

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
Lafayette Division**

IN RE:

PROGRESSIVE ACUTE CARE, LLC, et al

CASE NO. 16-50740

DEBTORS

CHAPTER 11

**EX PARTE APPLICATION FOR AUTHORITY TO EMPLOY AND RETAIN
TFG CONSULTING, LLC AS HEALTHCARE ACCOUNTANTS AND CONSULTANTS**

NOW INTO COURT, come Progressive Acute Care, LLC (“PAC”), Progressive Acute Care Avoyelles, LLC (“PAC Avoyelles”), Progressive Acute Care Oakdale, LLC (“PAC Oakdale”) and Progressive Acute Care Winn, LLC (“PAC Winn”) as debtors and debtors-in-possession (collectively, the “Debtors”), which seek entry of an order authorizing the retention of TFG Consulting, L.L.C. (“TFG”), as healthcare accountants and consultants to the Debtors pursuant to Section 327(a) of title 11 of the United States Code (“Bankruptcy Code”) and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”). In support of this Application, the Debtors respectfully state as follows:

Jurisdiction

1.

This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 157(b). Venue is properly before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2.

On May 31, 2016 (“Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the U.S. Code (“Bankruptcy Code”). An Official Committee of

Unsecured Creditors (the “Committee”) has been appointed in this case; and, the Debtors continue to operate their businesses as debtors-in-possession, pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

3.

At the commencement of these cases, the Debtors owned and operated three (3) community-based hospitals (“Hospitals”), located in Marksville (PAC Avoyelles), Oakdale (PAC Oakdale) and Winnfield (PAC Winn). PAC is the sole member and manager of each of the three Hospital Debtors.

4.

After notice and hearing held on August 26, 2016, this Court approved the sale of substantially all assets of the Debtors to certain assignees of Central Louisiana Hospital Group, LLC (“CLHG”), effective September 1, 2016 [P-290, 322].

Relief Requested

5.

Pursuant to §327(a) of the Bankruptcy Code, Rules 2014(a) and 2016(b) of the Bankruptcy Rules, the Debtors seek an order from this Court authorizing the retention and employment of TFG as healthcare accountants and consultants in these chapter 11 cases. In making this application (“Application”), the Debtors rely upon, and incorporate by reference, the Declaration of Michael F. Freeman (“Freeman Declaration”), a copy of which is annexed hereto as Exhibit A.

Basis for Relief

6.

Section 327(a) of the Bankruptcy Code authorizes a debtor-in-possession to employ one or more professionals to represent the debtor on specified special matters so long as those

professional persons are disinterested and do not hold or represent an interest adverse to the estate with respect to the matters on which they are to be retained. See 11 U.S.C. §§ 327(a), 1106 and 1107. Upon approval of this Application, TFG will serve as healthcare accountants and consultants to the Debtors in connection with the preparation, review and submission of both Medicaid and Medicare cost reports and any audit support that may be required during the duration of the engagement.

7.

Following the Sale, the Debtors received confirmation that the filing of termination (final) cost reports would be required by the Centers for Medicare and Medicaid Services for each of the Debtors. In consultation with the CLHG, who also utilize TFG in their businesses, the Debtors determined that TFG could most efficiently assist the Debtors with preparation of the termination cost reports required. Following the Sale, TFG has become familiar with the Debtors' businesses and background surrounding the Sale. In addition, TFG has nearly twenty (20) years of experience in healthcare accounting and consulting.

8.

As such, the Debtors submit that TFG is well qualified and uniquely able to act as the Debtors' healthcare accountants and consultants during the pendency of this chapter 11 case in a most efficient and timely manner. Employing TFG will preserve the estates resources by eliminating the need to reeducate new professionals on the Debtors' businesses.

Services to be Provided

9.

The Debtors seek to retain and employ TFG as professional accountants and consultants in this chapter 11 case subject to the oversight and orders of this Court.

10.

