

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

In re:	X	Chapter 11
CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al., <sup>1</sup>	:	Case No. 24-12534 (JKS)
	:	(Joint Administration Requested)
Debtors.	:	
	X	

**DEBTORS’ MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY PREPETITION EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE EMPLOYEE BENEFITS PROGRAMS; AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file this *Motion for Entry of Interim and Final Orders (I) Authorizing, but not Directing, the Debtors to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses, and (B) Continue Employee Benefits Programs; and (II) Granting Related Relief* (the “Motion”). In support of this Motion, the Debtors respectfully represent as follows:

**I. RELIEF REQUESTED**

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the “Interim Order” and “Final Order”):

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: (i) Bayonne Intermediate Holdco, LLC (7716); (ii) Benego CarePoint, LLC (2199); (iii) Briar Hill CarePoint, LLC (iv) CarePoint Health Management Associates Intermediate Holdco, LLC (none); (v) CarePoint Health Management Associates, LLC d/b/a CarePoint Health (3478); (vi) CarePoint Health Systems, Inc. d/b/a Just Health Foundation (6996); (vii) CH Hudson Holdco, LLC (3376); (viii) Christ Intermediate Holdco, LLC (3376); (ix) Evergreen Community Assets (1726); (x) Garden State Healthcare Associates, LLC (4414); (xi) Hoboken Intermediate Holdco, LLC (2105); (xii) Hudson Hospital Holdco, LLC (3869); (xiii) Hudson Hospital Opco, LLC d/b/a CarePoint Health-Christ Hospital (0608); (xiv) HUMC Holdco, LLC (3488); (xv) HUMCO Opco, LLC d/b/a CarePoint Health-Hoboken University Medical Center (7328); (xvi) IJKG, LLC (7430); (xvii) Just Health MSO, LLC (1593); (xviii) New Jersey Medical and Health Associates d/b/a CarePoint Health Medical Group (0232); (xix) Quality Care Associates, LLC (4710); (xx) Sequoia BMC Holdco, LLC (9812); (xxi) IJKG Opco LLC d/b/a CarePoint Health-Bayonne Medical Center (2063). The address for CarePoint Health Systems Inc. is 308 Willow Avenue, Hoboken, NJ 07030.

(a) authorizing, but not directing, the Debtors to (i) pay prepetition wages, salaries, other compensation, withholding obligations, payroll taxes, and reimbursable employee expenses in an amount not to exceed \$11,314,000 on an interim basis and the same amount on a final basis and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and granting related relief.

## **II. JURISDICTION AND VENUE**

2. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012. The Debtors confirm their consent, pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 105(a), 362(d), 363(b), 507(a), and 541(b)(1) of title 11 of the United States Code §§ 101–1532 (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 9013- 1(m).

## **III. BACKGROUND**

5. On November 3, 2024 (the “Petition Date”), all Debtors except IJKG Opco, LLC (“IJKG Opco”) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

6. On the Petition Date, three creditors of IJKG Opco, 29 E 29 Street Holdings, LLC, Bayonne Medical Center Opco, LLC, and Peter Wong, MD, filed an involuntary petition against IJKG Opco under Chapter 11 of the Bankruptcy Code. On the Petition Date, IJKG Opco filed an answer consenting to the relief requested in the involuntary petition.

7. On the Petition Date, the Debtors filed a motion seeking joint administration of all of the Debtors' Chapter 11 Cases, including IJKG Opco.

8. The Debtors have continued in possession of their properties and have continued to operate and manage their business as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, subject to that certain Collateral Surrender and Operations Transfer Agreement. No request has been made for the appointment of a trustee or examiner, and no official committee has yet been established in these cases.

9. The factual background relating to the Debtors' commencement of these cases is set forth in detail in the *Declaration of Shamiq Syed in Support of First Day Pleadings* (the "First Day Declaration") filed on the Petition Date and incorporated herein by reference. Any capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the First Day Declaration.

**A. The Debtors' Workforce**

10. As of the Petition Date, the Debtors employ approximately 2,972 employees and contractors, including full-time salaried employees, full-time hourly employees, part-time employees including temporary employees, and independent contractors (collectively, the "Employees").

11. In particular, Hudson Hospital Opco, LLC ("Christ") employs approximately 834 total employees, 569 of which are full-time and 265 are part-time. Approximately 123 employees

are salaried and 711 are hourly. Of its employees, approximately 422 are unionized and 412 are nonunionized.

12. HUMC Opco, LLC (“Hoboken”) employs approximately 890 total employees, 656 of which are full-time and 234 are part-time. Approximately 115 employees are salaried and 775 are hourly. Of its employees, approximately 606 are unionized and 284 are nonunionized.

13. IJKG Opco, LLC (“Bayonne”) employs approximately 848 total employees, 529 of which are full-time and 319 are part-time. Approximately 133 employees are salaried and 715 are hourly. Of its employees, approximately 683 are unionized and 165 are nonunionized.

14. CarePoint Health Systems, Inc. (“MSO”) employs approximately 148 total employees, 136 of which are full-time and 12 are part-time. Approximately 102 employees are salaried and 46 are hourly. Of its employees, approximately 0 are unionized and 148 are nonunionized.

15. Garden State Healthcare Associates, LLC (“GSHA”) employs approximately 112 total employees, 61 of which are full-time and 51 are part-time. Approximately 36 employees are salaried and 76 are hourly. Of its employees, approximately 0 are unionized and 112 are nonunionized.

16. Quality Care Associates, LLC (“QCA”) employs approximately 100 total employees, 96 of which are full-time and 4 are part-time. Approximately 22 employees are salaried and 78 are hourly. Of its employees, approximately 0 are unionized and 100 are nonunionized.

