Docket #6682 Date Filed: 10/13/2021

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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 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. Judge Ernest M. Robles

POST-EFFECTIVE DATE DEBTORS AND LIQUIDATING TRUSTEE'S SUR-REPLY IN OPPOSITION TO PRIME HEALTHCARE SERVICES, INC.'S REPLY TO POST-EFFECTIVE DATE DEBTORS AND LIQUIDATING TRUSTEE'S MEMORANDUM IN OPPOSITION TO PRIME HEALTHCARE SERVICES, INC.'S MOTION TO ENFORCE PROVISIONS OF THE ASSET PURCHASE AGREEMENT PERTAINING TO ACCOUNTS RECEIVABLE ADJUSTMENT; SUPPLEMENTAL DECLARATION OF PETER CHADWICK; DECLARATION OF REGINA FERNANDEZ [Re: Docket Nos. 6645, 6662, 6669, 6674-76]

Hearing Date and Time:
Date: October 19, 2021
Time: 10:00 a.m.
Place: Courtroom 1568
255 E. Temple Street
Los Angeles, CA 90012

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Verity Health System of California, Inc. ("VHS"), Saint Francis Medical Center ("SFMC") and certain affiliated debtors (collectively, prior to the effective date of the Joint Plan (defined below), the "Debtors" and after the effective date, the "Post Effective Date Debtors") and the Liquidating Trustee (the "Liquidating Trustee") of the VHS Liquidating Trust (the "Liquidating Trust"), established pursuant to the *Modified Second Amended Joint Chapter 11 Plan of Liquidation (Dated July 2, 2020) of the Debtors, the Prepetition Secured Creditors, and the Official Committee of Unsecured Creditors* [Docket No. 5466] (the "Joint Plan") confirmed by the order [Docket No. 5504] entered August 14, 2020, and that certain Liquidating Trust Agreement, dated as of September 5, 2020 [Docket No. 6043], in the above-captioned chapter 11 bankruptcy cases (the "Cases"), hereby file this sur-reply in opposition (the "Sur-Reply") to *Prime Healthcare Services, Inc.'s Reply to Post-Effective Date Debtors and Liquidating Trustee's Memorandum in Opposition*[1] *to Prime Healthcare Services, Inc.'s Motion to Enforce Provisions of the Asset Purchase Agreement Pertaining to Accounts Receivable Adjustment Prime Healthcare Services, Inc.'s Motion*[2] *to Enforce Provisions of the Asset Purchase Agreement Pertaining to Accounts Receivable Adjustment* [Docket No. 6669] (the "Reply"), which attached *Prime Healthcare Services, Inc. Evidentiary Objections* [Docket No. 6669-10] (the "Evidentiary Objections"), filed by Prime Healthcare Services, Inc. ("Prime") on September 28, 2021, and respectfully state as follows:

INTRODUCTION

Prime argues that the Accounts Receivable reconciliation process set forth in §1.12 of the APA established a mutually agreed A/R Target Amount that is now "an irrelevant reference point" and that the parties to the APA (the "Parties") expressly and intentionally negotiated to exclude LA County Trauma payments from the A/R reconciliation process. Despite Prime's characterizations, the documents of the Parties' negotiations simply do not establish what Prime contends. Indeed,

[1] [Docket No. 6662] (the "Opposition"), which attached the Declaration of Peter Chadwick ("Chadwick Declaration"). Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Opposition.

[2] [Docket No. 6645] (the "Motion to Enforce"), which attached the Declarations of A. Joel Richlin ("Richlin Declaration") and Steve Aleman ("Aleman Declaration").

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despite the "extensive" and "heavily" negotiated issues, Prime still does not provide the Court with any explanation for why "Other Receivables" was added to the APA, what purpose it serves, or why it believes the $11.9 million in LA County Trauma payments Prime collected should not be included within the Accounts Receivable it purchased.

In its Reply, Prime also challenges the evidence submitted by the Post-Effective Date Debtors and the Liquidating Trustee regarding Prime's insufficient efforts at collecting the legacy receivables of SFMC, and it submits new declarations in support of its collection efforts. The Post-Effective Date Debtors and the Liquidating Trustee hereby submit further evidence—including a supplemental declaration of Peter Chadwick (the "Chadwick Supplemental Declaration") and a new declaration of Regina Hernandez (the "Hernandez Declaration")—to refute Prime's arguments, rebut Prime's new evidence, and reiterate the Post-Effective Date Debtors and the Liquidating Trustee's consistent position that Prime did not use good faith, commercially reasonable efforts to collect Accounts Receivable post-Closing.

For these reasons, and those discussed below and in the Opposition, the Post-Effective Date Debtors and the Liquidating Trustee repeat their request that this Court (i) limit any purchase price adjustment pursuant to the A/R Adjustment to $11.3 million, (ii) require Prime to turn over to the Liquidating Trust all Accounts Receivable it has or will receive related to Excluded Assets (including QAF) in excess of $11.3 million, (iii) require Prime to pay interest on the amounts withheld to date, and (iv) grant such other and further relief as the Court deems just and proper.

RELEVANT STATEMENT OF FACTS

1. On September 2, 2021, Prime filed the Motion to Enforce. On September 21, 2021, the Post-Effective Date Debtors and the Liquidating Trustee filed the Opposition thereto. On September 28, 2021, Prime filed the Reply.

2. On September 30, 2021, the Post-Effective Date Debtors and the Liquidating Trustee filed the *Post-Effective Date Debtors and Liquidating Trustee's Evidentiary Objection and*

Motion to Strike New Evidence Presented in Reply; Alternatively Request for Sur-Reply; and Response to Prime's Evidentiary Objections [Docket No. 6674] (the "Motion to Strike").

3. Prime, the Post-Effective Date Debtors, and the Liquidating Trustee thereafter stipulated that the Post-Effective Date Debtors and the Liquidating Trustee would withdraw their Motion to Strike (with the exception of the portion thereof that responded to the Evidentiary Objections) in exchange for filing this sur-reply to address the new evidence submitted.

4. Prime's new evidence, Exhibits 8-16 to the Reply, address contract negotiations regarding the APA. The Post-Effective Date Debtors and the Liquidating Trustee do not object to the documents themselves, but the documents do not support Prime's position that the APA is unambiguous or that trauma payments were specifically negotiated.

III.
ARGUMENT

A. PRIME'S NEW EVIDENCE DOES NOT DEMONSTRATE THAT TRAUMA PAYMENTS WERE UNEQUIVOCALLY EXCLUDED FROM THE A/R RECONCILIATION.

