

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

**IN RE:**

**CASE NO. 16-50740**

**PROGRESSIVE ACUTE CARE, LLC, *et al.***

**CHAPTER 11**

**DEBTORS**

**Jointly Administered and  
Substantively Consolidated**

**SECOND AND FINAL APPLICATION FOR COMPENSATION  
OF MICHEAL FREEMAN AND THE FIRM OF TFG CONSULTING, LLC,  
HEALTHCARE ACCOUNTANTS AND CONSULTANTS FOR DEBTORS**

Michael Freeman and the firm of TFG Consulting, LLC (collectively “Applicants”), healthcare accountants and consultants for 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 (collectively, the “Debtors”), hereby file this *Second and Final Application for Compensation* (“Application”) and respectfully represent:

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.

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”). A joint plan of orderly liquidation was confirmed for the Debtors on July 12, 2017; and, that plan became effective on August 1, 2017.

3.

This Court approved Applicants’ retention by the Debtors herein by *Order* [P-415] entered December 20, 2016.

4.

This Application represents Applicants’ second and final application for compensation.

Applicants' first interim application for compensation was granted by order [P-456] entered on February 16, 2017, allowing professional fees in the amount of \$30,290.00, incurred from December 20, 2016 through January 24, 2017, in connection with the preparation of the Debtors' Medicaid and Medicare final cost reports ("Cost Reports") as detailed below:

- (a) from PAC: \$2,750, representing the total fixed fee for PAC's Cost Report (100% complete);
- (b) from PAC Avoyelles - \$9,720 of the \$10,800 total fixed fee for PAC Avoyelles' Cost Report (90% complete);
- (b) from PAC Oakdale - \$9,720 of the \$10,800 total fixed fee for PAC Oakdale's Cost Report (90% complete); and,
- (d) from PAC Winn - \$8,100 of the \$10,800 total fixed fee for the PAC Winn's Cost Report (75% complete);

The partial fee in the amount of \$30,290.00 awarded to TFG has been paid in full by the Debtors.

5.

Applicants were retained by Debtors as healthcare accountants and consultants in connection with the preparation, review and submission of the Cost Reports and any audit support that may be required during the duration of the engagement. Applicants were retained on a fixed-fee basis, determining total costs to prepare and submit the final Cost Reports for each of the Debtors to be \$35,150.00 (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). No retainer was provided to Applicants upon engagement by the Debtors.

6.

Because the cost reports were final cost reports, they could not be filed until the Centers for Medicare and Medicaid Services ("CMS") recognized the change of ownership ("CHOW") from the Debtors to the Central Louisiana Health Group entities. Applicants represent that the Cost Reports

have been completed and request final compensation in the amount of \$4,860.00 representing the remaining balance of the fixed fees, *i.e.* \$35,150.00, for completing and filing the Cost Reports with CMS on behalf of the Debtors during the period of January 25, 2017 through July 31, 2017, as indicated below:

- (a) from PAC Avoyelles - \$1,080 representing the remainder of the \$10,800 fixed fee for PAC Avoyelles' Cost Report (100% complete);
- (b) from PAC Oakdale - \$1,080 representing the remainder of the \$10,800 fixed fee for PAC Oakdale's Cost Report (100% complete); and,
- (c) from PAC Winn - \$2,700 representing the remainder of the \$10,800 fixed fee for PAC Winn's Cost Report (100% complete).

7.

Your Applicants show that the following factors under *In the Matter of First Colonel Corp. of America*, 544 F.2d 1291 (15<sup>th</sup> Cir. 1977), *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974); and, the *United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330*, are to be considered in awarding fees in this case:

- a) **Time and Labor Required:** Pursuant to the terms of their engagement, Applicants' compensation is based on a fixed-fee for each Cost Report. Applicants' however, attach hereto a report of the time spent to date on each Cost Report.
- b) **Novelty and Difficulty of the Questions:** The questions posed during this case were not strange or complicated for an experienced healthcare accountant and consultant, but often required immediate attention.
- c) **The Skill Requisite to Perform Services Properly:** The skills required were those of a healthcare accountant. Services were performed primarily by Michael Freeman.
- d) **The Preclusion of Other Employment Due to Acceptance of the Case:** Applicants'

retention by the Debtors has not precluded its acceptance of new clients.

- e) **The Customary Fee:** The fees charged by your Applicants are customary in the area.
- f) **Whether the Fee is Fixed or Contingent:** The fees charged are not contingent in nature.
- g) **Time Limitations:** The time limitations imposed by the client, creditors, or other circumstances are addressed in (d) above.
- h) **The Amount Involved and the Results Obtained:** Applicants charged the amount for traditional services for preparation and submission of Medicaid and Medicare cost reports and any required audit support.
- i) **The Experience, Reputation and Ability of Applicant:** These factors are expressed in (c) above.
- j) **The Undesirability of the Case:** This is not an undesirable case.
- k) **The Nature and Length of Professional Relationship:** The professional relationship with the Debtors began in November 2016 and has continued until the date of this Application.