17. New Jersey Medical and Health Associates, LLC (the “Medical Group”) employs approximately 40 total employees, 33 of which are full-time and 7 are part-time. Approximately 33 employees are salaried and 7 are hourly. Of its employees, approximately 0 are unionized and 40 are nonunionized.

18. The Debtors' (including involuntary IJKG Opco's) unionized employees are members of the following unions:

Facility Code	Location	Union	Description
01	Bayonne Medical Center	HPAE (Health Professionals and Allied Employees)	Covers registered nurses, professional, service, technical and business office clerical employees.
01	Bayonne Medical Center	IUOE Local 68 (Operating Engineers)	Covers engineering and plant operations employees.
31	Christ Hospital	1199J (National Union of Hospital and Healthcare Employees)	Covers support services employees.
31	Christ Hospital	CIR (Committee of Interns and Residents)	Covers medical residents.
31	Christ Hospital	HPAE(Health Professionals and Allied Employees)	Covers registered nurses employees.
20	Hoboken Medical Center	1199J (National Union of Hospital and Healthcare Employees)	Covers professional, service, technical employees.
20	Hoboken Medical Center	CIR (Committee of Interns and Residents)	Covers medical residents.
20	Hoboken Medical Center	JNESO (Professional Healthcare Workers)	Covers registered nurses employees.

19. The Employees perform a variety of functions critical to the operation of the Debtors' facilities and to patient care, preservation of value and the administration of the Debtors' estates. In many instances, the Employees include personnel who are intimately familiar with the Debtors' patient care, businesses, processes, and systems, and who cannot be easily replaced. Without the continued, uninterrupted services of the Employees, the ability of the Debtors to operate and maximize the level of their patient care and value of their estates will be materially impaired.

20. Additionally, many of the Employees rely on their compensation and benefits to pay their daily living expenses. Thus, the Employees will be exposed to significant financial

constraints if the Debtors are not permitted to continue paying the Employees' compensation and providing the Employees with health and other benefits. Consequently, the Debtors respectfully submit that the relief requested herein is necessary and appropriate under the facts and circumstances of these chapter 11 cases.

**B. Employee Compensation and Benefits**

21. To minimize the personal hardship the Employees could suffer if prepetition Employee-related obligations are not paid when due or as expected and to maintain stability in the Debtors' workforce during the administration of the Debtors' chapter 11 cases, the Debtors, by this Motion, seek authority, but not direction, to: (a) pay and honor certain prepetition claims relating to, among other things, wages, salaries, and other compensation, payroll services, federal and state withholding taxes and other amounts withheld (including garnishments, Employees' share of insurance premiums, and taxes), reimbursable expenses, health insurance, retirement health and related benefits, workers' compensation benefits, and certain other benefits that the Debtors have historically provided in the ordinary course (collectively, the "Employee Compensation and Benefits"); and (b) pay all costs incident to the Employee Compensation and Benefits.

22. Subject to approval from the Court, the Debtors intend to continue their prepetition Employee Compensation and Benefits in the ordinary course. Out of an abundance of caution, the Debtors further request confirmation of their right to modify, change, and discontinue any of their Employee Compensation and Benefits and to implement new programs, policies, and benefits in the ordinary course during these chapter 11 cases in the Debtors' sole discretion and without the need for further Court approval, subject to applicable law.

23. By this Motion, the Debtors seek authority to make the following payments related to prepetition amounts owed on account of the Employee Compensation and Benefits (subject to the limitations set forth in the Interim Order and Final Order):

<b>Employee Obligation</b>	<b>Interim Amount</b>	<b>Final Amount</b>
Employee Compensation and Gross Wages	\$8,429,000	\$8,429,000
Withholding Obligations	\$2,769,000	\$2,769,000
Payroll Processing Fees	\$3,000	\$3,000
Reimbursable Expenses	\$116,000	\$116,000
Employee Benefits Programs	\$3,150,000	\$3,150,000
<b>Total</b>	<b>\$14,467,000</b>	<b>\$14,467,000</b>

**C. Employee Compensation and Withholding Obligations.**

**1. Unpaid Compensation.**

24. In the ordinary course, the Debtors incur obligations to their Employees for, among other things, gross wages, salaries, overtime, and other obligations described herein (collectively, the “Employee Compensation”). The Debtors’ historical average bi-weekly gross Employee Compensation, including gross wages and salaries and related compensation, has been approximately \$9,456,000, in particular, approximately \$2,230,000 for Christ, \$2,487,000 for Hoboken, \$2,184,000 for Bayonne, \$629,000 for MSO (which is funded by the Christ, Hoboken and IJKG Opco LLC), \$1,014,000 for GSHA, \$254,000 for QCA, and \$661,000 for the Medical Group.

25. As of the Petition Date, the Debtors estimate that they owe approximately \$8,429,000 on account of Employee Compensation earned by Employees prior to the Petition Date (the “Unpaid Compensation”), all of which will come due within the first 30 days of these chapter 11 cases. Employees are paid through the payroll on a bi-weekly basis. The timing of the bi-

weekly payroll period varies by Hospital. As described above, loss of the Unpaid Compensation that the Employees are owed could cause such Employees to experience financial hardship. In light of the substantial benefit the Employees will continue to provide to the Debtors' estates, the Debtors wish to avoid imposing such a hardship.