The A/R Target Amount schedule (the "A/R Target Schedule"), far from being "an irrelevant reference point,"[3] established that the amount at stake for the reconciliation process was $61 million. Prime's new exhibits demonstrate that the initial proposal was for Prime to purchase the Accounts Receivable at a specified dollar amount.[4] During the negotiations, the Parties mutually agreed to change the proposal so that Prime was required to collect towards a target of $61 million with an A/R reconciliation process added in.[5] While Prime downplays the relevance of the due diligence schedule, claiming it predated the Parties' intense negotiations caused by the COVID-19 pandemic, it cannot ignore that the Parties mutually agreed—in the midst of these intense negotiations in March and April 2020—to an A/R Target Amount that not only precisely matched the dollar amount of the due diligence schedule that was the basis for the negotiations, but

[3] Supplemental Declaration of A. Joel Richlin ("Richlin Supplemental Declaration"), Doc. 6669 at 38 (¶6).

[4] *See* Reply, Ex. 8 [Docket No. 6691-1], at 5. This amount was initially $52 million, based upon the SFMC A/R balance from October 2019, and it was updated to $61 million in the spring of 2020.

[5] *Id*. at 5 and 18.

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also that the schedule unquestionably included a line item for S-9 COUNTY TRAMA [*sic*].[6] Prime would effectively have this Court believe it was some sort of irrelevant and random happenstance. In reality, the Parties agreed, and these provisions remained essentially unchanged thereafter.[7]

Undoubtedly, the Parties engaged in intense negotiations to finalize the transaction in the midst of the COVID-19 pandemic, which created legitimate concerns. This led to the Parties including a process for a potential adjustment, if necessary, to the $200 million purchase price based upon SFMC's Annualized Normalized EBITDA at Closing, with the possibility of using QAF V program dollars as an offset.[8] But other than this possible adjustment and offset, QAF V and VI program dollars were essentially Excluded Assets to be turned over to the Debtor upon receipt.[9]

It is true that the focus on QAF dollars as Excluded Assets raised questions about the initial definition of Accounts Receivable, which included items such as "quality assurance fee payments" (and "disproportionate share payments," also defined as an Excluded Asset) that Prime was not acquiring and for which it would not have to pay. This explains why Prime proposed excluding them from the definition of Accounts Receivable and why Prime's general counsel, Joel Richlin suggested in his March 31, 2020 email to Jim Moloney, the Debtors' investment banker, that "we need to clarify some of the definitions related to AR and government payments going different ways."[10] However, what Prime's Reply and its new evidence fail to explain is why the Court should now, months after the negotiations have ended and the sale has occurred, carve out "trauma payments" from Accounts Receivables when it is clear the "S-9 COUNTY TRAMA" line item in the $61 million A/R Target Schedule associated with the $11.9 million in LA County Trauma

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[6] Chadwick Declaration at ¶11; Chadwick Supplemental Declaration at ¶5 and Ex. "C-1".

[7] Reply Exs. 10 and 15 [Docket Nos. 6669-3 and -8].

[8] APA at §1.1(a)(i), and as negotiated, Reply Exs. 8, 10 and 15 [Docket Nos. 6669-1, -3, and -8].

[9] In addition to the Accounts Receivable issues raised in Prime's Motion to Enforce, the parties also negotiated for months regarding a possible EBITDA adjustment to the purchase price and to QAF V payments that Prime was withholding as an offset. Literally as the Post-Effective Date Debtors and the Liquidating Trustee were filing their Opposition, Prime finally released the QAF V money it had been improperly withholding, thereby resolving that dispute.

[10] Reply, Ex. 9 [Docket No. 6669-2].

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payments was not carved out in the Parties' negotiations. Prime makes no attempt to explain when or how the Parties expressly discussed the exclusion of "trauma payments" as truly being intended to apply to the S-9 COUNTY TRAMA line item in the A/R Target Schedule. This was not what the Parties intended by the creation of "Other Receivables," a concept that was not otherwise used in the APA and has no substantive effect in the APA.[11]

Prime's new argument that the Parties' negotiations clearly and unambiguously demonstrate that the LA County Trauma payments were intended to be excluded from the A/R reconciliation process is presented for the first time in the Reply, and is contrary to its previous arguments. In its initial January 25, 2021 letter (referred to in the Opposition as the Prime 1.12 Letter) raising the reconciliation issue, Prime did not assert that the Parties unequivocally negotiated for the exclusion of $11.9 million in receivables.[12] When Prime filed its initial Motion to Enforce, it did not claim that the Parties' intense and heavy negotiations consistently demonstrated a lack of ambiguity and agreement about the exclusion of trauma payments. Indeed, in two declarations submitted with its Motion to Enforce, Prime's witnesses simply denied making statements during the parties' Meet and Confer sessions that they had agreed to include all receivables as listed on the A/R Target Schedule.[13] Finally, Prime has no substantive response to the Chadwick Declaration[14] explaining a statement multiple participants independently recalled Steve Aleman make during the Parties' negotiations—agreeing that Prime would be responsible for LA County Trauma receivable if they were included in the A/R Target Schedule.

Prime's assertion, for the first time in its Reply, that the Parties had previously and unequivocally agreed to interpret the APA to exclude the LA County Trauma receivables is simply inconsistent with (and inconceivably absent from) its prior arguments, and inconsistent with any reasonable interpretation of the course of negotiations—including express statements by Prime

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[11] Chadwick Supplemental Declaration at ¶5.

[12] Opposition, Ex. "B".

[13] Richlin Declaration at ¶¶8-9 and Aleman Declaration at ¶12 [Docket No. 6645 at 40-41 and 53].

[14] Prime has now sought to strike the Chadwick Declaration based upon Rule 408 of the Federal Rules of Evidence (the "Evidence Rules") even though Prime first raised these negotiations itself. Motion to Enforce at ¶18, Richlin Declaration at ¶6, Aleman Declaration at ¶11.

representatives. Prime's new evidence, what it does and does not say, and even Prime's belated presentation of this evidence, speak volumes. Prime's new interpretation neither describes the APA in the parties' eyes at drafting nor how the APA should be interpreted now.

