

3. As set forth in detail below, United is a party to various contracts with St. Francis Medical Center ("St. Francis"), St. Vincent Medical Center ("St. Vincent"), and Seton Medical Center ("Seton" and together with St. Francis and St. Vincent, the "Debtors"), by which these Debtors are in network providers to United's members.

A. Capitation Agreements

4. United and St. Vincent are parties to that certain PacifiCare of California Hospital Services Agreement (Split Capitation) effective January 1, 2002, as amended from time to time (the "St. Vincent Capitation Agreement"). (Docket No. 2145, p.15 ¶ 4.)

5. United and St. Francis are parties to that certain PacifiCare of California Hospital Services Agreement (Split Capitation) effective January 1, 2002, as amended from time to time (the "St. Francis Capitation Agreement," and together with the St. Vincent Capitation Agreement, the "Capitation Agreements"). (*Id.* ¶ 5.)

6. Under the Capitation Agreements, United pays St. Vincent and St. Francis a per member, per month capitation fee. In exchange for this fixed fee, St. Vincent and St. Francis provide two core functions. (*Id.* ¶ 6.) First, St. Vincent and St. Francis provide and arrange for certain hospital services for United's commercial HMO and Medicare Advantage

members insured under health maintenance organization health plans (the “HMO Members”) who are assigned to a primary care physician employed or contracted with the medical group identified in the Capitation Agreements. (*Id.* ¶ 7.) Second, under the Capitation Agreements, United has delegated to St. Vincent and St. Francis functions relating to claims processing and payment, as well as reporting related to the HMO Members medical care. (*Id.* ¶ 9.)

B. Facility Participation Agreements

7. United and St. Francis are parties to a Facility Participation Agreement with an effective date of April 1, 2007, which has been amended from time to time (the “St. Francis FPA”). (*See* Docket No. 2145, p. 12 ¶ 4.)

8. United and St. Vincent are parties to a Facility Participation Agreement with an effective date of April 1, 2007, which has been amended from time to time (the “St. Vincent FPA”). (*Id.* ¶ 5.)

9. United and Seton are parties to a Facility Participation Agreement with an effective date of April 1, 2007, which has been amended from time to time (the “Seton FPA” and together with the St. Francis FPA and St. Vincent FPA, the “FPAs” and together with the Capitation Agreements, the “United Provider Agreements”).¹ (*Id.* ¶ 6.)

10. Pursuant to the FPAs, the Debtors agreed to provide certain covered hospital services to United’s members insured under health care benefit plans, in exchange for certain fees. (*Id.* ¶ 7.)

C. Bankruptcy Filing and Sale Motion

11. On August 31, 2018 (the “Petition Date”), the Debtors filed voluntary petitions in this Court under Chapter 11.

12. On January 17, 2019, the Debtors filed their *Motion for the Entry of (I) an Order (I) Approving Form of Asset Purchase Agreement for Stalking Horse Bidder and for*

¹ The FPAs contain United’s highly confidential and sensitive commercial information. While the Debtors should have copies of the FPAs, other parties in interest may request copies of such FPAs by written request to the undersigned counsel and upon the entry into either an acceptable confidentiality agreement or the entry of an appropriate protective order. If requested by the Court, United will provide the FPAs to it for *in camera* review.

1 *Prospective Overbidders; (2) Approving Auction Sale Format, Bidding Procedures and*
2 *Stalking Horse Bid Protections; (3) Approving Form of Notice to be Provided to Interested*
3 *Parties; (4) Scheduling a Court Hearing to Consider Approval of the Sale to the Highest*
4 *Bidder; and (5) Approving Procedures Related to the Assumption of Certain Executory*
5 *Contracts and Unexpired Leases; and (II) an Order (A) Authorizing the Sale of Property*
6 *Free and Clear of All Claims, Liens and Encumbrances* [Docket No. 1279] (the “Sale

7 Motion”). Pursuant to the Sale Motion, the Debtors sought authority to sell substantially all
8 of the assets of St. Francis, St. Vincent, and Seton free and clear of all liens, claims, and
9 interests under 11 U.S.C. § 363(f) (the “Sale”).