26. Accordingly, by this Motion the Debtors seek authority, but not direction, to pay their Employees any Unpaid Compensation in the ordinary course and consistent with past practice and to continue to pay Employee Compensation in the ordinary course. For the avoidance of doubt, by this Motion the Debtors do not seek to pay Unpaid Compensation to any Employee in excess of the \$15,150 priority wage cap imposed by section 507(a)(4) of the Bankruptcy Code. As of the petition date, 35 employees have unpaid compensation in excess of the priority cap totaling approximately \$288,000.

## **2. Withholding Obligations.**

27. During each applicable payroll period, the Debtors routinely deduct certain amounts from Employees' paychecks, including garnishments, child support, and similar deductions, as well as other pre-tax and after-tax deductions payable pursuant to certain employee benefit plans discussed herein, such as an Employee's share of health care benefits and insurance premiums, 401(k) contributions, legal protection, legally ordered deductions, and miscellaneous deductions (collectively, the "Deductions"), and forward such amounts to various third-party recipients. In addition to the Deductions, certain federal and state laws require that the Debtors withhold certain amounts from Employees' gross pay related to federal, state, and local income taxes, as well as Social Security and Medicare taxes (collectively, the "Employee Payroll Taxes") for remittance to the appropriate federal, state, or local taxing authorities. The Debtors must then match the Employee Payroll Taxes from their own funds, which are included in gross Employee Compensation. In addition, the Debtors pay, based upon a percentage of gross payroll, additional



amounts for federal and state unemployment insurance and Social Security and Medicare taxes (the “Payroll Taxes”). The Employee Payroll Taxes and Payroll Taxes are generally processed and forwarded to the appropriate federal, state, and local taxing authorities at the same time the Employees’ payroll checks are disbursed.

28. As of the Petition Date, the Debtors estimate that they will have unpaid Deductions and Payroll Taxes (together, the “Withholding Obligations”) outstanding of approximately \$2,769,000, all of which will come due during the interim period. By this Motion, the Debtors seek authority, but not direction, to pay in a manner consistent with historical practice any unpaid Withholding Obligations and to continue to honor the Withholding Obligations in the ordinary course during the administration of these chapter 11 cases.

### **3. Payroll Processing.**

29. The MSO processes the Debtors’ payroll. The Debtors’ pay periods are as follows: (i) for Christ, nursing and staff employees are paid every two weeks for 26 pay periods per year, in arrears, with the pay period beginning on Sunday, ending on Saturday and paid the following Friday; (ii) for Hoboken, nursing and staff employees are paid every two weeks for 26 pay periods per year, in arrears, with the pay period beginning on Sunday, ending on Saturday and paid the following Friday; (iii) for Bayonne nursing and staff Employees are paid every 12 weeks for 26 pay periods per year, in arrears, with the pay period beginning on Sunday, ending on Saturday and paid the following Thursday; (iv) for MSO, employees are paid every two weeks for 26 pay periods per year, in arrears, with the pay period beginning on Sunday, ending on Saturday and paid the following Friday; (v) for GSHA, nursing and staff employees are paid every two weeks for 26 pay periods per year, in arrears, with the pay period beginning on Sunday, ending on Saturday and paid the following Friday; (vi) for QCA, nursing and staff employees are paid every two weeks for 26 pay periods per year, in arrears, with the pay period beginning on Sunday, ending on Saturday and

paid the following Friday; and (vii) for Medical Group, nursing and staff employees are paid every two weeks for 26 pay periods per year, in arrears, with the pay period beginning on Sunday, ending on Saturday and paid the following Friday. The pay periods for Hoboken, Bayonne, GSHA, QCA, and Medical Group are on the same two-week schedule throughout the year, with the pay periods for Christ and MSO falling on the alternate weeks. Approximately 5% of the Employees receive payroll payment by check and 95% receive payroll payment by direct deposit. Christ and Hoboken utilize an agency for temporary employees, which employees are not paid through payroll but are paid by the agency, which is an account payable of the Debtors.

30. The Debtors pay ADP, which provides payroll tax service only, two days prior to the pay date. As of the Petition Date, the Debtors estimate they owe approximately \$0 to ADP on account of payroll tax services for the upcoming month and retroactive administrative fees for prior months (the “Unpaid Payroll Processing Fees”), with approximately \$3,000 coming due within the interim period. By this Motion, the Debtors seek authority, but not direction, to pay the Unpaid Payroll Processing Fees in the ordinary course and consistent with past practice and to continue payroll processing in the ordinary course during the administration of these chapter 11 cases.

**D. Reimbursable Expenses.**

30. Prior to the Petition Date and in the ordinary course, the Debtors reimbursed Employees or paid credit card invoices on behalf of Employees for approved out-of-pocket expenses incurred on behalf of the Debtors in the scope of, and in connection with performing the various duties of, their employment (the “Reimbursable Expenses”), including, but not limited to, license fees and renewals, certification and re-certification fees, stipends for books/scrubs, certification exam fees, professional association membership fees, medical course fees, office supplies, conference fees, travel and other on call expenses, and other employment-related

expenses. Employees who pay for Reimbursable Expenses up front with their own personal funds apply for reimbursement of Reimbursable Expenses by submitting the expense requests to the Employees' direct reporting manager/director for review and approval of the Reimbursable Expenses. With respect to Employees of Hoboken, Hoboken directly pays the vendor directly for scrubs and other employment related items needed by its Employees, while Employees of Christ and Bayonne pay these expenses up front and are reimbursed through payroll as a benefit. Employees of Christ also receive a stipend or uniform differential as a benefit. Tuition reimbursement for Employees of Christ and Hoboken is paid directly through payroll as a benefit to Employees rather than as a Reimbursable Expense.