B. PRIME'S EVIDENTIARY OBJECTIONS ARE NOT WELL-FOUNDED.

In its Reply and Evidentiary Objections, Prime objects to statements in the Chadwick Declaration, claiming that Mr. Chadwick lacks personal knowledge of the information in his declaration.[15] In particular, Prime questions (i) the A/R Target Schedule from which the A/R Target Amount was agreed, attached to the Opposition as Exhibit "C",[16] and (ii) statements made by Ana Goff, the current Director of Patient Financial Services for SFMC at Prime.[17] In its Reply, Prime also complains that it cannot recreate the Post-Effective Date Debtors and the Liquidating Trustee's calculation that Prime's collection rate was only 78.1%, compared to a historical collection rate for SFMC of 90.3%. Prime suggests that an evidentiary hearing is needed to determine the $5.1 million that the Post-Effective Date Debtors and the Liquidating Trustee claim was not collected but should have been.[18] In response to the Evidentiary Objections, the Post-Effective Date Debtors and the Liquidating Trustee supplement and update the record by responding to issues raised by Prime in its Reply, including directly addressing certain Evidentiary Objections below,[19] and also submitting the Chadwick Supplemental Declaration and the Hernandez Declaration.

1. Exhibit "C" is appropriately authenticated and relevant.

Prime appears to complain that Exhibit "C" is not the correct A/R Target Amount schedule from which the A/R Target Amount was generated. A more complete version of Exhibit "C", presented here as Exhibit "C-1", is separately identified and authenticated by Mr. Chadwick.[20] To

[15] Evidentiary Objections 1, 3.

[16] Evidentiary Objection 2.

[17] Evidentiary Objection 3.

[18] Reply at ¶44.

[19] In an abundance of clarity, the Post-Effective Date Debtors and the Liquidating Trustee neither admit nor waive their right to later respond to any of the Evidentiary Objections not expressly addressed herein.

[20] Chadwick Supplemental Declaration at ¶5.

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the extent this revised exhibit does not satisfy Prime, the Post-Effective Date Debtors and the Liquidating Trustee hereby respond to each of the Evidentiary Objections raised by Prime.

(a) Prime first objects to the description of the A/R Target Schedule contained in the Chadwick Declaration citing to Evidence Rule 1008 (but quoting Evidence Rule 1002), objecting that Mr. Chadwick's statements are not the best evidence of the schedule.[21] Of course, the Post-Effective Date Debtors and the Liquidating Trustee also attached the schedule itself and, while Prime objects to that as well,[22] Prime does not raise a "best evidence" objection to the document. Prime also does not contend that the document is other than as identified, and does not provide the Court with some other or different document to contradict Exhibit "C" or the Chadwick Declaration. Even so, the Post-Effective Date Debtors and the Liquidating Trustee now submit Exhibit "C-1" out of an abundance of caution. As to Mr. Chadwick's testimony, his statements in the Chadwick Declaration do not purport to prove the contents of the schedule independently offered; rather, the Chadwick Declaration merely excerpts and describes portions of the schedule as a means of demonstrating its relevance to the proceedings.

(b) Prime also objects to a supposed lack of personal knowledge about Exhibit "C".[23] But Mr. Chadwick adequately describes his role as Chief Financial Officer of VHS and basis of knowledge about the events of these Cases and the circumstances surrounding the April 3, 2020 APA, including that his testimony is based upon his personal knowledge, and a review of relevant documents, and information made available to him by his colleagues, the Debtors, and the Post-Effective Date Debtors.[24]

(c) Prime objects to the relevance of Mr. Chadwick's testimony about Exhibit "C" and the A/R Target Amount, and references Evidence Rule 403, suggesting that the testimony is somehow not relevant and unduly prejudicial.[25] The relevance of his testimony and Exhibit "C"

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[21] Evidentiary Objection 1.

[22] Evidentiary Objection 2.

[23] Evidentiary Objection 1.

[24] Chadwick Declaration at ¶¶2-5, 11, and 14.

[25] Evidentiary Objection 1.

could not be clearer, as both the Motion to Enforce and the Opposition repeatedly reference the $61 million A/R Target Amount and whether trauma payments were to be included or excluded. Certainly a document showing the derivation of the $61 million amount that specifically includes a line item for trauma payments directly affects the probability and credibility of a number of the statements the Parties are making with respect to the inclusion or exclusion of trauma payments in the Accounts Receivable reconciliation process.

(d) Prime objects that Mr. Chadwick's statements regarding the A/R Target Amount are inappropriate opinion testimony,[26] but nothing in the Chadwick Declaration presents scientific, technical, or other specialized knowledge and his declaration explicitly states that he is testifying based on his own personal knowledge.

(e) Prime also objects to Mr. Chadwick's testimony with respect to the A/R Target Schedule because "the document speaks for itself, and Mr. Chadwick's attempts to characterize the documents contents or legal effect are unnecessary and improper."[27] This is not a good faith objection. *See, e.g., Miller v. Holzmann*, 240 F.R.D. 1 (D.C. Cir. 2006) ("It is astonishing that the objection that a document speaks for itself, repeated every day in courtrooms across America, has no support whatsoever in the law of evidence.").

(f) Prime objects to Exhibit "C" itself, claiming the spreadsheet is not authenticated, is irrelevant, and unduly prejudicial.[28] Mr. Chadwick testifies that he has personal knowledge of the events surrounding the APA and is testifying from such personal knowledge. He identifies Exhibit "C" as a true and accurate copy of the A/R Target Schedule that was exchanged between and discussed among the Parties showing the $61 million A/R Target Amount. Prime does not challenge Mr. Chadwick's knowledge of any other documents presented and does not claim that Exhibit "C" is inaccurate or is not the "right" document. Given the circumstances of these Cases, Prime's complaints that Mr. Chadwick does not describe whether he actually drafted the document

[26] *Id.*

[27] *Id.*

[28] *Id.*

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itself or participated in negotiations with Prime[29] does not undermine whether he has personal knowledge that this is, in fact, the schedule supplied to Prime that formed the basis of the negotiations with Prime. Prime's objections as to relevance[30] have been addressed above with respect to Mr. Chadwick's testimony about the schedule, and are thus incorporated here.

2. Mr. Chadwick's Statements Regarding Ana Goff Are Withdrawn.

In response to Evidentiary Objection 3, the Post-Effective Date Debtors and the Liquidating Trustee withdraw lines 24:24-25:4 of paragraph 17 of the Chadwick Declaration, not because they are inaccurate, but because it was not clear that Mr. Chadwick obtained the information from Regina Hernandez, the Interim VP, Revenue Cycle for Verity Business Services, and not directly from Ms. Goff as Prime had read the relevant language in the Chadwick Declaration.[31] The Post-Effective Date Debtors and the Liquidating Trustee now submit the Chadwick Supplemental Declaration to correct this confusion, as well as the Hernandez Declaration to support the statements that Prime was, in fact, not devoting reasonable efforts to the collection of SFMC legacy receivables, and that Prime's personnel, including Ms. Goff, acknowledged as much.

