

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF LOUISIANA  
LAFAYETTE DIVISION

*In re:*

Progressive Acute Care, LLC, *et al.*

No. 16-50740

Chapter 11

Substantively Consolidated

**PAC LIQUIDATION TRUST'S FIRST OMNIBUS OBJECTION TO CLAIMS**

Matthew E. Rubin, the Liquidation Trustee (the "Liquidation Trustee") for the PAC Liquidation Trust (the "Liquidation Trust"), appointed in the proceedings of the above-captioned debtors (collectively the "Debtors"), by and through its undersigned counsel, files this objection (this "Objection") to each of the claims (collectively, the "Disputed Claims") filed against the Debtors, and listed on **Exhibits 1, 2, and 3** to the proposed form of order (the "Proposed Order") attached hereto as **Exhibit A**, and seeks, pursuant to sections 502 and 503(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), as applicable, Rule 3007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), entry of the Proposed Order disallowing, or reducing and/or reclassifying, as applicable, the Disputed Claims. In support of this Objection, the Liquidation Trustee respectfully states as follows:

**JURISDICTION AND VENUE**

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2).
2. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested in the Objection are sections 502 and 503(b) of the Bankruptcy Code and Bankruptcy Rule 3007.

## **BACKGROUND**

### **I. General Case Background and Claims Bar Dates**

4. On May 31, 2016, each of the Debtors filed for relief under chapter 11 of the Bankruptcy Code. The Debtors' chapter 11 cases (the "Chapter 11 Cases") are being jointly administered pursuant to Bankruptcy Rule 1015(b).

5. On October 26, 2016, the Court established deadlines to file proofs of claim. The Court's *Order Establishing Bar Date for the Filing of Proofs of Claim* (Doc. No. 376) and *Order (I) Establishing Bar Date for Filing Administrative Expense Claims Pursuant to 11 U.S.C. §§ 105(a) and 503, Including Claims Under 11 U.S.C. § 503(b)(9); (II) Approving the Form, Manner, and Sufficiency of Notice Thereof; and, (III) Approving Proof of Administrative Expense Claim Forms* (Doc. No. 377) (together, the "Claims Bar Date Orders") established **December 5, 2016**, as the deadline for any person, other than governmental units, to file a proof of claim for a prepetition claim against the Debtor and any Administrative Expense Claim, including a 20 Day Claim. The Claims Bar Date Orders established **January 5, 2017**, as the deadline for governmental units, as defined in section 101(27) of the Bankruptcy Code to file proofs of claim for prepetition claims against the Debtors.

### **II. The Confirmed Plan and Creation of the Liquidation Trust**

6. On March 14, 2017, the Debtors and the Committee jointly filed the *Disclosure Statement Relating to the Joint Plan of Orderly Liquidation of Progressive*

*Acute Care, LLC, et al.* (Doc. No. 466) (as subsequently amended by the *First Amended Disclosure Statement Relating to the Joint Plan of Orderly Liquidation of Progressive Acute Care, LLC, et al.* (Doc. No. 504), the “Disclosure Statement”), and the *Joint Plan of Orderly Liquidation of Progressive Acute Care, LLC, et al.* (Doc. No. 465) (as subsequently amended by immaterial modifications, the “Plan”).<sup>1</sup>

7. On April 19, 2017, the Court approved the Disclosure Statement by its *Order Approving Disclosure Statement Relating to the Joint Plan of Orderly Liquidation of Progressive Acute Care, LLC, et al., Proposed by the Debtors and the Official Committee of Unsecured Creditors* (Do. No. 507) (the “Disclosure Statement Order”).

8. On July 12, 2017, the Court issued its Findings of Fact, Conclusions of Law and Order Confirming Joint Plan of Orderly Liquidation of Progressive Acute Care, LLC, et al., as Jointly Proposed by the Debtors and The Official Committee of Unsecured Creditors (Do. No. 550) (the “Confirmation Order”), confirming the Plan.