31. Certain Reimbursable Expenses are billed through credit cards issued to and used by approved Employees for certain business expenses incurred in the scope of their employment, including, without limitation, expenses for business travel, such as for meals, airfare, lodging (the "Travel and Entertainment Cards"), and for subscriptions, catering, office supplies, security services and emergency expenses (the "Purchase Cards" and, together with the Travel and Entertainment Cards, the "Credit Cards").

32. Once the Debtors have determined that the charges are for legitimate reimbursable business expenses, the Debtors reimburse Employees directly for upfront expenses. The Debtors' inability to reimburse such expenses could impose hardship on such Employees, where such Employees otherwise may be held personally liable for obligations for the Debtors' benefit. As of the Petition Date, the Debtors estimate that they owe approximately \$116,000 in aggregate Reimbursable Expenses for the Travel and Entertainment Cards, with an additional approximately \$150,000 in yet to be submitted reimbursement requests.

31. The Credit Cards are vital to the Debtors' operations because Employees would otherwise be forced to pay substantial out-of-pocket expenses themselves. The Debtors therefore request authority to pay all prepetition charges on account of the Credit Cards and to continue, in their discretion and to the extent that the Credit Cards remain available post-petition, the Credit Cards and Employee expense reimbursements therefor in the ordinary course.

32. Employees incurred the Reimbursable Expenses as business expenses on the Debtors' behalf and with the understanding that such expenses would be reimbursed. Accordingly, the Debtors request authority, but not direction, to pay the Reimbursable Expenses and to continue to pay the Reimbursable Expenses in the ordinary course.

**E. Employee Benefits Programs.**

33. The Debtors offer their Employees the ability to participate in a number of insurance and benefits programs, including, among other programs, medical, life and disability insurance, vision, dental, retirement plans, and other employee benefit plans including, but not limited to, those described below (collectively, the "Employee Benefits Programs").

34. As described above, failure to continue the Employee Benefits Programs could cause Employees to experience severe hardship and be detrimental to the Debtors' ability to retain Employees and maintain the going concern value of their business. In light of the substantial benefit the Employees have provided and will continue to provide to the Debtors' estates, the Debtors wish to avoid imposing such negative consequences. Accordingly, by this Motion, the Debtors seek authority, but not direction, to: (a) pay any unpaid amounts due with respect to the Employee Benefits Programs; and (b) continue to provide Employee Benefits Programs in the ordinary course during the administration of these chapter 11 cases. As of the Petition Date, the Debtors estimate that they owe approximately \$3,150,000 on account of the Employee Benefits Programs, excluding amounts collected from employees for their portion of premiums but not yet

remitted to the insurers, all of which will come due within the interim period. The most significant Employee Benefits Programs are described in greater detail below.

**F. Health Benefit Plans.**

35. The Debtors offer all full-time and part-time Employees the opportunity to participate in a number of health benefit plans (collectively, the “Health Benefit Plans”). Employees are considered full-time if they work 30 hours or more per week. Specifically, the Debtors provide the following:

- Healthcare Plan. The Debtors are self-insured for medical, administered by Horizon BlueCross BlueShield, and for pharmacy with CVS Caremark. The Debtors offer Horizon BlueCross BlueShield – Direct Access – Medical PPO medical plans to the Employees within the CarePoint Health Systems, LLC. As of the Petition Date, the amounts due to Horizon BlueCross BlueShield for claims paid for which the Debtors are repaying total approximately \$1,100,000. This is in addition to \$1,000,000 paid by the Debtors and held by Horizon BlueCross BlueShield that is designated for claims and for which the Debtors are responsible in the event that Horizon BlueCross and BlueShield do not release those monies to pay claims. As of the Petition Date, the amounts due to CVS Caremark for prescription drugs totals approximately \$670,000 and the Debtors are party to a payment plan with CVS Caremark. The Debtors’ employees pay premiums for health insurance plans. The Healthcare Plan is the same for unionized and nonunionized Employees with the exception of the CIR unionized Employees, which has its own plans. As of the Petition Date, the Debtors estimate that they owe approximately \$1,770,000 on account of Healthcare Plans.
- Dental. The dental program is partly self-funded and partly provided by policies. For Bayonne, the dental program consists of DMO and PPO plans issued by Horizon Dental. For Christ, the dental program consists of HMO and PPO offered by Sun Life Financial. For Hoboken, the dental program consists of DMO and PPO offered by Sun Life Financial. For MSO, the dental program consists of DMO and PPO issued by Horizon Dental. For GHSA and Medical Group, the dental program consists of DMO and DPPO issued by Delta Dental. For QCA, the dental program consists of DMO and DPPO issued by Horizon Dental. Premiums for the policies are shared between the Employees and the Debtors. CarePoint provides dental benefits, of which 100% of administrative costs are employer paid. As of the Petition Date, the Debtors estimate that they owe approximately \$97,000 on account of Dental