In particular, Ms. Hernandez reiterates and supports the statements originally repeated in the Chadwick Declaration, and she elaborates on the numerous meetings and communications she had with Ms. Goff at Prime and other Prime employees regarding Prime's collection efforts. She reiterates that Prime indeed acknowledged having staffing issues, that Prime was aware of unbilled claims and outstanding work-in-progress that should have been pursued, that Prime was receiving and using Verity reports and tools such as the TRAC reports, and that, even though the Prime

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[29] *Id.*

[30] *Id.*

[31] The Chadwick Declaration never represented that Mr. Chadwick directly spoke to Ms. Goff. The Chadwick Declaration provided that the statements therein were not only based on Mr. Chadwick's personal knowledge and review, but also "information provided to [him] by employees of BRG and the Debtors and Post-Effective Date Debtors." Chadwick Declaration at ¶5. The Chadwick Declaration then presented statements made by Ms. Goff, but did not indicate to whom they were made. *Id.* at ¶17. The Chadwick Supplemental Declaration and the Hernandez Declaration submitted herewith clarify the source of these statements. Chadwick Supplemental Declaration at ¶4; Hernandez Declaration at ¶¶5, *et seq*.

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collection effort was already understaffed, Prime at times redirected its collection personnel away from pursuing the SFMC legacy accounts.[32]

3. Statements of Steve Aleman are Properly Before The Court.

Prime objects to the Chadwick Declaration at ¶ 14, lines 20-25, regarding a statement made by Mr. Aleman about whether the $61 million A/R Target Schedule, which included trauma payments, demonstrated the parties' intentions to include these receivables in the Accounts Receivable.[33] Prime moves to strike the statement solely on the basis of Evidence Rule 408.[34] This Evidence Rule is inapplicable for several reasons.

First, Evidence Rule 408 expressly provides that its prohibition applies to any party. It was Prime that initially introduced this topic of the February 2021 conversation and Mr. Aleman's participation therein—in its Motion to Enforce (¶ 18), the Richlin Declaration (¶ 9), the Aleman Declaration (¶ 12), and Prime's Exhibits 5 and 6 in support of the Motion to Enforce. Therefore, to the extent such conversation constituted a settlement discussion subject to Evidence Rule 408, Prime violated the rule. *See also* Committee Notes on Rules – 2006 Amendments ("The amendment makes clear that Rule 408 excludes compromise evidence even when a party seeks to admit its own settlement offer or statements made in settlement negotiations."). But Prime cannot have it both ways; it cannot offer evidence as to the conversation *and* assert that such conversation is protected by Evidence Rule 408.

Even if the February 2021 conversation was a settlement negotiation protected by Evidence Rule 408, subsection (b) of the rule expressly allows the Court to admit such evidence "for another purpose." The Notes of Advisory Committee On 2006 Amendments to Rule 408 expressly states that:

> The amendment retains the language of the original rule that bars compromise evidence only when offered as evidence of the "validity," "invalidity," or "amount" of the disputed claim. The intent is to retain the extensive case law finding Rule 408 inapplicable when compromise

[32] Hernandez Declaration at ¶¶5-11.

[33] Evidentiary Objection 4.

[34] *Id.*

> evidence is offered for a purpose other than to prove the validity, invalidity, or amount of a disputed claim. *See, e.g.*, . . . *Coakley & Williams v. Structural Concrete Equip.*, 973 F.2d 349 (4th Cir. 1992) (evidence of settlement is not precluded by Rule 408 where offered to prove a party's intent with respect to the scope of a release); . . .”

Here Mr. Chadwick’s recollection of Mr. Aleman’s participation in the February meeting is offered to show Prime’s *intent* to include the trauma payments in the A/R calculation and to establish Prime’s state of mind, that it was well aware that the A/R Target Schedule explicitly incuded the trauma payments it is now seeking to exclude.

4. Calculation of Prime’s Collection Rate on SFMC Receivables.

Prime’s Reply complains that it cannot recreate the Post-Effective Date Debtors and the Liquidating Trustee’s calculation that Prime’s collection rate was only 78.1%, compared to a historical collection rate for SFMC of 90.3%. Prime therefore suggests an evidentiary hearing is needed to determine whether it should have collected the additional $5.1 million claimed by the Post-Effective Date Debtors and the Liquidating Trustee.[35] The SFMC historical collection percentage of 90.3% was presented in Exhibit “E” and has not been challenged. Likewise, there is no dispute between the parties that Prime claims it collected $32,736,688, the numerator in the Post-Effective Date Debtors and the Liquidating Trustee’s calculation that Prime’s collection rate on SFMC receivables was only 78.1%. Prime only questions the denominator of $41,915,599, which was presented in Exhibit “F”.[36]

Per VHS financials, a schedule of which is attached hereto as Exhibit “H”, accounts receivable as of July 31, 2020 were $54,137,760 ($12,428,295 of which comprises LA County Trauma receivables), with $7,929,470 of net patient revenue earned by VHS in August and $7,723,335 collected by the Debtors prior to Closing.[37] The $41,915,599 denominator, is simply the total of July 31, 2020 A/R less the trauma receivables plus net August revenue less August

[35] Reply at ¶42.

[36] *Id.*

[37] Chadwick Supplemental Declaration at ¶¶6-7; Ex. “H”.

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collections.[38] The $5.1 million shortfall in A/R collections, as presented in Exhibit "F", is the $41,915,599 denominator multiplied by the 12.2% collection differential (90.3% - 78.1%).[39]

IV.
CONCLUSION

WHEREFORE, for all the foregoing reasons and such additional reasons as may be advanced at or prior to the hearing regarding the Motion to Enforce, the Post-Effective Date Debtors and the Liquidating Trustee respectfully request that the Court enter an order (i) limiting any purchase price adjustment pursuant to the A/R Adjustment to $11.3 million, (ii) requiring Prime to turn over to the Liquidating Trust all Accounts Receivable it has or will receive related to Excluded Assets (including QAF) in excess of $11.3 million, (iii) requiring Prime to pay interest on the amounts withheld to date, and (iv) granting such other and further relief as the Court deems just and proper.

Dated: October 13, 2021

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By *____/s/ Tania M. Moyron____*
Tania M. Moyron

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[38] Chadwick Supplemental Declaration at ¶7.