8.

Applicants also request an Order that the compensation requested herein be paid forthwith by the Debtors, and/or any disbursing agent(s) out of funds held by them and out of the Debtors' estates as a priority claim pursuant to 11 U.S.C. §507(a)(2).

9.

All services by Applicants were rendered to and on behalf of the Debtors and their estates and no other person or entity.

**WHEREFORE**, your Applicants pray that this Application be granted and that:

- (1) there be an Order made by this Court approving compensation for professional fees to Michael Freeman and the firm of TFG Consulting, LLC in the amount of \$4,860.00 in accounting fees for services rendered in connection with the completion and filing of the Debtors' final Cost Reports;

(2) the Order direct the Debtors and/or disbursing agent(s), upon receipt of confirmation of the filing of the Cost Reports with CMS, to pay the balance of said fees and expenses out of the Debtors' funds held by them and out of the Debtors' estates as a priority administrative claim pursuant to 11 U.S.C. §507;

(3) the Order make this award and all prior awards final; and,

(4) Applicants be granted any and all other relief to which they may be entitled.

Respectfully submitted,

By: /s/ Barbara B. Parsons  
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*Counsel for Debtors*

**UNITED STATES BANKRUPTCY COURT  
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**ITEMIZATION OF TIME OF MICHAEL FREEMAN  
AND THE FIRM OF TFG CONSULTING, LLC,  
HEALTHCARE ACCOUNTANTS AND CONSULTANTS FOR DEBTORS**

SEE ATTACHED ITEMIZATION

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF LOUISIANA  
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**IN RE:**

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**DECLARATION**

**PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA**

I, Michael Freeman, healthcare accountant and consultant at TFG Consulting, LLC, do hereby make solemn oath that I have read such Application and that all of the allegations of fact contained therein are true and correct to the best of my knowledge, information and belief.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 15<sup>th</sup> day of September, 2017.

/s/ Michael Freeman  
**MICHAEL FREEMAN**



## Exhibit A – Status Report on each cost report

- a. **PAC Home Office Cost Report 8/31/16** – Entire Report Complete – 16 Hours
- b. **Avoyelles Cost Report 8/31/16**

*Items Completed – 43 hours*

- i. Checklist Prepared
- ii. Items Logged in from client and follow up
- iii. Grouping Completed – Assigning a cost report line number to each general ledger accounts.
- iv. Crosswalk Prepared – Entered Summary PS&R data to assign to cost report line number.
- v. Census adjusted to PS&R
- vi. Bad Debt Schedule reviewed from client and identified accounts that warrant further review before write-off.
- vii. Workpapers prepared for Worksheets S-3 Parts I, II, and III, A, A-7, A-8, A-8-1, B-1, C, D-1, D-3, D-4, E Part A, E Part B, G, G-1, G-2, G-3
- viii. Entered the following worksheets in CMS Form 2552-10
  - 1. Worksheet S-2 Part I and II
  - 2. Worksheet S-3 Parts I, II, and III, IV, and V
  - 3. Worksheet A
  - 4. Worksheet A-7 Parts, I, II, and III
  - 5. Worksheet A-8
  - 6. Worksheet A-8-1
  - 7. Worksheets A-8-2
  - 8. Worksheet B-1
  - 9. Worksheet C Part I and II
  - 10. Worksheet D-1
  - 11. Worksheet D-3
  - 12. Worksheet D-4
  - 13. Worksheet E Part A (Bad Debt Not Entered) waiting on revised schedules.
  - 14. Worksheet E Part B (Bad Debt Not Entered) waiting on revised schedules.
  - 15. Worksheet E-1 (line 3 not entered pending receipt of level payment reconciliation from the MAC).
  - 16. Worksheet G
  - 17. Worksheet G-1
  - 18. Worksheet G-2



19. Worksheet G-3

20. Worksheet L

- ix. Annualize Cost Center Totals and Compare to Prior Year cost report– When we did this, we discovered an issue where the working trial balance submitted significantly exceeded the prior year report. After further investigation with the client, we found that they had not closed the general ledger in the prior years resulting in the working trial balance having 20 months of activity rather than only 8. The client had to close the books and submitted a revised trial balance.
- x. Replaced the account balances for each GL account with new balances provided on the revised trial balance and then prepared steps vii through ix again with new balances.

*Items Remaining to Complete – 4 hours*

- 1. Enter Bad Debt Amount after Bad Debt Schedules are resubmitted by client.
- 2. Enter level Payment total upon receipt of level payment reconciliation from Novitas.
- 3. Worksheet S-10
- 4. Review Cost Report.
- 5. Upon receipt of tie-in notice, update software with most current version, hit recalculate button and generate ECR file with encryption stamp required for filing.