- Vision. The vision program is provided by Horizon Vision. Premiums for the policy are paid by the Employees. The Debtors are not responsible for any payments under the Vision plan. As of the Petition Date, the Debtors estimate that they owe approximately \$30,000 on account of employee Vision for withholding remittances.
- Life & Disability. Christ's, Bayonne's and Hoboken's life insurance program is provided by Equitable Financial Life Insurance Company. Group life insurance is available at 1.5 times the covered employee's base annual salary. Supplemental life insurance coverage, up to 3 times base annual salary, is also offered to employees. Equitable Financial Life Insurance Company also provides a long-term disability benefits program to Employees of Christ, Bayonne and Hoboken. Employees who are categorized as directors or higher are eligible for long term disability from one month following their date of higher at 2 times their annual earnings. Premiums for the policies are paid by both the Debtors and by the Employees. Premiums for the basic Life & Disability policies are paid for 100% by CarePoint Health Systems, Inc. while premiums for the Supplemental Life & Disability policies are paid for 100% by the employees. In total, the Debtors' portion is approximately \$120,000 per month. As of the Petition Date, the Debtors estimate that they owe approximately \$671,000 on account of Life & Disability.
- FSA. The Debtors offer employees a Flexible Savings Account, which is administered by Flores. The Debtors pay approximately \$50,000 per month in administrative fees for this plan. As of the Petition Date, the Debtors estimate that they owe approximately \$50,000 on account of FSA.
- Commuter Benefits. The Debtors offer employees the opportunity to enroll in a spending account specific to work-related expenses for transit and parking (the "Commuter Benefits"), which is administered by Flores. As of the Petition Date, the Debtors estimate that they owe approximately \$0 on account of Commuter Benefits.
- Stop/Loss. The Debtors purchase additional insurance coverage to protect themselves against medical claims that can exceed their deductibles. For Christ, the stop/loss is covered by Symetra Life. For Hoboken, the stop/loss is covered by Sun Life Financial. For Bayonne, MSO and QCA, the stop/loss is covered by VOYA Financial. For GHSA and Medical Group, the stop/loss is covered by HCC Life. As of the Petition Date, the Debtors estimate that they owe approximately \$532,000 on account of Stop/Loss.

**G. Workers' Compensation and Other Insurance Programs.**

**1. Workers' Compensation.**

36. The Debtors provide workers' compensation insurance for their Employees at the statutorily required level for New Jersey (as described herein, the "Workers' Compensation Program"). PMA Companies, a subsidiary of Old Republic, currently provides these benefits to the Debtors' Employees pursuant to certain workers' compensation insurance policies (the "Workers' Compensation Policies"). The Debtors fund into a collateral account (the "Collateral Account") held and controlled by PMA Companies. The Debtors pay a retention deductible of \$350,000 per claim, plus an escrow of approximately \$500,000 annually for maintaining the Workers' Compensation Program. The current policy periods runs from July 27, 2024 through October 1, 2025.

37. As of the Petition Date, the Debtors estimate they owe approximately \$5,100,000 in prepetition amounts in connection with the Debtors' obligations under the Workers' Compensation Program. As of September 30, 2024, total current assets held in the Collateral Account equal to approximately \$5,365,000.

38. The Debtors must continue the claim assessment, determination, adjudication, and payment pursuant to the Workers' Compensation Program, without regard to whether such liabilities are outstanding before the Petition Date, to ensure that the Debtors comply with applicable workers' compensation laws and requirements.<sup>2</sup> The Debtors request to continue their Workers' Compensation Program in the ordinary course. The authorization to satisfy any unpaid premiums relating to such programs is addressed in the Debtors' Motion for Entry of Interim and

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<sup>2</sup> The Debtors' Workers' Compensation Program may change postpetition in the ordinary course due to changes in applicable laws and regulations and the Debtors' ability to meet requirements thereunder. By this Motion, the Debtors request authority to continue the Workers' Compensation Programs postpetition, including making any changes to current policies and practices that become necessary.

Final Orders (I) Authorizing the Debtors to (A) Continue their Insurance Policies Entered into Prepetition and Pay Prepetition Obligations in Respect thereof, (B) Honor Prepetition Premium Financing Agreement, and (C) Renew Insurance Premium Financing Agreement in the Ordinary Course of Business; (II) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto; and (III) Granting Related Relief, which is filed contemporaneously with this Motion.

**2. Retirement Plans.**

39. The Debtors maintain a retirement savings plan for the benefit of their Employees that satisfies the requirements of section 401(k) of the Internal Revenue Code (the “401(k) Plan”). The 401(k) Plan is provided by CarePoint Health Systems, Inc. and is administered by Corebridge Financial, Inc. The 401(k) Plan allows for automatic pre-tax salary deductions of eligible compensation up to the limits set forth by the Internal Revenue Code and, historically, the Debtors paid a matching contribution between 1% and 3% for unionized and nonunionized employees. The Debtors fund the matching portion on an annual basis prior to October 15 of each year. As of the Petition Date, the Debtors have not paid the matching contributions for 2023 on account of 401(k) employee contributions.

**3. Paid Time Off.**

40. The Debtors provide sick and vacation time to their Employees as a paid time off benefit (the “Paid Time Off”), the terms of which vary by Debtor entity. The amount of Paid Time Off available to a particular Employee and the rate at which Paid Time Off accrues is generally determined by the Employee’s length of service. When an Employee elects to take Paid Time Off, that Employee is paid his or her regular hourly or salaried rate. Full-time Employees of Bayonne are entitled to Paid Time Off as determined by their job classification and length of service. Half-time Employees working 20 hours or more per week receive Paid Time Off on a pro-rated basis.



Employees working less than 20 hours per week, per-diem employees and temporary employees do not receive Paid Time Off benefits. For each twelve-month period from June 1 through May 31, all accrued Paid Time Off earned during that time must be used by the following December 31 or will be lost. For Local 68 union employees, beginning each twelve-month period from August 1 through July 31, Paid Time Off accrued during that time must be used by the end of the following February or will be lost.

41. Sick time is front loaded at the beginning of each year for full-time employees working 40 hours per week and pro-rated for half and part-time employees, other than per diem employees who do not earn sick time. Certain sick time can be carried over to the next calendar year. For employees hired prior to 9/1/1999, sick leave that is considered Earned Illness Bank may be paid in cash upon termination of employment. Full-time and half-time employees with less than five years of service are eligible for reimbursement at 50% of their Extended Illness Bank depending on length of service. Bayonne Employees do not earn personal days.