10 13. On January 25, 2019, United filed its *Limited Objection to the Sale Motion*
11 [Docket No. 1351] (the “Bid Procedures Objection”). United objected to the procedures
12 concerning the assumption and assignment of executory contracts because it did not provide
13 United ample notice as to whether the United Provider Agreements would definitely be
14 assumed and assigned to the prevailing bidder, or if the hospitals would be effectively
15 leaving United’s network once the sale closed. To comply with its regulatory obligations to
16 provide notice to its members, and to avoid unnecessary prejudice to its members, United
17 sought at least seventy days’ notice of the treatment of the United Provider Agreements in
18 the asset sale. (*See generally* Bid Procedures Motion).

19 14. In the Debtors’ reply to the Bid Procedures Objection, they stated that they will
20 provide notice to all parties of whether their executory contracts will be assumed and
21 assigned to the “Successful Bidder(s) on the day after the Full Bid Auction concludes.”
22 (Docket No. 1448, p. 6.) The Debtors only reason why that notice could not be irrevocable
23 in the context of the United Provider Agreements was that the “Debtors cannot predict
24 whether the Successful Bidder’s transaction will be approved by this Court or whether it will
25 survive any potential litigation the [California Attorney General (the ‘AG’)]. Nonetheless,
26 given the fourth month time period for the AG review of the transaction, this timeline should
27 be more than sufficient to satisfy the timing concerns raised” in the Bid Procedures
28 Objection and a similar objection asserted by Cigna. (*Id.*)

1 15. On February 19, 2019, the Court entered the Bidding Procedures Order, which
2 approved the Purchaser as the stalking horse purchaser. (Bidding Procedures Order ¶ 10.)

3 16. In the Bid Procedures Order, the Court resolved United and Cigna's objections
4 by requiring as follows:

5
6 The Debtors shall, no later than the earlier of (i) 48 hours after the
7 conclusion of the Auction, or (ii) thirty (30) days prior to the Closing Date,
8 provide Cigna with written notice of its irrevocable decision as to whether
9 or not the Debtors propose to assume and assign any or all of the Cigna
10 Provider Agreements as part of the Sale; provided, however, that such
11 notice shall be irrevocable only to the extent that the Successful Bidder's
transaction is approved by this Court and an order thereon becomes final
and non-appealable. The Debtors shall provide the same notice to
UnitedHealthcare Insurance Company.

12 (Bid Procedures Order ¶ 7.)

13 17. The Bid Procedures Order set the Partial Bid Auction for April 8, 2019, and the
14 Full Bid Auction for April 9, 2019. (*Id.* ¶ 15.)

15 18. On April 4, 2019, the Debtors filed a Notice That No Auction Shall Be Held
16 [Docket No. 2053], pursuant to which they stated that the Purchaser is the prevailing bidder
17 and that no auction will be held.

18 19. On May 2, 2019, this Court entered its *Order (A) Authorizing the Sale of*
19 *Certain of the Debtors' Assets to Strategic Global Management, Inc. Free and Clear of*
20 *Liens, Claims, Encumbrances, and Other Interests; (B) Approving the Assumption and*
21 *Assignment of an Unexpired Lease Related Thereto; and (C) Granting Related Relief*
22 [Docket No. 2306] (the "Sale Order"), which authorized the Sale to the Purchaser.²

23 20. By various notices, the Debtors have designated the United Provider
24 Agreements for assumption and assignment to the Purchaser; *see* Docket Nos. 2131 (FPAs),

25
26 ² United's objection to the cure amounts owed under the United Provider Agreements and its
27 objection arising from the Debtor's failure to provide adequate assurance that the Purchaser will be
28 able to perform under the United Provider Agreements have been continued to July 10, 2019. *See*
Order Approving Omnibus Stipulation Continuing Hearing on Objections re Cure and Other Issues
re Order (A) Authorizing the Sale of Certain of the Debtors' Assets to Strategic Global Management,
Inc. [Docket No. 2472].