9. On August 7, 2017, the *Notice of Occurrence of the Effective Date and Administrative Claim Bar Date* (Doc. No. 558) (the “Effective Date Notice”) was filed to provide notice to the parties in interest that the Plan became effective on August 1, 2017 (the “Effective Date”).

10. On the Effective Date, the Liquidation Trust was formed pursuant to the Plan and was granted the exclusive authority to, among other things, file, withdraw or litigate to judgment objections to claims filed against the Debtors. (Plan, §§ 7.5.3, 10.2.)

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<sup>1</sup> Capitalized terms used but not otherwise defined in this Objection shall have the meanings ascribed to them in the Plan or Disclosure Statement, as relevant.

### **III. Substantive Consolidation**

11. Pursuant to Article VI of the Plan and paragraph Z of the Confirmation Order, as of the Effective Date, the Debtors' estates were substantively consolidated for purposes of the Plan and distributions thereunder. The substantive-consolidation provisions of the Plan provide that each Class of Claims will be treated as against a single consolidated estate without regard to the separate legal existence of the Debtors, such that each claim will be treated as a claim against the consolidated estates of all Debtors.

### **IV. Claims Resolution Process**

12. The Liquidation Trustee and its advisors have been reviewing and reconciling the filed proofs of claim with the Debtors' books and records to determine the validity of the asserted claims. This reconciliation process includes identifying particular categories of claims that may be targeted for disallowance, expungement, and/or reclassification, as applicable. To avoid possible double recovery or otherwise improper recovery by claimants, the Liquidation Trustee is filing this Objection to the Disputed Claims and anticipates filing additional omnibus objections.

### **RELIEF REQUESTED**

13. By this Objection, the Liquidation Trustee seeks entry of the Proposed Order, pursuant to sections 502(b) and 503(b) of the Bankruptcy Code and Bankruptcy Rule 3007, disallowing or reducing and/or reclassifying, as applicable, the claims indicated on **Exhibits 1, 2, and 3** to the Proposed Order.

## **BASIS FOR RELIEF REQUESTED**

14. A proof of claim must set forth a creditor's claim by alleging facts that if true would support a finding that the debtor is legally liable to the claimant. *In re Simmons*, 765 F.2d 547, 552 (5th Cir. 1985). Proofs of claim are *prima facie* valid only if they comply with this basic filing requirement. *In re Allegheny Int'l, Inc.*, 954 F.2d 167, 173 (3d Cir. 1992).

15. If a claim meets the standard for *prima facie*, then an objection to the claim may shift the burden of proof to the claimant with evidence "equal in probative force to the creditor's claim" or by establishing that "the claimant fails to prove its claim's *prima facie* validity." *In re High Standard Mfg. Co., Inc.*, No. 15-33794, 2016 WL 5947244, at \*3 (Bankr. S.D. Tex. Oct. 13, 2016). "This can be done by the objecting party producing specific and detailed allegations that place the claim into dispute, by the presentation of legal arguments based upon the contents of the claim and its supporting documents, or by the presentation of pretrial pleadings, such as a motion for summary judgment, in which evidence is presented to bring the validity of the claim into question." *Matter of Fid. Holding Co., Ltd.*, 765 F. 2d at 698. Once such rebuttal evidence or legal argument is shown, the claimant must present additional evidence to prove the validity of the claim by a preponderance of the evidence. *Id.*

16. An outright failure to comply with Bankruptcy Rule 3001 entitles the proof of claim to no presumption of *prima facie* validity, and the objecting party "has no evidentiary burden to overcome," and upon an objection to such a claim, the failure of a claimant to prove validity by a preponderance of the evidence results in disallowance of

the claim. *In re DePugh*, 409 B.R. 84, 97–98 (Bankr. S.D. Tex. 2009). “The ultimate burden of proof always rests upon the claimant.” *Matter of Fid. Holding Co., Ltd.*, at 698.