[39] *Id.*

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SUPPLEMENTAL DECLARATION OF PETER CHADWICK

I, Peter Chadwick, declare that I have personal knowledge of the facts set forth in this declaration, and I would competently testify to them under oath if called as a witness.

1. This supplemental declaration (the "Supplemental Declaration") is in support of the *Post-Effective Date Debtors and Liquidating Trustee's Sur-Reply in Opposition to Prime Healthcare Services, Inc.'s Reply to Post-Effective Date Debtors and Liquidating Trustee's Memorandum in Opposition to Prime Healthcare Services, Inc.'s Motion to Enforce Provisions of the Asset Purchase Agreement Pertaining to Accounts Receivable Adjustment* (the "Sur-Reply"), and for all other purposes permitted by law. All capitalized terms not otherwise defined herein shall have the same meaning as in the *Post-Effective Date Debtors and Liquidating Trustee's Memorandum in Opposition to Prime Healthcare Services, Inc.'s Motion to Enforce Provisions of the Asset Purchase Agreement Pertaining to Accounts Receivable Adjustment* (the "Opposition").

2. As stated in my original declaration (the "Declaration") submitted in support of the Opposition, I am a Managing Director of Berkeley Research Group, LLC ("BRG"), and have been serving as Chief Financial Officer of VHS, effective as of October 1, 2019, and have been serving as the CFO of certain other Debtors since September 1, 2019. I am duly authorized to make this Supplemental Declaration on behalf of BRG, the Post-Effective Date Debtors, and the Liquidating Trustee.

3. Except as otherwise indicated herein, this Supplemental Declaration is based upon my personal knowledge, my review of relevant documents or information provided to me by employees of BRG and the Debtors and Post-Effective Date Debtors. In preparing this Supplemental Declaration, I have relied on my experience as described above and as described in my Declaration. I am also assisted by others at BRG who work at my direction in the preparation of the analysis and other information included herein. If called upon to testify, I would testify competently to the facts set forth in this Supplemental Declaration.

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A. Statements by Anna Goff

4. In the Declaration, which was similarly based in part on "information provided to me by employees of BRG and the Debtors and Post-Effective Date Debtors" (¶5), I presented statements made by Anna Goff (¶17), Prime's PFS Director, but did not indicate to whom they were made. Regina Hernandez, the Interim VP, Revenue Cycle for Verity Business Services, Part of Verity Health System, had informed me of these statements made by Ms. Goff. Ms. Hernandez now submits her own declaration to offer her personal testimony as to those communications with Ms. Goff directly.

B. Exhibit "C"

5. In addition to the Exhibit "C" I identified in my original Declaration, Exhibit "C-1" attached to the Sur-Reply is a true and correct copy of the A/R Target Schedule that includes columns extending through March 31, 2020. In particular, this version of Exhibit "C" shows total gross A/R of $60,743,638 as of February 29, 2020. This amount is the same amount that appears in Prime's bid schedule, a document it produced and that was the basis for the parties' agreement on the A/R Target Amount. In addition, this Exhibit "C-1" shows a line for each of the columns listed that is allocated to "S-9 COUNTY TRAMA." Despite Prime's characterizations and those of its witnesses, I do not believe the parties discussed or negotiated, and certainly have no recollection of any such discussions, regarding efforts by any party to exclude the S-9 COUNTY TRAMA amounts from the A/R Target Amount.

6. Using basically the same data, the same financial information from VHS financials as are represented in Exhibits "C" and "C-1", I worked with John Schlant, a Director at BRG who is familiar with the financial statements of SFMC and VHS, to determine the Accounts Receivable balance of SFMC as of the Closing of the APA. To do this, I concentrate on the net A/R data of SFMC as of July 31, 2020, and then make some adjustments for net patient revenues as well as collections received by VHS in August prior to the Closing. This information is presented in Exhibit "H" to the Sur-Reply, which is a true and accurate copy of SFMC's receivables schedules for end-of-month July and August 2020.

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7. Exhibit "H" shows that SFMC had net A/R of $54,137,760 as of July 31, 2020, of which $12,428,295 was related to S-9 COUNTY TRAMA. Mr. Schlant then reported to me that SFMC's net patient revenue for August 2020, adjusting for trauma payments, DSH payments, bad debt and other adjustments, was $7,929,470 and that collections by SFMC for August 1-13 were $7,723,335. All data reported here are from VHS financials, and VHS's revenue cycle team generated the daily calculations of collections at my request and that of John Schlant. The A/R plus the net patient revenue minus the collections and the trauma A/R yields an A/R outstanding and available for Prime to collect of $41,915,599. Of this, it collected $32,736,688, or 78.1% of the available amount.

8. This compares to the SFMC historical 135-day collection rate of 90.3% previously presented in Exhibit "E" to the Opposition. The 12.2% differential between the 90.3% and the 78.1% applied to the $41,915,599 available suggests that Prime would have collected an additional $5.1 million had it collected at SFMC historical rates rather than the rate that it did.

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

Executed this 13th day of October 2021.

Peter Chadwick

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DECLARATION OF REGINA HERNANDEZ

I, Regina Hernandez, declare that I have personal knowledge of the facts set forth in this declaration, and I would competently testify to them under oath if called as a witness.

1. This declaration (the "Declaration") is in support of the *Post-Effective Date Debtors and Liquidating Trustee's Sur-Reply in Opposition to Prime Healthcare Services, Inc.'s Reply to Post-Effective Date Debtors and Liquidating Trustee's Memorandum in Opposition to Prime Healthcare Services, Inc.'s Motion to Enforce Provisions of the Asset Purchase Agreement Pertaining to Accounts Receivable Adjustment* (the "Sur-Reply"), and for all other purposes permitted by law. All capitalized terms not otherwise defined herein shall have the same meaning as in the *Post-Effective Date Debtors and Liquidating Trustee's Memorandum in Opposition to Prime Healthcare Services, Inc.'s Motion to Enforce Provisions of the Asset Purchase Agreement Pertaining to Accounts Receivable Adjustment* (the "Opposition").

2. I am the Interim VP, Revenue Cycle for Verity Business Services, part of the Verity Health System. I have been employed by VHS since July 2015 and have held my current position since January 2020. In my current role, I oversee the business offices in charge of billings and collections for Seton Medical Center, Seton Medical Center Coastside Campus, St. Vincent Medical Center, and SFMC. In my role, I worked with staff from Prime Healthcare Services, Inc. on transition issues arising from the sale of SFMC from August 14 until some point in December 2020. I have worked in the healthcare industry in billings, collections, and revenue cycle services in general for the past 35 years.