1 2441 (Capitation Agreements); however, such notices expressly state that under the parties'
2 Asset Purchase Agreement, the Purchaser may remove designated executory contracts from
3 the "Designated Contract List up to seven (7) days before Closing." (*Id.*)

4 21. The Debtors have advised this Court that it completed its submission of the
5 transaction to the AG for its review on or about May 13, 2019. (Docket No. 2379.)

6
7 **D. United's Repeated Attempts to Obtain Debtors and Purchaser's**
8 **Compliance with Bid Procedures Order's Requirement to Make**
9 **Irrevocable Designation Concerning the United Provider**
10 **Agreements.**

11 22. Despite the fact that the auction was to have concluded on April 9, 2019, the
12 Debtors and the Purchaser have not made an irrevocable designation of the United Provider
13 Agreements. (Goldstein Decl. ¶ 5.) On April 11, 2019, the date that such irrevocable
14 designation should have been made, United's counsel spoke to Debtors' counsel and agreed,
15 upon client confirmation, to extend the deadline until the end of April 2019, which United
16 ultimately agreed to do. (*Id.*) Because no irrevocable designation was made by April 30
17 2019, United counsel sent a letter on May 3, 2019, to Debtors' counsel, with a copy to
18 Purchaser's counsel, giving the Debtors and Purchaser until May 15, 2019, to make such
19 irrevocable designation. (*Id.*)

20 23. Thereafter, on May 21, 2019, counsel for the Debtors, Purchaser, Cigna, and
21 United held a telephonic conference to discuss the need to make an irrevocable designation
22 of the United Provider Agreements and the similar Cigna contracts. (*Id.* ¶ 6.) At the
23 conclusion of that call, Purchaser's counsel agreed to discuss this issue promptly with his
24 client. (*Id.*)

25 24. On May 24, 2019, United's counsel emailed counsel for the Purchaser, with a
26 copy to Debtors' counsel and Cigna's counsel, requesting an update on a date by which the
27 Purchaser would make an irrevocable designation. (*Id.* ¶ 7.)

28 25. On May 28, 2019, Purchaser's counsel contacted United's counsel, but did not
have any definitive date that the Purchaser would make an irrevocable designation. (*Id.* ¶ 8.)

1 26. Having received no further response from Purchaser’s counsel, on June 4,
2 2019, United’s counsel again emailed Purchaser’s counsel asking for an update on when an
3 irrevocable designation would be made. (*Id.* ¶ 9.) Still having received no response,
4 United’s counsel emailed Purchaser’s counsel again on June 10, 2019, and made demand
5 that the Purchaser advise United by the close of business on June 11, 2019, the date by which
6 it would make an irrevocable designation of the United Provider Agreements. (*Id.*) United
7 has received no further response from Purchaser’s counsel. (*Id.*)

8 **IV. RELIEF REQUESTED**

9 27. Cause exists to enter an order compelling the Debtors and Purchaser to
10 immediately comply with this Court’s Bid Procedures Order and immediately make an
11 irrevocable designation concerning whether the United Provider Agreements will be
12 assumed and assigned to the Purchaser upon the closing of the Sale.

13 28. Section 105(a) provides, in pertinent part, that this Court “may issue any
14 order, process or judgment that is necessary or appropriate to carry out the provision of this
15 title. No provision of this title providing for the raising of an issue by a party in interest shall
16 be construed to preclude the court from, *sua sponte*, taking any action or making any
17 determination necessary or appropriate to enforce or implement court orders”
18 Moreover, this Court expressly provided in the Bid Procedures Order that this Court shall
19 retain jurisdiction over all matters arising from or related to its interpretation and
20 implementation. (Bid Procedures Order ¶ 33.)