17. Regarding alleged administrative expense priority, section 503(b)(1)(A) of the Bankruptcy Code provides that, “after notice and a hearing, there shall be allowed, administrative expenses . . . including . . . the actual, necessary costs and expenses of preserving the estate . . . .” 11 U.S.C. § 503(b)(1)(A). Priority statutes, such as section 503 of the Bankruptcy Code, are to be strictly construed to keep administrative expenses at a minimum so as to preserve the estate for the benefit of the creditors. See *In re Unidigital, Inc.*, 262 B.R. 283, 288 (Bankr. D. Del. 2001); *see also In re Enron Corp.*, 279 B.R. 695, 704 (Bankr. S.D.N.Y. 2002) (recognizing that courts strictly construe the terms “actual” and “necessary” to minimize “administrative expense claims thereby preserving the estate to benefit all creditors”).

18. Furthermore, the claimant, and not the debtor, bears the burden of proof in requesting payment under section 503(b) of the Bankruptcy Code and the standard of proof is a preponderance of the evidence. See *In re Goody’s Family Clothing, Inc.*, 610 F.3d 812, 818 (3d Cir. 2010); *In re Valley Media, Inc.*, 279 B.R. 105, 140–41 (Bankr. D. Del. 2002).

19. To prove entitlement to administrative priority, the claim must arise out of a post-petition transaction between the creditor and the debtor in possession, and the consideration supporting the claimant’s right to payment must have been actually supplied and must benefit the operation of the post-petition business. It is the

“substantial contribution to the estate, not the activity . . . that incurs the obligation that must occur in the chapter 11 case.” *Valley Media, Inc.*, 279 B.R. at 141.

20. This is a heavy burden of proof for administrative priority claimants. It requires a demonstration that the claim actually benefited the estate and was necessary for preserving the value of the estate. *Calpine Corp. v. O’Brien Env’tl. Energy, Inc. (In re O’Brien Env’tl. Energy, Inc.)*, 181 F.3d 527, 533 (3d Cir. 1999).

21. The Liquidation Trustee objects to the following four categories of claims in this Objection:

## **I. Late Filed Claims**

22. The Disputed Claims identified on **Exhibit 1** were not timely filed (the “Late Filed Claims”). The Claims Bar Date Orders established **December 5, 2016**, as the deadline for any person, other than governmental units, to file a proof of claim for a prepetition claim against the Debtor and any Administrative Expense Claim, including a 20 Day Claim.

23. The Liquidation Trustee objects to the Late Filed Claims because they were filed after the December 5, 2016 deadline established by the Claims Bar Date Orders. Accordingly, the Liquidation Trustee respectfully requests that the Court disallow and expunge the claims identified on **Exhibit 1** to the Proposed Order.

## **II. No Liability**

24. The Disputed Claims identified on **Exhibit 2** to the Proposed Order (each a “No Liability Claim”) are claims or a portion of a claim for which the Debtors assert that they have no liability to the creditor. These claims fail to provide supporting

documentation or an explanation as to the lack of supporting documentation, or are claims that were satisfied prior to the Petition Date, or are claims filed in the wrong bankruptcy case against an entity other than the consolidated Debtors. In particular, certain of the No Liability Claims were filed in the Chapter 7 case of *In re Progressive Acute Care Dauterive, L.L.C.*, Case No. 16-50739, and do not constitute claims against the Debtors in this Chapter 11 case.

25. After a review of the Debtors' books and records, the Debtors have determined that there is either no balance due or a reduced amount due with respect to the No Liability Claims. Failure to disallow and expunge the No Liability Claims would result in the applicable claimant receiving an unwarranted recovery against the Debtors' estates to the detriment of other creditors in these Chapter 11 cases. Accordingly, the Liquidation Trustee hereby objects to the No Liability Claims and requests entry of an order disallowing the full or portion of each of the No Liability Claims identified on **Exhibit 2**.