42. For Christ, the vacation policy applies equally to unionized and nonunionized employees. Vacation time is earned bi-weekly based on the number of hours worked, not to exceed standard work hours. Vacation time must be used within seven months following the end of the year in which it is accrued or it will be lost. Full-time employees receive seven days of paid sick time per plan year. Part-time employees with benefits receive pro-rated sick time and are credited with five paid sick days per plan year. HPAE unionized employee sick time is front loaded every July 1 and NBU/1199J unionized employee sick time is accrued per pay period. Employees may carry over sick time to the next calendar year, limited to 40 hours for NJ sick time and 80 hours for HHO sick time for the plan year.

43. Upon termination of employment, employees do not receive payment for unused sick time. Christ employees do not receive paid personal days. For Hoboken, nonunionized employees earn paid vacation time based on the number of years of service and the classification of their position. Vacation time earned by unionized employees varies by union with 1199J union employees earning vacation days based on job classification and length of service, JNESO union employees earning vacation hours based on length of service and CIR union employees each being entitled to four weeks of paid vacation per year. All vacation must be used within its accrual period or lost.

44. Full-time employees earn sick leave at the rate of 56 hours per year, accrued on the first paycheck of each year. Sick time is available to full-time employees after four months of employment, except CIR unionized employees earn sick time from the inception of their hire. Part-time employees receive pro-rated sick time. Sixteen hours of regular sick time can be carried over to a new calendar year. Unused sick time is not paid upon termination of employment. In addition, CIR unionized employees receive two paid personal days per year, which cannot be carried over.

45. As of the Petition Date, the Debtors estimate that approximately \$18,667,000 in Paid Time Off has been earned by Employees. By this Motion, the Debtors seek authority, but not direction, to continue the Paid Time Off policies in the ordinary course.

#### **4. Bonus Program**

46. Historically, the Debtors also provided an employee incentive program in the form of periodic bonuses paid to non-insider employees. Due to the Debtors' deteriorating financial condition, the employee incentive program was suspended several years ago and bonuses have not been paid for several years.

#### IV. BASIS FOR RELIEF

##### A. Authority to Honor the Employee Compensation and Benefits Obligations Is Warranted Under the Facts of These Chapter 11 Cases.

47. Section 363 of the Bankruptcy Code provides, in relevant part, that “[the debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Under section 363(b), courts require only that the debtor “show that a sound business purpose justifies such actions.” *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (requiring that the debtor show a “sound business purpose” to justify its actions under section 363 of the Bankruptcy Code) (internal citations omitted); see also *In re Phx. Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987) (requiring a “good business reason” for a sale under section 363 of the Bankruptcy Code); *In re Adelphia Commc’ns Corp.*, No. 02-41729 (REG), 2003 WL 22316543, at \*30 (Bankr. S.D.N.Y. Mar. 4, 2003) (requiring a “good business reason” for disposition of assets outside of the ordinary course in bankruptcy); *In re Lionel Corp.*, 722 F.2d 1063, 1070 (2d Cir. 1983) (same). Moreover, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (citation omitted); see also *In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) (stating that “[o]vercoming the presumptions of the business judgment rule on the merits is a near-Herculean task”).

48. Further, Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court, empowers the bankruptcy court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 § 105(a). The Court may use its power under section 105(a) to authorize payment of the Employee

Compensation and Benefits under the “necessity of payment” rule (also referred to as the “doctrine of necessity”). *In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992).

49. The United States Court of Appeals for the Third Circuit recognized the “necessity of payment” doctrine in *In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981). The Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. *Id.* (stating a court may authorize payment of prepetition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”); *see also In re Motor Coach Indus. Int’l, Inc.*, No. 08 12136, 2009 WL 330993, at \*3 (D. Del. Feb. 10, 2009) (denying stay pending appeal on grounds that there is no serious basis to challenge doctrine of necessity in the Third Circuit); *In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding that necessity of payment doctrine permits “immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid”); *In re Just for Feet, Inc.*, 242 B.R. 821, 824–26 (Bankr. D. Del. 1999) (noting that the Third Circuit permits debtors to pay prepetition claims that are essential to the continued operation of business).

50. The Debtors believe that enterprise value, not to mention patient care, will be materially impaired by postpetition workforce instability that will result from any non-payment, interruption or termination of Employee Compensation and Benefits. The relief requested in this Motion is, therefore, a necessary element of the Debtors’ efforts to preserve value for their stakeholders. Absent approval of the relief requested in this Motion, key employees may face significant financial hardship and other risks and could be forced to seek alternative employment opportunities. Ultimately, the maximization of value of the Debtors’ estates is inextricably tied to

their workforce. The Debtors cannot readily replace their human capital without significant efforts—which may not be successful given the overhang of these chapter 11 cases—and the employees are critical to the Debtors’ ability to continue operations and otherwise administer their chapter 11 cases. Paying the Employee Compensation and Benefits is thus necessary for the Debtors to avoid unnecessary recruitment and related costs, and to avoid certain operating risks related to the administration of these chapter 11 cases. Accordingly, payment of the Employee Compensation and Benefits is warranted under section 363(b) and the doctrine of necessity.

51. Further, certain of the Employee Compensation and Benefits are entitled to priority under section 507(a)(4) and 507(a)(5) of the Bankruptcy Code. To the extent such claims are afforded priority status, the Debtors are required to pay these claims in full to confirm a chapter 11 plan. See 11 U.S.C. § 1129(a)(9)(b) (requiring payment of certain allowed unsecured claims for (a) wages, salaries, including vacation, and sick leave pay earned by an individual and (b) contributions to an employee benefit plan). Thus, granting the relief sought in this Motion is likely to only affect the timing of such payments to Employees, and should not negatively affect recoveries for general unsecured creditors.