The Debtors require knowledgeable healthcare accountants and consultants to assist them with the preparation of termination cost reports. TFG has indicated its willingness to render the necessary professional services as healthcare accountants and consultants to the Debtors in such matters.

11.

TFG has not received any payments from any of the Debtors in the one-year period prior to the Petition Date.

Disinterestedness

12.

TFG represents and/or has previously represented Allegiance Health Management, an affiliate of CLHG in connection with similar healthcare consulting matters; but, is aware of no conflict of interest presented by the engagement proposed in this Application. Furthermore, pursuant to the terms of the Sale to CLHG, any liabilities or benefits arising from the filing of the Debtors' 2016 cost reports (the subject of this Application) belong to CLHG.

13.

To the best of the Debtors' knowledge, information and belief, other than as set forth above, TFG has no connection with the Debtors, the creditors of the Debtors, or any other party-in-interest in the Debtors' bankruptcy cases, or their respective attorneys or other professionals, or any employee of the Office of the United States Trustee. The Debtors' knowledge, information and belief regarding the matters set forth herein are based, and made in reliance upon, the Freeman Declaration.

Terms of Employment

14.

TFG has agreed to act as healthcare accountants and consultants to the Debtors in connection with their chapter 11 cases and to render consulting services to the Debtors as set forth above. The terms and scope of TFG's proposed representation are set forth in the engagement letter ("Engagement Letter") attached hereto as Exhibit B.

15.

Subject to the Court's approval, and in accordance with section 328(a) of the Bankruptcy Code, TFG intends to (a) be compensated on a fixed-fee basis as follows: PAC-Avoyelles Cost Reports - \$10,800.00, PAC-Oakdale Cost Reports - \$10,800.00, PAC-Winn Cost Reports - \$10,800.00 and PAC Cost Reports - \$2,750.00; and, (b) apply to the Court for payment of compensation. This compensation arrangement is consistent with arrangements entered into by TFG for similar services provided for clients such as the Debtors for representations of the type and complexity described in the Application. Furthermore, TFG's proposed fees are less than those charged to the Debtors for their respective 2015 Cost Reports. *See* Motion to Assume Executory Contract [Doc. 109].

16.

TFG will comply with all of the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any orders of this Court with respect to fee and expense reimbursement applications of professionals employed by a bankruptcy estate.

No Prior Request

17.

No prior request for the relief sought in this Application has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that this Court approve the retention and employment of TFG Consulting, L.L.C. as healthcare accountants and consultants in these chapter 11 cases; and, for such other and further relief as may be just and equitable.

Respectfully Submitted:

By: /s/ Barbara B. Parsons
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Barbara B. Parsons, #28714
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**DECLARATION OF MICHAEL FREEMAN IN SUPPORT OF THE EX PARTE
APPLICATION FOR AUTHORITY TO EMPLOY AND RETAIN
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Pursuant to section 327(a) of Title 11 of the United States Code, as amended by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (the “Bankruptcy Code”), and Rules 2014 and 2016(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Michael Freeman hereby states as follows:

1. I submit this Declaration in support of the above-referenced Application for Authority to Employ and Retain TFG Consulting, LLC as Healthcare Accountants and Consultants (the “Application”). I am a certified public accountant in good standing and licensed to practice in the state of Louisiana. My firm, TFG Consulting, L.L.C. (“TFG”), maintains its offices at 8550 United Plaza Blvd., Suite 702, Baton Rouge, LA 70809.

2. The Debtors propose to retain the healthcare accounting and consulting firm of TFG to provide professional services as set forth in the Application.

3. TFG represents and/or has previously represented Allegiance Health Management, an affiliate of Central Louisiana Hospital Group, LLC (the purchaser under the Asset Sale Agreement executed by the Debtors), in connection with similar healthcare consulting matters; but, is aware of no conflict of interest presented by the engagement proposed in the Application. Furthermore, pursuant to the terms of the Sale to Central Louisiana Hospital Group, LLC, any

liabilities or benefits arising from the filing of the Debtors' 2016 cost reports (the subject of this Application) belong to Central Louisiana Hospital Group, LLC.