### **III. Reclassification of Administrative Claims**

26. The Disputed Claims identified on **Exhibit 3** annexed to the Proposed Order (each a "Improperly Classified Claim") are claims that the Debtors have determined assert an unwarranted priority classification. The Liquidation Trustee has reviewed each of the Improperly Classified Claims, compared them against the Debtors' books and records, and analyzed them in relation to the Bankruptcy Code's priority provisions. Moreover, the Improperly Classified Claims fail to prove that a post-petition transaction with the Debtors gave rise to the claims. Any actions or transactions giving



rise to the Debtors' alleged liability for amounts asserted in the Improperly Classified Claim occurred before the Petition Date.

27. As described in the column titled "Rationale for Objection" on **Exhibit 3** to the Proposed Order, after conducting the above-described review and analysis of the Reclassified Claims, the Liquidation Trustee has determined that the priority status of all or a portion of the Reclassified Claims should be adjusted as set forth under the column "Modified Priority Status" set forth on Exhibit 3 to the Proposed Order.

### **RESERVATION OF RIGHTS**

28. Nothing contained in this Objection and no actions taken by the Liquidation Trustee pursuant to the relief granted in the Proposed Order are intended or should be construed as: (a) an admission as to the validity of any particular claim; (b) a waiver of the Liquidation Trust's rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Objection; or (e) a waiver or limitation of the Liquidation Trust's rights under the Bankruptcy Code or any other applicable law. Moreover, the Liquidation Trust hereby reserves their rights to amend, modify, and/or supplement this Objection, including their rights to object to any of the Late Filed Claims, Duplicate Claims, No Liability Claims, or Improperly Classified Claims listed on Exhibits **1**, **2**, and **3** to the Proposed Order on any additional grounds.

## CONCLUSION

WHEREFORE the Liquidation Trustee respectfully requests that this Court (a) enter the Proposed Order, and (b) grant such other and further relief as the Court deems just and proper.

September 12, 2017

Respectfully submitted,

/s/Wade R. Iverstine

J. Eric Lockridge, (#30159)

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UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF LOUISIANA  
LAFAYETTE DIVISION

*In re:*

Progressive Acute Care, LLC, *et al.*

No. 16-50740

Chapter 11

Jointly Administered

**ORDER GRANTING FIRST OMNIBUS OBJECTION TO CLAIMS**

Upon the objection (the “Objection”)<sup>2</sup> of Matthew E. Rubin, the Liquidation Trustee (the “Liquidation Trustee”) for the PAC Liquidation Trust (the “Liquidation Trust”), appointed in the proceedings of the above-captioned debtors (collectively the “Debtors”), seeking entry of an order (this “Order”) modifying and/or reclassifying, or disallowing, certain Disputed Claims pursuant to sections 502 and 503(b) of the Bankruptcy Code and Rule 3007 of the Bankruptcy Rules; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157; and it appearing that venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and adequate notice of the Objection and opportunity for response having been given; and it appearing that no other notice need be given; and the Court having considered the Objection and the Disputed Claims listed on **Exhibits 1, 2, and 3** attached hereto, and any responses thereto; and the Court having determined that there exists just cause for the

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Objection.

relief granted herein; and upon the record herein; and after due deliberation and sufficient cause appearing therefore, it is HEREBY ORDERED:

1. The Objection is sustained to the extent set forth herein.
2. The Late Filed Claims set forth on the attached **Exhibit 1** are hereby disallowed and expunged in their entirety.
3. Each No Liability Claim listed on the attached Exhibit 2 is hereby disallowed to the extent set forth on the attached **Exhibit 2**.
4. Each Improperly Classified Claim listed on the attached Exhibit 3 is hereby reclassified to the extent and to the priority level indicated in the columns on **Exhibit 3** titled “*Amount to Reclass to Unsecured*” and “*Valid Admin Claim Amount.*”
5. The Objection as to each of the Late Filed Claims, each No Liability Claim, and each Improperly Classified Claim constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014. This Order shall be deemed a separate Order with respect to each claim. Any stay of this Order pending appeal by any of the claimants subject to this Order shall only apply to the contested matter which involves such Claimant and shall not act to stay the applicability and/or finality of this Order with respect to the other contested matters covered hereby.
6. Notwithstanding the relief granted in this Order or any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the validity of any particular claim; (b) a waiver of the Liquidation Trust’s rights to dispute any particular claim on any grounds; (c) a promise or requirement to pay

any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Objection; or (e) a waiver or limitation of the Liquidation Trust's rights under the Bankruptcy Code or any other applicable law.

7. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
8. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

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**EXHIBIT 1**  
**LATE FILED CLAIMS**

(See Objection, Page 7)

<b>Name of Claimant</b>	<b>Filed Claim Class</b>	<b>Debtor</b>	<b>Claim Number</b>	<b>Filed Claim Amount</b>	<b>Disallowed Claim Amount</b>	<b>Valid Admin Claim Amount</b>	<b>Date Filed</b>	<b>Rationale for Objection</b>
GE Healthcare Monitoring Solutions	Admin	Progressive Acute Care, LLC	174	\$718.17	\$718.17	\$0.00	12/06/16	Claim was filed after the bar date
GE Healthcare Datex	Admin	Progressive Acute Care, LLC	175	\$257.98	\$257.98	\$0.00	12/06/16	Claim was filed after the bar date
Metropolitan Life Insurance Company	Admin	Progressive Acute Care, LLC	180	\$39,203.47	\$39,203.47	\$0.00	05/4/17	Claim was filed after the bar date

## EXHIBIT 2 NO LIABILITY

(See Objection, Page 7-8)

Name of Claimant	Filed Claim Class	Debtor	Claim Number	Filed Claim Amount	Disallowed Claim Amount	Valid Admin Claim Amount	Rationale for Objection
Advanced Radiographics, Inc.	Admin	Progressive Acute Care, LLC	168	\$83,340.94	\$83,340.94	\$0.00	Claimant filed a claim for services rendered. The services were rendered to Dauterive Hospital which is not the responsibility of the Debtors.
Candace Frioux	Priority Unsecured	Progressive Acute Care, LLC	121	\$7,123.08	\$7,123.08	\$0.00	Claimant filed a claim for accrued vacation time but was an employee of Dauterive Hospital and not the responsibility of the Debtors.
Charles J. Moore, Jr.	Priority Unsecured	Progressive Acute Care, LLC	93	\$4,150.37	\$4,150.37	\$0.00	Claimant filed a claim for accrued vacation time but was an employee of Dauterive Hospital and not the responsibility of the Debtors.
DataFile, Inc.	Admin	Progressive Acute Care, LLC	169	\$3,577.20	\$3,577.20	\$0.00	Claimant filed a claim for services rendered. The services were rendered for Dauterive Hospital and not the responsibility of the Debtors.
Debbie Gage	Admin	Progressive Acute Care, LLC	76	\$1,803.20	\$1,803.20	\$0.00	Claimant filed a claim for unpaid compensation but was an employee of Dauterive Hospital and not the responsibility of the Debtors.
Delta Pathology Group, LLC	Admin	Progressive Acute Care, LLC	124	\$2,000.00	\$2,000.00	\$0.00	Claimant filed a claim for services rendered. The hospitals were sold on 09/01/16. Services rendered were provided after the sale of the hospitals and are not the responsibility of the Debtors.
Donna Varnado	Priority Unsecured	Progressive Acute Care, LLC	28	\$12,475.00	\$12,475.00	\$0.00	Claimant filed a claim for wages, salary & compensation amounts. Claimant was inappropriately paid vacation time of \$10,500 without approval and also first day wages of \$3,735.74. The combined amounts exceed the allowable amount of \$12,850.00. Claim was filed without any supporting documentation to support basis of claim.