**c. Oakdale Cost Report 8/31/16**

*Items Completed – 47 hours*

- i. Checklist Prepared
- ii. Items Logged in from client and follow up
- iii. Grouping Completed – Assigning a cost report line number to each general ledger accounts.
- iv. Crosswalk Prepared – Entered Summary PS&R data to assign to cost report line number.
- v. Census adjusted to PS&R
- vi. Bad Debt Schedule reviewed from client and identified accounts that warrant further review before write-off.
- vii. Workpapers prepared for Worksheets S-3 Parts I, II, and III, A, A-7, A-8, A-8-1, B-1, C, D-1, D-3, D-4, E Part A, E Part B, G, G-1, G-2, G-3
- viii. Entered the following worksheets in CMS Form 2552-10
  - 1. Worksheet S-2 Part I and II
  - 2. Worksheet S-3 Parts I, II, and III, IV, and V
  - 3. Worksheet S-7
  - 4. Worksheet A

5. Worksheet A-7 Parts, I, II, and III
  6. Worksheet A-8
  7. Worksheet A-8-1
  8. Worksheets A-8-2
  9. Worksheet B-1
  10. Worksheet C Part I and II
  11. Worksheet D-1
  12. Worksheet D-3
  13. Worksheet D-4
  14. Worksheet E Part A (Bad Debt Not Entered) waiting on revised schedules.
  15. Worksheet E Part B (Bad Debt Not Entered) waiting on revised schedules.
  16. Worksheet E-1 (line 3 not entered pending receipt of level payment reconciliation from the MAC).
  17. Worksheet G
  18. Worksheet G-1
  19. Worksheet G-2
  20. Worksheet G-3
  21. Worksheet L
  22. Worksheet M-1
  23. Worksheet M-2
  24. Worksheet M-3
  25. Worksheet M-4
- ix. Annualize Cost Center Totals and Compare to Prior Year cost report– When we did this, we discovered an issue where the working trial balance submitted significantly exceeded the prior year report. After further investigation with the client, we found that they had not closed the general ledger in the prior years resulting in the working trial balance having 20 months of activity rather than only 8. The client had to close the books and submitted a revised trial balance.
- x. Replaced the account balances for each GL account with new balances provided on the revised trial balance and then prepared steps vii through xi again with new balances.

*Items Remaining to Complete – 4 hours*

1. Enter Bad Debt Amount after Bad Debt Schedules are resubmitted by client.
2. Enter level Payment total upon receipt of level payment reconciliation from Novitas.
3. Worksheet S-10.
4. Final Review Cost Report.

5. Upon receipt of tie-in notice, update software with most current version, hit recalculate button and generate ECR file with encryption stamp required for filing.

**d. Winn's Cost Report 8/31/16**

*Items Completed – 33 hours*

- i. Checklist Prepared
- ii. Items Logged in from client and follow up
- iii. Grouping Completed – Assigning a cost report line number to each general ledger accounts.
- iv. Crosswalk Prepared – Entered Summary PS&R data to assign to cost report line number.
- v. Census adjusted to PS&R
- vi. Bad Debt Schedule reviewed from client and identified accounts that warrant further review before write-off.
- vii. Workpapers prepared for Worksheets S-3 Parts I, II, and III, A, A-7, A-8, A-8-1, B-1, C, D-1, D-3, D-4, E Part A, E Part B, G, G-1, G-2, G-3
- viii. Entered the following worksheets in CMS Form 2552-10
  1. Worksheet S-2 Part I and II
  2. Worksheet S-3 Parts I, II, and III, IV, and V
  3. Worksheet S-7
  4. Worksheet A
  5. Worksheet A-7 Parts, I, II, and III
  6. Worksheet A-8
  7. Worksheet A-8-1
  8. Worksheets A-8-2
  9. Worksheet B-1
  10. Worksheet C Part I and II
  11. Worksheet D-1
  12. Worksheet D-3
  13. Worksheet D-4
  14. Worksheet E Part A (Bad Debt Not Entered) waiting on revised schedules.
  15. Worksheet E Part B (Bad Debt Not Entered) waiting on revised schedules.
  16. Worksheet E-1 (line 3 not entered pending receipt of level payment reconciliation from the MAC).
  17. Worksheet G
  18. Worksheet G-1
  19. Worksheet G-2
  20. Worksheet G-3
  21. Worksheet L

- ix. Annualize Cost Center Totals and Compare to Prior Year cost report– When we did this, we discovered an issue where the working trial balance submitted significantly exceeded the prior year report. After further investigation with the client, we found that they had not closed the general ledger in the prior years resulting in the working trial balance having 20 months of activity rather than only 8. The client had to close the books and submitted a revised trial balance.
- x. Replaced the account balances for each GL account with new balances provided on the revised trial balance and then prepared steps vii and xviii 1-10 again with new balances. Still need xviii 10-21.

*Items Remaining to Complete – 8 hours*

- 1. Reperform steps xviii 10-21 with new balances
- 2. Enter Bad Debt Amount after Bad Debt Schedules are resubmitted by client.
- 3. Worksheet S-10.
- 4. Enter level Payment total upon receipt of level payment reconciliation from Novitas
- 5. Final Review Cost Report.
- 6. Upon receipt of tie-in notice, update software with most current version, hit recalculate button and generate ECR file with encryption stamp required for filing.