3. I reviewed the Declaration of Ana Goff (the "Goff Declaration"), the current Director of Patient Financial Services ("PFS") for SFMC, filed in support of *Prime Healthcare Services, Inc.'s Reply to Post-Effective Date Debtors and Liquidating Trustee's Memorandum in Opposition to Prime Healthcare Services, Inc.'s Motion to Enforce Provisions of the Asset Purchase Agreement Pertaining to Accounts Receivable Adjustment*. I have also reviewed paragraph 17 of the Declaration of Peter Chadwick (the "Chadwick Declaration") submitted in support of the Opposition.

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4. In particular, the information stated in paragraph 17 of the Chadwick Declaration at page 24, lines 24-27, and page 25, lines 1-4, is true and accurate to the best of my belief and information. I provided this information to Mr. Chadwick. My knowledge is based on a number of direct communications I had with Ms. Goff, including a conversation on November 17, 2020, as represented in the Chadwick Declaration, not November 19, 2020, as presented in the Reply (¶¶37-39) and the Goff Declaration (¶¶6-7). My own notes indicate the conversation at issue occurred on November 17 and I told Mr. Chadwick about it on November 18.

5. Regardless, and precisely because of collection issues and concerns, Ms. Goff and I agreed on October 26, 2020 to meet twice a week, on Tuesdays and Thursdays, at 7:00 a.m. to review cash collections, Prime's billing of work in progress, billing holds that needed to be rectified, and follow-up and staffing issues to support collections. These communications continued until Prime's corporate office took over the collection efforts around December 1, 2020, at which point I invited Ken Wheeler, the Regional VP for PFS to continue the meetings, but the meetings were not continued. Whether at these meetings or otherwise, my staff and I routinely provided reports and information to Ms. Goff and her staff regarding collection matters that needed attention.

6. I viewed the meetings as critical because the collection results were so poor.

7. When Ms. Goff and I met on October 26, 2020, she inquired what was happening with SFMC's cash, and I explained that cash was extremely low due to minimal efforts at follow-up. Ms. Goff's response was that she was going to add staff to support the legacy A/R. But lack of staffing was always an issue as we met. It was not just raised in one meeting, but was regularly discussed. Ms. Goff stated to me that she had staffing issues for collecting the legacy A/R. At some point, she added a couple of employees from Prime's corporate office to assist, but was still understaffed for the work that remained. There were discussions for some time in November 2020 about moving the work to Prime's corporate office, which ultimately occurred around December 1, 2020. In several meetings, Ms. Goff indicated that her staff was experiencing unspecified system issues that were slowing them down. In our November 17, 2020 meeting, Ms. Goff indicated that

she then had six offers out to potential employees, but I could not get confirmation if any of these, if hired, would be helping with the legacy A/R issues.

8. During my meetings with Ms. Goff, we also discussed billing work-in-progress (WIP) and we reviewed reports of unbilled claims, and I regularly forwarded such reports to Ms. Goff and Yadi Castillo, a Billing Supervisor for Prime. As of mid-November, there were claims totaling $1.6 million that were unbilled that I reviewed with Ms. Goff. There were also $4 million of claims on hold, of which $3.7 million related to medical necessity denials and treatment authorization requests. At each meeting from November 3, 2020 forward (Ms. Goff did not participate in the November 3 meeting, but we did communicate by phone and email thereafter), Ms. Goff indicated that she would meet with Cindy Lane, the Director of Case Management. But at least for several weeks, that was never done.

9. I continued to monitor Prime's follow up of collections with TRAC reports. The reports indicate, as the Chadwick Declaration at paragraph 17 indicates, that Prime substantially reduced its follow-up activity. While some personnel at or representatives of Prime may contend that TRAC reports were not needed or used by Prime, I specifically followed up with Cheri Wagner, a Collections Supervisor for Prime in November 2020 and she reported to me, Ms. Goff, and Peggy Simpson from VHS, that Prime was indeed still entering its follow-up activity in TRAC. I believe such representation supports, as I was observing and Mr. Chadwick reported, that Prime's follow-up activity was significantly decreasing in October and November 2020. I firmly believe, based on these discussions and my review of Prime's collection data, that Prime was not working the legacy accounts as they should have been, and why Prime's cash collections were extremely low.

10. On November 18, 2020, Ada Magaña, a PFS Manager, told me that staff had been pulled off the legacy collection efforts for the past several weeks in order to work reports for the current Prime accounts and she did not know when Prime would resume working the legacy accounts. This further supported my beliefs that Prime was not reasonably attempting to collect the legacy A/R of SFMC. Furthermore, on several other occasions, I learned from Prime personnel that they were specifically told not to work on SFMC legacy collection projects.

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

Executed this 13th day of October, 2021.

Regina Hernandez

Regina Hernandez

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EXHIBIT “C-1”