## EXHIBIT 2 (CONT'D)

Name of Claimant	Filed Claim Class	Debtor	Claim Number	Filed Claim Amount	Disallowed Claim Amount	Valid Admin Claim Amount	Rationale for Objection
Hector Lopez	Priority Unsecured	Progressive Acute Care, LLC	27	\$12,475.00	\$12,475.00	\$0.00	Claimant filed a claim for wages, salary & compensation amounts. We are objecting to claim based on claim being filed without any supporting documentation. To the extent that claimant provides applicable support, claimant should be aware that claim amount should be reduced by first day wages of \$3,983.57.
Karen Bordelon	Admin	Progressive Acute Care, LLC	135	\$60.00	\$60.00	\$0.00	Claimant filed a claim for employee insurance deduction withheld from paycheck. The hospitals were sold on 09/01/16. The withholding was after the sale of the hospitals and are not the responsibility of the Debtors.
LA Credentials, LLC	Admin	Progressive Acute Care, LLC	105	\$2,950.64	\$398.00	\$2,552.64	Claimant filed a claim for services rendered. Amount claimed was for post-petition admin expenses and amounts for services rendered after the sale of the hospitals. The amount of services after the sale of the hospitals is \$398.00 and are not the responsibility of the Debtors.
Louisiana Health Care Quality Forum	Admin	Progressive Acute Care, LLC	104	\$3,937.50	\$1,312.50	\$2,625.00	Claimant filed a claim for license fees. Amount claimed was for post-petition admin expenses and amounts for services rendered after the sale of the hospitals. The amount of services after the sale of the hospitals is \$1,312.50 and are not the responsibility of the Debtors.
Majestic Medical Solutions, LLC	Admin	Progressive Acute Care, LLC	129	\$4,425.41	\$4,425.41	\$0.00	Claimant filed a claim for services rendered. Amount claimed was for post-petition admin expenses and amounts for services rendered after the sale of the hospitals. By review of the support provided it appears that all of the dollars related to the claim amount are after the sale of the hospital.



## EXHIBIT 2 (CONT'D)

Name of Claimant	Filed Claim Class	Debtor	Claim Number	Filed Claim Amount	Disallowed Claim Amount	Valid Admin Claim Amount	Rationale for Objection
Majestic Medical Solutions, LLC	Admin	Progressive Acute Care, LLC	130	\$5,425.32	\$5,209.85	\$215.47	Claimant filed a claim for services rendered. Amount claimed was for post-petition admin expenses and amounts for services rendered after the sale of the hospitals. By review of the support provided it appears that only \$215.47 is in the post-petition period. The amount of services rendered after the sale of the hospitals is \$5,209.85 and are not the responsibility of the Debtors.
Mary Jo D'Amico	Admin	Progressive Acute Care, LLC	140	\$2,745.57	\$2,745.57	\$0.00	Claimant filed a claim for unpaid compensation but was an employee of Dauterive Hospital and not the responsibility of the Debtors.
Michael Johnson	Admin	Progressive Acute Care, LLC	155	\$60.00	\$60.00	\$0.00	Claimant filed a claim for employee insurance deduction withheld from paycheck. The hospitals were sold on 09/01/16. The withholding was after the sale of the hospitals and are not the responsibility of the Debtors.
Michelle Fontenot	Admin	Progressive Acute Care, LLC	74	\$7,776.00	\$7,776.00	\$0.00	Claimant filed a claim for unpaid compensation but was an employee of Dauterive Hospital and not the responsibility of the Debtors.
Mike Butts	Admin	Progressive Acute Care, LLC	152	\$3,750.00	\$3,750.00	\$0.00	Claimant filed a claim for services rendered. The services rendered were for Dauterive Hospital and are not the responsibility of the Debtors.
Mike Butts	Admin	Progressive Acute Care, LLC	151	\$3,808.25	\$270.43	\$3,537.82	Claimant filed a claim for services performed. The invoices were for services within the 503(b)(9) period. Late fees of \$270.43 were incurred during post-petition and are not allowed.