**B. Payment of Certain Employee Compensation and Benefits Obligations Is Required by Law.**

52. As set forth herein, the Debtors also seek authority to pay Deductions and Payroll Taxes to the appropriate entities and taxing authorities. These amounts generally represent Employee earnings that taxing authorities, Employees, and judicial authorities have designated for deduction from Employees’ paychecks. Indeed, certain Deductions, including certain Employee contributions to the Employee Compensation and Benefits programs and child support and alimony payments, are not property of the Debtors’ estates because the Debtors have withheld such amounts from Employees’ paychecks on the Employees’ behalf. *See* 11 U.S.C. § 541(b).

Further, federal and state laws require the Debtors to withhold certain tax payments from Employees' paychecks and to pay such amounts to the appropriate taxing authority. *See* 26 U.S.C. §§ 6672 and 7501(a); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95-97 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes); *In re DuCharmes & Co.*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes). Because the Deductions and Payroll Taxes are not property of the Debtors' estates, the Debtors request authority to transmit the Deductions and Payroll Taxes to the proper parties in the ordinary course.

53. Similarly, state laws require the Debtors to maintain the Workers' Compensation Program. If the Debtors fail to maintain the Workers' Compensation Program, state laws may prohibit the Debtors from operating. Payment of all amounts that may be owed under the Workers' Compensation Program, therefore, is crucial to the administration of these chapter 11 cases.

C. **A Limited Waiver of the Automatic Stay for Workers' Compensation Claims Is Appropriate Here.**

54. Section 362(a) of the Bankruptcy Code operates to stay "the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title . . . ." 11 U.S.C. § 362(a)(1).

55. Section 362 of the Bankruptcy Code, however, permits a debtor or other parties in interest to request a modification or termination of the automatic stay for "cause." *Id.* at § 362(d). Cause exists here to modify the automatic stay to permit the Employees to proceed with workers' compensation claims in the appropriate judicial or administrative forum. Staying the workers'

compensation claims could have a detrimental effect on the financial well-being and morale of the Employees.

**D. Processing of Checks and Electronic Fund Transfers Should Be Authorized**

56. The Debtors have sufficient funds to pay the amounts described in this Motion during the chapter 11 cases through (i) the anticipated debtor in possession secured credit facility and (ii) the anticipated access to cash collateral. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the Employee Compensation and Benefit obligations. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

**E. The Requirements of Bankruptcy Rule 6003 Are Satisfied**

57. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable harm." For the reasons discussed above, authorizing the Debtors to pay the Employee Compensation and Benefits and granting the other relief requested herein is integral to the Debtors' ability to transition their operations into these chapter 11 cases. Failure to receive such authorization and other relief during the first 21 days of these chapter 11 cases would severely disrupt the Debtors' ability to administer their estates at this critical juncture. For the reasons discussed herein, the relief requested is necessary in order for the Debtors to preserve and maximize the value of the Debtors' estates for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied

the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

**F. Reservation of Rights**

58. Nothing contained in this Motion or any actions taken by the Debtors pursuant to relief granted in the Interim Order or Final Order is intended or should be construed as: (a) an admission as to the validity of any particular claim against a Debtor entity; (b) a waiver of the Debtors’ 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 Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors’ rights under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court’s order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors’ rights to subsequently dispute such claim.

**G. Waiver of Bankruptcy Rules 6004(a) and 6004(h)**

59. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).



**H. Notice**

60. This Motion has been served upon (a) the Office of the United States Trustee for the District of Delaware; (b) the Internal Revenue Service; (c) the thirty (30) largest unsecured creditors on a consolidated basis; (d) the New Jersey Department of Health; (e) Capitala, Maple, and Bayonne Medical Center Opco, LLC; (f) the Debtors' banking institutions; and (g) other parties as set forth in the accompanying Certificate of Service. In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

**V. CONCLUSION**

WHEREFORE, the Debtors respectfully request that the Court enter the Interim Order and Final Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Dated: November 4, 2024

**DILWORTH PAXSON LLP**

/s/ Peter C. Hughes

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*Proposed Counsel for the Debtor*

**EXHIBIT A**

**Proposed Interim Order**

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

In re:	X	Chapter 11
CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al., <sup>1</sup>	:	Case No. 24-12534 (JKS)
	:	(Joint Administration Requested)
Debtors.	:	<b>Re D.I. ____</b>
	:	
	X	

**INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY PREPETITION EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE EMPLOYEE EXPENSES AND (B) CONTINUE EMPLOYEE BENEFITS PROGRAMS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and (b) granting related relief; all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: (i) Bayonne Intermediate Holdco, LLC (7716); (ii) Benego CarePoint, LLC (2199); (iii) Briar Hill CarePoint, LLC (iv) CarePoint Health Management Associates Intermediate Holdco, LLC (none); (v) CarePoint Health Management Associates, LLC d/b/a CarePoint Health (3478); (vi) CarePoint Health Systems, Inc. d/b/a Just Health Foundation (6996); (vii) CH Hudson Holdco, LLC (3376); (viii) Christ Intermediate Holdco, LLC (3376); (ix) Evergreen Community Assets (1726); (x) Garden State Healthcare Associates, LLC (4414); (xi) Hoboken Intermediate Holdco, LLC (2105); (xii) Hudson Hospital Holdco, LLC (3869); (xiii) Hudson Hospital Opco, LLC d/b/a CarePoint Health-Christ Hospital (0608); (xiv) HUMC Holdco, LLC (3488); (xv) HUMCO Opco, LLC d/b/a CarePoint Health-Hoboken University Medical Center (7328); (xvi) IJKG, LLC (7430); (xvii) Just Health MSO, LLC (1593); (xviii) New Jersey Medical and Health Associates d/b/a CarePoint Health Medical Group (0232); (xix) Quality Care Associates, LLC (4710); (xx) Sequoia BMC Holdco, LLC (9812); (xxi) IJKG Opco LLC d/b/a CarePoint Health-Bayonne Medical Center (2063). The address for CarePoint Health Systems Inc. is 308 Willow Avenue, Hoboken, NJ 07030.