ST. FRANCIS MEDICAL CENTER
FYE JUNE 30, 2020 GROSS AR / NET AR

GROSS AR
Sum of Gross AR

	07/31/18	08/31/18	09/30/18	10/31/18	11/30/18	12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	12/31/19	01/31/20	02/29/20	03/31/20
A-2-HMO/PPO	57,953,887	57,380,329	58,789,243	59,326,320	62,026,191	57,527,073	56,668,840	57,992,799	52,992,454	49,719,460	49,228,531	46,547,106	45,885,782	46,069,790	40,717,155	40,215,036	40,796,900	39,032,806	40,829,951	45,281,172	39,459,628
B-9-METROCARE	757,548	1,241,092	2,496,025	2,216,309	832,360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C - CHAR	611,214	796,516	802,170	673,786	848,057	508,602	672,674	529,841	522,503	518,320	676,900	764,756	771,423	800,401	744,753	882,791	831,894	414,983	340,618	440,335	505,806
C-5-MEDICARE	28,549,488	30,623,446	31,574,919	29,425,242	29,527,013	32,865,555	35,005,047	36,022,478	35,837,798	35,929,157	32,529,160	39,886,414	42,532,765	42,197,924	39,778,847	40,073,670	40,372,872	36,247,397	46,791,062	44,538,329	45,837,742
D-6-MEDI-CAL	75,641,581	72,373,227	71,315,411	66,846,282	75,322,871	76,745,902	73,334,452	64,851,440	70,330,182	57,609,584	60,715,542	72,523,133	56,634,630	57,069,511	55,083,189	54,564,350	58,552,013	61,054,635	62,432,775	65,440,325	49,824,807
E-RISK	35,426,175	36,448,510	46,531,662	50,770,551	37,095,047	39,570,850	44,131,868	50,116,696	68,197,840	65,014,491	68,699,325	60,616,694	63,904,320	56,501,214	52,177,133	43,522,114	43,091,055	41,064,262	42,475,713	46,161,313	38,424,658
K-1-KAISER	7,355,413	7,262,400	6,909,148	7,767,965	6,028,583	5,874,093	6,351,477	5,999,577	6,797,573	7,220,996	5,472,137	5,541,682	6,006,085	6,639,844	6,329,741	5,224,461	6,148,750	7,708,074	7,779,087	7,690,109	7,470,064
Q-OTHER GOV'T	11,667,592	11,972,996	13,682,125	15,759,540	15,374,216	15,204,389	15,219,458	15,936,736	13,325,627	12,287,273	12,532,176	12,135,249	13,889,148	11,881,676	8,925,839	10,302,746	8,113,451	6,960,961	7,347,671	9,191,640	9,603,799
S-8-SELF	22,255,212	21,165,343	21,105,964	20,804,559	20,017,562	22,095,555	21,382,189	22,750,889	22,606,151	23,045,718	24,404,708	21,109,942	23,030,197	19,095,946	17,876,478	20,507,604	20,508,301	21,283,882	23,812,405	23,448,771	21,466,862
S-SR HMO	72,805,032	76,310,379	75,894,741	71,639,486	66,325,302	70,514,012	71,439,040	68,852,571	62,158,937	61,994,727	64,519,040	63,500,242	59,779,808	57,373,018	54,542,466	54,304,106	54,729,025	57,567,799	59,933,676	59,724,305	52,936,408
W-w-MEDI-CAL/HMO	193,530,430	208,144,751	210,910,836	208,628,714	210,408,222	211,290,827	211,985,001	192,941,082	195,724,840	184,301,401	177,201,786	166,998,365	165,249,940	161,443,559	163,657,350	161,374,304	165,523,601	162,492,976	167,080,202	140,614,295	132,857,415
X-x-WC	2,105,692	2,890,298	4,077,918	4,551,074	4,049,592	2,040,704	2,055,405	2,251,824	2,217,930	1,929,588	1,859,979	1,670,537	1,596,371	1,689,992	1,776,740	1,281,419	1,658,242	2,131,406	2,038,314	2,033,619	1,050,218
S-9 COUNTY TRAMA	7,721,231	8,765,512	3,558,093	3,336,855	5,192,019	4,278,790	4,664,189	4,883,631	5,433,439	5,103,968	4,985,617	4,234,453	4,552,131	4,502,057	4,767,553	600,920	735,259	1,530,375	856,419	1,100,472	1,203,465
Grand Total	**516,380,493**	**535,374,799**	**547,648,254**	**541,746,683**	**533,047,035**	**538,516,352**	**542,909,640**	**523,129,564**	**536,145,274**	**504,674,683**	**502,824,902**	**495,528,573**	**483,832,600**	**465,264,932**	**446,377,244**	**432,853,521**	**441,061,363**	**437,489,556**	**461,717,893**	**445,664,685**	**400,640,872**

NET AR
Sum of Net AR

	07/31/18	08/31/18	09/30/18	10/31/18	11/30/18	12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	12/31/19	01/31/20	02/29/20	03/31/20
A-2-HMO/PPO	8,828,491	8,747,644	8,784,152	8,609,449	9,201,297	8,230,412	8,655,498	10,268,038	9,277,216	8,662,095	8,434,631	8,035,920	7,856,749	8,031,657	7,434,867	7,640,991	7,585,289	7,074,066	7,849,427	8,442,221	7,348,917
B-9-METROCARE	41,918	70,105	185,120	69,572	60,401	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C - CHAR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C-5-MEDICARE	5,025,209	5,520,384	5,624,537	5,502,974	5,513,835	6,529,605	6,803,291	6,986,062	6,967,995	6,960,411	6,173,088	7,468,548	8,268,359	7,967,158	7,556,159	7,529,161	7,599,196	6,956,949	8,700,429	8,242,318	8,604,207
D-6-MEDI-CAL	9,460,581	8,996,375	9,119,353	8,364,315	9,683,742	10,551,325	9,968,974	8,423,950	9,069,323	7,302,403	7,506,787	8,482,644	6,445,877	6,330,325	6,253,634	6,136,137	6,766,394	7,254,604	7,448,799	7,792,342	5,809,235
E-RISK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K-1-KAISER	2,708,540	2,667,979	2,462,724	3,023,309	2,382,512	2,236,224	3,132,601	2,893,560	3,535,107	4,139,121	3,012,943	2,907,666	3,131,125	3,538,184	3,640,105	2,847,559	3,445,154	4,538,640	4,700,651	4,600,540	4,432,067
Q-OTHER GOV'T	1,489,061	1,533,473	1,802,065	2,319,642	2,183,893	2,195,703	2,183,368	2,244,781	1,947,688	1,752,105	1,830,651	1,575,553	1,831,055	1,515,458	1,190,474	1,424,501	1,028,170	844,689	932,657	1,250,033	1,337,000
S-8-SELF	274,379	251,800	260,323	228,801	277,825	392,689	424,603	494,132	294,196	310,100	302,123	396,032	369,011	360,535	392,960	434,932	403,007	488,223	443,236	418,744	313,008
S-SR HMO	8,928,658	9,341,679	9,102,072	8,054,160	7,094,823	7,872,299	8,446,796	8,464,022	8,005,970	8,010,329	8,559,132	8,454,602	7,639,224	7,281,133	7,258,275	7,520,122	7,646,538	8,200,483	8,062,896	8,058,494	6,821,275
W-w-MEDI-CAL/HMO	15,812,137	17,514,686	17,601,661	15,922,233	16,725,525	17,200,855	17,571,239	15,667,077	16,836,918	15,891,246	14,730,120	13,374,021	13,169,666	12,664,802	14,289,122	14,212,268	14,819,332	14,665,793	15,050,948	13,249,005	12,255,088
X-x-WC	304,623	513,615	842,849	857,703	728,581	222,255	238,716	274,627	251,396	203,702	195,313	120,406	92,948	125,696	159,953	126,477	222,823	353,218	435,282	474,985	153,853
S-9 COUNTY TRAMA	10,032,254	10,855,182	2,468,785	3,291,713	4,114,641	4,937,569	5,760,498	6,583,426	9,214,302	10,238,112	11,295,565	10,466,874	11,493,744	12,520,614	13,547,483	4,107,477	5,134,347	6,161,217	7,188,087	8,214,956	9,241,826
Grand Total	**62,905,851**	**66,012,922**	**58,253,640**	**56,243,871**	**57,967,076**	**60,368,936**	**63,185,584**	**62,299,675**	**65,400,111**	**63,469,624**	**62,040,353**	**61,282,267**	**60,297,758**	**60,335,562**	**61,723,032**	**51,979,624**	**54,650,250**	**56,537,882**	**60,812,411**	**60,743,638**	**56,316,476**