21 29. Paragraph 7 of the Bid Procedures Order provides that the “Debtors *shall, no*
22 *later than the earlier of (i) 48 hours after the conclusion of the Auction, or (ii) thirty (30)*
23 *days prior to the Closing Date, provide Cigna with written notice of its irrevocable decision*
24 *as to whether or not the Debtors propose to assume and assign any or all of the Cigna*
25 *Provider Agreements as part of the Sale”* (Emphasis added.) This Court expressly
26 made this provision equally applicable to United. (*Id.*)

27 30. Here, the Auction was to have concluded by no later than April 9, 2019. Thus,
28 by April 11, 2019, the Debtors were required to provide written notice to United of their

1 irrevocable decision as to whether or not the Debtors propose to assume and assign any or all
2 of the United Provider Agreements. They have not done so.

3 31. To the extent the Debtors now take the position that it need not provide notice
4 by April 11, 2019, since no Auction proved necessary, this position is nonsensical and
5 contrary to the reasoning in its own reply to the Bid Procedures Objection. First, the fact that
6 an Auction was not necessary made it easier to comply with the irrevocable notice
7 requirement in the Bid Procedures Order since the prevailing bidder was the Purchaser,
8 which had been involved in the transaction for months. It would make no sense for the
9 Debtors to have provided the irrevocable notice were new bidders to have emerged and
10 forced an auction, but not provide the notice if the stalking horse was the only qualified
11 bidder.

12 32. Second, in the Debtors' reply it reasoned that United's concern would be
13 addressed by the fact that the sale would be subject to an approximately four-month AG
14 review that would provide United with ample time to provide notice to its members. This
15 same observation was made in the Court's tentative ruling, in which it observed that United
16 would receive in excess of the 70 days' notice that it requests, if Debtors provide it notice by
17 April 11, 2019, in light of the several months long AG review process. (*See* Goldstein Decl.
18 Ex. A, at p. 40 of 64.)³ However, United could only provide timely notice to its members, if
19 the Debtors and Purchaser promptly made the irrevocable designation early in the sale
20 process, which is exactly what the Bid Procedure Order requires.

21 33. United and its members are being prejudiced by the Debtors and Purchaser's
22 failure to comply with the Bid Procedures Order. The regulations issued by the Department
23

24 ³ In this Court's tentative ruling, it stated as follows: "UnitedHealthcare requests that the Debtors
25 provide notice of the contracts to be assumed and assigned at least 70 days before the Closing Date.
26 The Court finds that the timetable proposed by the Debtors provides UnitedHealthcare sufficient
27 notice of whether its executory contracts will be assumed and assigned. The Debtors will provide
28 notice of the contracts to be assumed on April 11, 2019, two days after the Full Bid Auction
concludes on April 9, 2019. In the Court's experience, the Attorney General's review of the
transaction will require several months. Therefore, UnitedHealthcare will receive in excess of the 70
days' notice that it requests." (Tentative Rulings Feb. 6, 2019, p. 40 of 64, an excerpt of which is
attached as Exhibit A to the Goldstein Decl.)

1 of Managed Health Care (“DMHC”) require that United provide at least 60 days’ notice to
2 members prior to the termination of a contract with a health care provider. Specifically, 28
3 Cal. Code Regs. § 1300.67.1.3(c) provides that for “any termination or non-renewal of a
4 Provider Contract,”⁴ a plan shall mail to all Affected Enrollees⁵ an Enrollee Transfer Notice⁶
5 that has been approved by [DMHC].” Such notice must “be mailed to each Affected
6 Enrollee at least sixty (60) days prior to the date of termination or non-renewal.” 28 Cal.
7 Code Regs. § 1300.67.1.3(c)(1).

8 34. Since United also is Medicare Advantage Organization, it must also comply
9 with certain regulations promulgated by the Center for Medicare & Medicaid Services
10 (“CMS”). In particular, it must “make a good faith effort to provide written notice of a
11 termination of a contracted provider at least 30 calendar days before the termination effective
12 date to all enrollees who are patients seen on a regular basis by the provider whose contract
13 is terminating, irrespective of whether the termination was for cause or without cause. When
14 a contract termination involves a primary care professional, all enrollees who are patients of
15 that primary care professional must be notified.” 42 C.F.R. § 422.111(e).