4. To the best of my knowledge based on the information provided by the Debtors to TFG, and except as expressly set forth herein, neither I nor any partner, counsel or associate of TFG, nor the company itself, in so far as I have been able to ascertain, has any disqualifying connection with the Debtors, their creditors, or any other party-in-interest in the Debtors' bankruptcy cases, or their respective attorneys or other professionals, or any employee of the Office of the United States Trustee, with respect to the matters in which TFG is proposed to be employed.

5. In accordance with Bankruptcy Code Section 327(a), neither I, nor any partner, counsel or associate of TFG, nor the company itself, represents, will represent, holds or will hold any interest adverse to the Debtors or their Estates with respect to the matters upon which TFG is proposed to be engaged.

6. The Debtors have agreed to compensate TFG as set forth in the Application.

7. This compensation arrangement is consistent with arrangements entered into by TFG for similar services provided for clients such as the Debtors for representations of the type and complexity described in the Application.

8. Subject to the Court's approval, and in accordance with Section 328(a) of the Bankruptcy Code, TFG intends to (a) be compensated on a fixed-fee basis and (b) apply to the Court for payment of compensation.

9. TFG will comply with all of the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any orders of this Court with respect to fee and expense reimbursement applications of professionals employed by the bankruptcy estate.



November 1, 2016

Mr. Wayne Thompson
Progressive Acute Care, LLC
2210 7th Street Suite B
Mandeville, LA 70471

Dear Wayne:

We are pleased to confirm the understanding of the terms and objectives of our engagement and the nature and limitations of the services that were previously verbally agreed upon to provide for Progressive Acute Care, LLC.

SERVICES PROVIDED

MEDICARE and MEDICAID COST REPORT(S)

We will compile your Medicare CMS Form 2552/287 and Medicaid Cost Reports for the following provider's year ends for the **FIXED** fees specified below:

Provider Name	Year End	Medicare	Medicaid/MCO	
Oakdale Community Hospital	8/31/16	10,800	Included	
Avoyelles Hospital	8/31/16	10,800	Included	
Winn Parish Medical Center	8/31/16	10,800	Included	
Progressive Acute Care, LLC	8/31/16	2,750	N/A	Home Office CMS Form 287

A specialized compilation is limited to presenting in the form prescribed by the appropriate regulatory authorities, information that is the representation of management. We will expect that your personnel provide us with all the required information necessary to complete the reports.

AUDIT ADJUSTMENT DISPUTE/RESOLUTION AND APPEAL COORDINATION

We also agree to provide comprehensive audit support for any of the above providers for the duration of this agreement regardless of the year end of the provider. For example, if Winn Parish Medical Center's December 31, 2013 cost report is desk reviewed on February 13, 2017, the services would be included in the agreement. However, PAC agrees to provide us with information needed to properly dispute adjustments as well as copies of any correspondence received from the MAC in a timely manner.

We agree to make records and work papers available upon the request of your fiscal intermediary, CMS, or any other authorized government agency to the extent required in PRM I Section 2304.1. However, we agree to keep all financial data, projections, business plans, and proprietary information confidential to any other outside parties or competitors.

We also agree to sign and execute a business associate agreement that will prohibit the disclosure of protected health information and ensure that we use proper safeguards to prevent the disclosure of protected health information.

We appreciate the opportunity to submit this engagement letter to Progressive Acute Care, LLC for consideration and believe this letter accurately summarizes the significant terms of our verbal agreement.

If you agree with the terms of our engagement as described in this letter, please have an authorized representative sign, in the space indicated below, and email us the signed copy.

Very truly yours,


TFG Consulting, LLC

RESPONSE:

This letter correctly sets forth the understanding of Progressive Acute Care.

Authorized Signature Title Date