## EXHIBIT 2 (CONT'D)

<b>Name of Claimant</b>	<b>Filed Claim Class</b>	<b>Debtor</b>	<b>Claim Number</b>	<b>Filed Claim Amount</b>	<b>Disallowed Claim Amount</b>	<b>Valid Admin Claim Amount</b>	<b>Rationale for Objection</b>
OfficeLinx	Admin	Progressive Acute Care, LLC	102	\$5,925.64	\$131.98	\$0.00	Claimant filed a claim for goods provided. Goods provided were in pre-petition period but includes post-petition finance charges, which are not allowable. See exhibit 3 for reclassification of admin claim to unsecured.
Sameria A. Powell	Admin	Progressive Acute Care, LLC	166	\$546.00	\$546.00	\$0.00	Claimant filed a claim for retirement benefits from 2009. The claim was filed without any supporting documentation to support basis of claim.
Synergy Care, Inc.	Admin	Progressive Acute Care, LLC	96	\$11,571.90	\$5,999.20	\$5,572.70	Claimant filed a claim for services rendered. Amount claimed was for post-petition admin expenses and amounts for services rendered after the sale of the hospitals. The amount of services after the sale of the hospitals is \$5,999.20 and are not the responsibility of the Debtors.
Terrill Schannette	Priority Unsecured	Progressive Acute Care, LLC	114	\$2,500.00	\$2,500.00	\$0.00	Claimant filed a claim for accrued vacation time but was an employee of Dauterive Hospital and not the responsibility of the Debtors.
The SSI Group, Inc.	Admin	Progressive Acute Care, LLC	64	\$8,514.40	\$4,990.33	\$3,524.07	Claimant filed a claim for services rendered. Amount claimed was for post-petition admin expenses and amounts for services rendered after the sale of the hospitals. The amount of services after the sale of the hospitals is \$4,990.33 and are not the responsibility of the Debtors.

**EXHIBIT 3**  
**RECLASSIFICATION OF CLAIMS FILED AS**  
**ADMINISTRATIVE PRIORITY CLAIMS**

(See Objection, Page 8)

<b>Name of Claimant</b>	<b>Filed Claim Class</b>	<b>Debtor</b>	<b>Claim Number</b>	<b>Filed Claim Amount</b>	<b>Amount to Reclass to Unsecured</b>	<b>Valid Admin Claim Amount</b>	<b>Rationale for Objection</b>
Advanced Emergency Medical Services, Inc.	Admin	Progressive Acute Care, LLC	60	\$38,950.09	\$38,950.09	\$0.00	Claimant filed a claim for pre-petition amounts that do not warrant priority.
Applied Medical	Admin	Progressive Acute Care, LLC	82	\$5,869.80	\$3,135.59	\$2,734.21	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$5,869.80 were in both the 503(b)(9) and pre-petition periods. Goods sold of \$3,135.59 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Aunt Terry's Quick Stop	Admin	Progressive Acute Care, LLC	90	\$599.86	\$408.48	\$191.38	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$599.86 were in both the 503(b)(9) and pre-petition periods. Goods sold of \$408.48 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Briggs Medical DBA Briggs Healthcare	Admin	Progressive Acute Care, LLC	65	\$892.48	\$892.48	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$892.48 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Flexible Informatics, LLC	Admin	Progressive Acute Care, LLC	72	\$11,400.00	\$11,400.00	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$11,400.00 were not received in the 20 days prior to filing and will be reclassified to unsecured.

### EXHIBIT 3 (CONT'D)

Name of Claimant	Filed Claim Class	Debtor	Claim Number	Filed Claim Amount	Amount to Reclass to Unsecured	Valid Admin Claim Amount	Rationale for Objection
Garratt-Callahan Co.	Admin	Progressive Acute Care, LLC	94	\$9,215.02	\$8,671.04	\$543.98	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$9,215.02 were in both the 503(b)(9) and pre-petition periods. Goods sold of \$8,671.04 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Gina Prince	Admin	Progressive Acute Care, LLC	156	\$100,000.00	\$87,150.00	\$12,850.00	Claimant filed a claim for unpaid healthcare claims. \$12,850.00 is the maximum allowed for healthcare claims. There was no support included with the claim. Provided the claimant provides detail to support their claim, \$12,850.00 will be paid as an admin claim and \$87,150.00 will be reclassified to unsecured.
Hill Manufacturing Co., Inc.	Admin	Progressive Acute Care, LLC	61	\$713.50	\$713.50	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$713.50 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Marcel T's Upholstery	Admin	Progressive Acute Care, LLC	75	\$100.00	\$100.00	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The services rendered of \$100.00 were not provided in the 20 days prior to filing and will be reclassified to unsecured.
Medibag Co., Inc.	Admin	Progressive Acute Care, LLC	131	\$1,190.00	\$1,190.00	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$1,190.00 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Medibag Co., Inc.	Admin	Progressive Acute Care, LLC	132	\$1,190.00	\$1,190.00	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$1,190.00 were not received in the 20 days prior to filing and will be reclassified to unsecured.