16 35. Thus, if the United Provider Agreements are not going to be assumed and
17 assigned, United needs to provide at least 60 days’ notice to affected members under DMHC
18 regulations, and 30 days’ notice to Medicare Advance members under CMS regulations.

19 36. In addition to complying with regulatory notice requirements, such notice will
20 avoid prejudice and hardship to United’s members. United’s members will need sufficient
21 time to make alternative arrangements to ensure that they can obtain health care from an in
22 network provider to avoid potential additional out of pocket costs.

23
24 ⁴ Provider Contract “means a contract between a plan and one or more health care providers, through
25 which the plan arranges to provide health care services for its enrollees.” 28 Cal. Code Regs, §
1300.67.1.3(a)(5).

26 ⁵ Affected Enrollees “means enrollees of the plan who are assigned to a Terminated Provider Group
27 or a Terminated Hospital.” 28 Cal. Code Regs, § 1300.67.1.3(a)(1). A Terminated Hospital means
28 “a general acute care hospital that will no longer maintain a Provider Contract with the plan
following the termination or non-renewal of a Provider Contract.” 28 Cal. Code Regs, §
1300.67.1.3(a)(8).

⁶ Enrollee Transfer Notice “means a written notice that is sent to enrollees who are assigned to a
Terminated Provider group or Terminated Hospital.” 28 Cal. Code Regs, § 1300.67.1.3(a)(4).

1 37. The Debtors submitted the sale to AG review on May 13, 2019, and, therefore,
2 the AG's decision on the transaction can be reasonably expected between August 11, 2019,
3 and September 25, 2019.⁷ For United to comply with the foregoing regulations and to avoid
4 undue prejudice to its members, the Debtors and Purchaser must immediately provide it with
5 the irrevocable notice required under the Bid Procedures Order given the fact that the AG's
6 review may conclude in less than two months.

7 **V. CONCLUSION**

8 WHEREFORE, United respectfully requests that the Court enter an order (i) ordering
9 the Debtors and Purchaser to provide United with written notice within one business day of
10 its order of the irrevocable designation of whether the United Provider Agreements will be
11 assumed and assigned upon the closing of the Sale; and (ii) granting such further relief as the
12 Court deems appropriate.

13 DATED: June 19, 2019

LAW OFFICE OF SUSAN I. MONTGOMERY

14
15 By /s/ Susan I. Montgomery

16 SUSAN I. MONTGOMERY

17 -and-

18
19 Eric Goldstein (*pro hac vice* pending)

20 Shipman & Goodwin LLP

21 One Constitution Plaza

22 Hartford, CT 06103

23 Tel: (860) 251-5059

24 Email: egoldstein@goodwin.com

25 Attorneys for UnitedHealthcare Insurance Company

26
27

28 ⁷ See Cal. Corp. Code § 5915 (providing that AG shall consent, not consent, or give conditional consent to the transaction within 90 days of the submission under Cal. Corp. Code § 5914, with an additional 45 day extension under certain conditions).

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
1925 Century Park East, Suite 2000, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled (*specify*): **NOTICE OF MOTION TO COMPEL COMPLIANCE WITH ORDER APPROVING PROCEDURES RELATED TO THE ASSUMPTION OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES [DOCKET NO. 1572]** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **June 19, 2019**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Melinda Alonzo ml7829@att.com
- Robert N Amkraut ramkraut@foxrothschild.com
- Kyra E Andrassy kandrassy@swelawfirm.com, lgarrett@swelawfirm.com;gcruz@swelawfirm.com;jchung@swelawfirm.com
- Simon Aron saron@wrsllawyers.com
- Lauren T Attard lattard@bakerlaw.com, abalian@bakerlaw.com

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) **June 19, 2019**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

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

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) **June 19, 2019**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

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

June 19, 2019
Date

Jennifer A. Montgomery
Printed Name

/s/ Jennifer A. Montgomery
Signature

CONTINUED SERVICE PAGE

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