

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

SC HEALTHCARE HOLDING, LLC *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10443 (TMH)

Jointly Administered

Ref. Docket No. 1

**CONCURRED IN APPLICATION REGARDING
ORDER PURSUANT TO 11 U.S.C. § 333 AND FED. R. BANKR. P. 2007.2
DIRECTING THE APPOINTMENT OF A PATIENT CARE OMBUDSMAN**

The undersigned counsel for the United States Trustee for the District of Delaware (the “U.S. Trustee”) certifies as follows:

1. On March 20, 2024, the above-captioned debtors (collectively, the “Debtors”) filed chapter 11 petitions (the “Petitions”) in the United States Bankruptcy Court for the District of Delaware (the “Court”). The Petitions indicate that certain of the Debtors are a healthcare business as defined in 11 U.S.C. § 101(27A).

2. The U.S. Trustee has discussed the appointment of a patient care ombudsman in the Debtors’ cases pursuant to 11 U.S.C. § 333 with the Debtors’ proposed counsel.

¹ The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, whose cases are being jointly administered, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information is available on a website of the Debtors’ claims and noticing agent at www.kccllc.net/Petersen.



3. The U.S. Trustee has circulated this concurred in application and the form of order attached hereto as **Exhibit A** (the “Proposed Order”) to the Debtors’ proposed counsel. The Debtors and the U.S. Trustee consent to entry of the Proposed Order.

4. The U.S. Trustee submits that, pursuant to Fed. R. Bankr. P. 2007.2, a motion is required only if the Court is asked not to appoint a patient care ombudsman in a case. Because the parties are consenting to the appointment of a patient care ombudsman, no motion is needed under Fed. R. Bankr. P. 2007.2. If the Court determines that a motion is needed, then the U.S. Trustee intends to file a motion to be heard at the Court’s earliest convenience.

WHEREFORE, the U.S. Trustee respectfully requests that the Court consider the proposed form of order attached hereto as Exhibit A at its earliest convenience.

ANDREW R. VARA
UNITED STATES TRUSTEE,
REGIONS 3 & 9

April 10, 2024

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EXHIBIT A

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DIRECTING THE APPOINTMENT OF A PATIENT CARE OMBUDSMAN**

Upon the consent of the above-captioned debtors (collectively, the “Debtors”) for entry of an order (this “Order”) directing the appointment of a patient care ombudsman in the Debtors’ cases, pursuant to section 333 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), and upon the Court’s consideration of the matter, it is hereby

ORDERED that the United States Trustee for the District of Delaware (the “U.S. Trustee”) is directed to appoint a patient care ombudsman (the “Ombudsman”) in the Debtors’ cases pursuant to section 333 of the Bankruptcy Code. The Ombudsman shall perform the duties required of a patient care ombudsman, pursuant to sections 333(b) and (c) of the Bankruptcy Code, until the effective date of a chapter 11 plan or, as to any particular facility of the Debtors, until it is closed or one of the following events have occurred: (i) a confirmed chapter 11 plan applicable to the facility’s operations has gone effective; (ii) the Debtors’ cases related to that facility have been dismissed; (iii) the facility’s operations have been sold or transferred to a new operator, the

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sale or transfer has closed and the new operator is the licensed provider/operator of the subject facility under applicable state law; or (iv) further order of this Court. The Ombudsman shall perform such duties solely with respect to facilities operated by the Debtors. The Ombudsman shall not perform, or seek to perform, such duties with respect to any facilities or business operations of any non-Debtor affiliates of the Debtors. For the avoidance of doubt, any party-in-interest may request that the Court reconsider the need for the continuing service of the Ombudsman with respect to a particular facility after the management of such facility has been transferred to a new operator pursuant to an agreement approved by this Court.

IT IS FURTHER ORDERED that the Ombudsman may review confidential patient records pursuant to section 333(c)(1) of the Bankruptcy Code as necessary and appropriate to discharge the Ombudsman's duties and responsibilities under this Order without the need for any further notice to any parties in interest, residents, patients or family members; provided, however, that the Ombudsman shall protect the confidentiality of all such patient records as required under applicable non-bankruptcy laws and regulations including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the federal HIPAA privacy regulations at 45 Code of Federal Regulations.

IT IS FURTHER ORDERED that not later than 60 days after the date of the Ombudsman's appointment, and not less frequently than 60-day intervals thereafter, the Ombudsman shall report to this Court, after notice to parties in interest, at a hearing or in writing, regarding the quality of patient care provided to the Debtors' patients; provided, however, that for those facilities reviewed during such 60-day time period, the Ombudsman shall prepare a separate report that includes information relevant only to such facility (although the Ombudsman shall file a single report with this Court aggregating the individual facility reports). In this regard, notice

of the foregoing shall be deemed sufficient if the Ombudsman: (1) provides such notice to the Debtors, the Debtors' counsel, the U.S. Trustee, the Department of Justice (HHS/CMS), and to those parties in interest requesting notice in the Debtors' chapter 11 cases; and (2) posts notice as set forth below:

- a. Until the relevant facility is closed or one of the following events has occurred: (i) a confirmed chapter 11 plan applicable to the facility's operations has gone effective; (ii) the Debtors' cases related to that facility have been dismissed; (iii) the facility's operations have been sold or transferred to a new operator, the sale or transfer has closed and the new operator is the licensed provider/operator of the subject facility under applicable state law; or (iv) further order of this Court, the Ombudsman shall post notice of the forthcoming report(s) at each facility, and to the extent possible, in at least two locations as determined by the Ombudsman; and
- b. The Ombudsman shall post a notice indicating how a copy of the written report can be obtained at each facility in the same location(s) as the notice of forthcoming written report and such notice shall remain posted until the next report is filed, at which time the prior may be removed and replaced with the most recent notice.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction over all matters arising from or related to the implementation or interpretation of this Order.