Net AR Aging

	07/31/18	08/31/18	09/30/18	10/31/18	11/30/18	12/31/18	01/31/19	02/28/19	03/31/19	04/30/19	05/31/19	06/30/19	07/31/19	08/31/19	09/30/19	10/31/19	11/30/19	12/31/19	01/31/20	02/29/20	03/31/20
InHouse	4,281,034	5,548,956	5,301,129	6,501,979	6,415,518	6,593,379	6,161,652	5,025,171	5,270,842	4,966,564	5,206,582	6,078,780	4,374,388	5,801,141	5,344,409	5,856,374	5,355,090	7,638,448	5,769,912	5,646,372	5,453,844
A 1-30	23,272,299	24,541,886	21,981,356	20,929,752	20,580,583	21,392,762	23,543,021	25,117,160	24,620,176	25,538,655	25,227,726	26,608,044	28,553,506	27,713,316	29,663,469	23,752,927	25,092,611	24,350,827	30,212,416	28,516,805	25,692,257
B 31-60	10,524,990	10,831,372	11,281,865	9,228,532	9,160,304	10,015,893	10,106,014	9,653,629	12,094,670	10,187,500	9,804,484	9,100,343	9,146,394	9,144,862	9,090,892	9,252,920	10,154,404	10,196,467	9,789,584	11,776,213	10,272,547
C 61-90	5,192,985	5,550,883	6,637,623	5,462,798	5,292,080	5,486,918	5,823,013	5,442,293	6,406,492	5,986,068	5,459,306	4,605,723	4,367,630	4,473,295	4,538,057	3,593,185	4,639,880	4,817,723	5,625,219	5,152,379	6,036,286
D 91-120	3,424,325	3,516,417	3,124,818	4,349,825	4,321,826	3,619,133	3,718,646	3,334,189	2,954,239	4,102,446	3,583,173	3,955,387	2,595,334	2,625,519	3,082,753	2,754,545	2,435,426	2,585,899	2,690,641	3,587,970	2,453,247
E 121-150	3,048,323	2,669,487	2,452,020	2,546,345	3,698,041	3,561,369	2,909,308	2,640,658	2,509,043	2,349,843	3,099,859	2,573,884	2,770,238	2,064,996	2,271,014	2,078,680	2,080,569	1,608,827	1,800,040	1,674,628	2,276,735
F 151-180	2,506,583	2,128,854	1,912,587	1,909,961	2,319,827	2,948,284	2,912,330	2,447,614	2,356,412	1,992,082	1,698,199	2,702,435	2,093,132	2,070,627	1,569,742	1,695,753	1,675,980	1,787,718	1,210,928	1,319,086	1,197,125
G 181-210	2,249,386	2,111,427	1,576,629	1,772,623	1,818,316	1,968,102	2,855,894	2,588,864	2,082,629	1,870,018	1,672,662	1,446,463	2,385,019	1,364,795	1,441,136	1,050,759	1,353,203	1,399,273	1,429,629	933,852	1,060,602
H 211-240	2,277,784	2,304,494	1,642,707	1,789,897	1,660,504	1,813,932	1,806,289	2,482,212	2,372,149	1,564,644	1,694,881	1,578,789	1,264,297	2,015,825	855,948	1,068,981	839,045	987,499	1,092,752	877,653	722,106
I 241-270	2,212,962	2,146,747	1,897,054	1,546,957	1,779,810	1,593,708	1,647,309	1,495,343	2,277,782	2,162,570	1,471,388	1,409,905	1,335,360	1,188,489	1,628,647	692,529	889,307	897,099	812,929	813,890	660,467
J 271-300	3,915,181	4,662,400	445,850	205,203	920,265	1,375,454	1,702,107	2,072,541	2,455,677	2,749,235	3,122,093	1,222,515	1,412,459	1,872,697	2,236,964	182,973	134,734	268,104	378,361	444,790	491,260
K 301-360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	**62,905,851**	**66,012,922**	**58,253,640**	**56,243,872**	**57,967,074**	**60,368,935**	**63,185,583**	**62,299,674**	**65,400,111**	**63,469,625**	**62,040,353**	**61,282,268**	**60,297,757**	**60,335,562**	**61,723,031**	**51,979,626**	**54,650,249**	**56,537,884**	**60,812,411**	**60,743,638**	**56,316,476**

EXHIBIT "H"

ST. FRANCIS MEDICAL CENTER
FYE JUNE 30, 2020 GROSS AR / NET AR

GROSS AR
Sum of Gross AR

	07/31/20	08/31/20
A-2-HMO/PPO	27,581,775	24,890,862
B-9-METROCARE	-	-
C - CHAR	200,617	385,702
C-5-MEDICARE	25,858,476	13,562,611
D-6-MEDI-CAL	63,658,330	36,773,905
E-RISK	21,958,750	18,154,314
K-1-KAISER	7,268,876	5,504,283
Q-OTHER GOV'T	8,376,365	7,574,682
S-8-SELF	15,656,495	14,692,364
S-SR HMO	42,103,580	33,441,921
W-w-MEDI-CAL/HMO	89,733,444	75,260,588
X-x-WC	2,322,317	2,249,753
S-9 COUNTY TRAMA	2,812,844	2,511,482
Grand Total	**307,531,867**	**235,002,467**

NET AR
Sum of Net AR

	07/31/20	08/31/20
A-2-HMO/PPO	5,993,712	5,180,075
B-9-METROCARE	-	-
C - CHAR	-	-
C-5-MEDICARE	4,759,642	2,480,165
D-6-MEDI-CAL	7,715,663	4,144,358
E-RISK	-	-
K-1-KAISER	4,684,036	3,538,841
Q-OTHER GOV'T	1,305,707	1,192,221
S-8-SELF	335,269	298,843
S-SR HMO	6,519,282	4,949,577
W-w-MEDI-CAL/HMO	9,754,605	7,968,500
X-x-WC	641,548	617,170
S-9 COUNTY TRAMA	12,428,295	13,426,135
Grand Total	**54,137,760**	**43,795,885**