### EXHIBIT 3 (CONT'D)

Name of Claimant	Filed Claim Class	Debtor	Claim Number	Filed Claim Amount	Amount to Reclass to Unsecured	Valid Admin Claim Amount	Rationale for Objection
Mike Butts	Admin	Progressive Acute Care, LLC	154	\$8,745.73	\$8,745.73	\$0.00	Claimant filed a claim for pre-petition amounts, which do not warrant priority.
Millenium Security of Acadiana, LLC	Admin	Progressive Acute Care, LLC	62	\$681.96	\$681.96	\$0.00	Claimant filed a claim for pre-petition amounts, which do not warrant priority.
OfficeLinx	Admin	Progressive Acute Care, LLC	102	\$5,925.64	\$5,793.66	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$5,793.66 were not received in the 20 days prior to filing and will be reclassified to unsecured. Exhibit 2 reduces claim amount by finance charges incurred during post-petition.
Patient Telephone Supply, LLC	Admin	Progressive Acute Care, LLC	106	\$266.35	\$266.35	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$266.35 were not received in the 20 days prior to filing and will be reclassified to unsecured.
RD Plastics Company	Admin	Progressive Acute Care, LLC	95	\$125.02	\$125.02	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$125.02 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Sam's Air Conditioning Maintenance Service, Inc.	Admin	Progressive Acute Care, LLC	91	\$2,373.43	\$2,373.43	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$2,373.43 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Scientific Digital Imaging, LLC	Admin	Progressive Acute Care, LLC	107	\$759.69	\$759.69	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$759.69 were not received in the 20 days prior to filing and will be reclassified to unsecured.

### EXHIBIT 3 (CONT'D)

Name of Claimant	Filed Claim Class	Debtor	Claim Number	Filed Claim Amount	Amount to Reclass to Unsecured	Valid Admin Claim Amount	Rationale for Objection
Secure Patient Delivery, LLC	Admin	Progressive Acute Care, LLC	98	\$9,822.50	\$9,822.50	\$0.00	Claimant filed a claim for pre-petition amounts, which do not warrant priority.
Service Office Centre	Admin	Progressive Acute Care, LLC	164	\$3,115.38	\$2,387.17	\$728.21	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$3,115.38 were in both the 503(b)(9) and pre-petition periods. Goods sold of \$2,387.17 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Simpson Security Systems, Inc.	Admin	Progressive Acute Care, LLC	92	\$750.00	\$667.58	\$82.42	Claimant filed a claim for charges during 503(b)(9) period. The charge of \$750.00 was incurred in the 503(b)(9) period. The amount of \$667.58 was not incurred in the 20 days prior to filing and will be reclassified to unsecured.
Sharn Anesthesia	Admin	Progressive Acute Care, LLC	147	\$2,741.81	\$2,741.81	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$2,741.81 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Streck Laboratories, Inc.	Admin	Progressive Acute Care, LLC	67	\$114.50	\$114.50	\$0.00	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$114.50 were not received in the 20 days prior to filing and will be reclassified to unsecured.
Quality Automatic Door Services, Inc.	Admin	Progressive Acute Care Winn, LLC	26	\$3,184.53	\$1,845.66	\$1,338.87	Claimant filed a claim for goods sold during 503(b)(9) period. The goods sold of \$3,184.53 were in both the 503(b)(9) and pre-petition periods. Goods sold of \$1,845.66 were not received in the 20 days prior to filing and will be reclassified to unsecured.