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

Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012; and the Debtors consenting to entry of a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The Motion is granted on an interim basis as set forth herein.
2. The final hearing (the "Final Hearing") on the Motion shall be held on \_\_\_\_\_, 2024 at \_\_\_ : \_\_\_ \_\_\_\_m (**prevailing Eastern Time**). Any objections or responses to entry of a final order on the Motion shall be filed on or before **4:00 p.m., (prevailing Eastern Time)**, on \_\_\_\_\_, 2024 and shall be served on: (a) proposed counsel for the Debtors, Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102 (Attn: Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102 (Attn: Lawrence G. McMichael, Esq. [lmcmichael@dilworthlaw.com]; Peter C. Hughes, Esq. [phughes@dilworthlaw.com]; Anne M. Aaronson, Esq. [aaronson@dilworthlaw.com]; Jack Small, Esq. [jsmall@dilworthlaw.com]); (b) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King St., Lockbox 35, Wilmington, DE 19801 (Attn: Jane M. Leamy, Esq. [jane.m.leafy@usdoj.gov]); (c) counsel to Capitala, Maple and Bayonne Medical Center Opco,

LLC; (d) counsel to any official committee of unsecured creditors appointed in these Chapter 11 cases.

3. In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

4. The Debtors are authorized, but not directed, in their sole discretion, to continue the Employee Compensation and Benefits and to honor and pay, in the ordinary course and in accordance with the Debtors' prepetition policies and prepetition practices, any obligations on account of the Employee Compensation and Benefits, irrespective of whether such obligations arose prepetition or postpetition, including payments due to or on account of, as applicable, the Employee Compensation, the Unpaid Compensation (including, for the avoidance of doubt, any Unpaid Compensation due to any former employee that is unpaid as of the Petition Date), the Withholding Obligations, the Unpaid Payroll Processing Fees, the Reimbursable Expenses (including, for the avoidance of doubt, any Reimbursable Expenses due to any former employee that is unpaid as of the Petition Date), the Payroll Taxes, and the Employee Benefit Programs (including but not limited to the Health Benefit Plans, the Workers' Compensation Program, the 401(k) Plan, and Paid Time Off); provided that no payments on account of Unpaid Compensation, or Paid Time Off shall exceed \$15,150.00 in the aggregate per individual in accordance with sections 507(a)(4) and (a)(5) of the Bankruptcy Code.

5. Notwithstanding anything to the contrary herein, pending entry of the Final Order, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not more than: (a) \$8,429,000 on account of prepetition Employee Compensation; (b) \$2,769,000 on account of prepetition Withholding Obligations; (c) \$3,000 on account of

prepetition Payroll Processing Fees; (d) \$116,000 on account of prepetition Reimbursable Expenses; and (e) \$3,150,000 on account of the prepetition Employee Benefits Programs.

6. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

7. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

8. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

9. Nothing in the Motion or the Interim Order shall be deemed to (i) authorize the payment of any amounts that are subject to section 503(c) of the Bankruptcy Code, including for the avoidance of doubt, payment of any obligations to or on behalf of any "insider" (as defined by section 101(31) of the Bankruptcy Code) of the Debtors, or (ii) violate or permit a violation of section 503(c) of the Bankruptcy Code; provided that nothing in this Interim Order shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

10. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Compensation and Benefits obligations.

11. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order.

12. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed to their Employees.

13. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights or the rights of any other Person under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens.

14. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

15. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

16. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

17. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

18. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.



**EXHIBIT B**

**Proposed Final Order**

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

In re:	X	Chapter 11
CarePoint Health Systems Inc. d/b/a Just Health Foundation, et al., <sup>1</sup>	:	Case No. 24-12534 (JKS)
	:	(Joint Administration Requested)
Debtors.	:	<b>Re D.I. ____</b>
	:	
	X	

**FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY PREPETITION EMPLOYEE WAGES, SALARIES, OTHER COMPENSATION, AND REIMBURSABLE EMPLOYEE EXPENSES, AND (B) CONTINUE EMPLOYEE BENEFITS PROGRAMS; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final Order”): (a) authorizing, but not directing, the Debtors to (i) pay certain prepetition employee wages, salaries, other compensation, reimbursable employee expenses, and (ii) continue employee benefits programs in the ordinary course, including payment of certain prepetition obligations related thereto; and (b) granting related relief; all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: (i) Bayonne Intermediate Holdco, LLC (7716); (ii) Benego CarePoint, LLC (2199); (iii) Briar Hill CarePoint, LLC (iv) CarePoint Health Management Associates Intermediate Holdco, LLC (none); (v) CarePoint Health Management Associates, LLC d/b/a CarePoint Health (3478); (vi) CarePoint Health Systems, Inc. d/b/a Just Health Foundation (6996); (vii) CH Hudson Holdco, LLC (3376); (viii) Christ Intermediate Holdco, LLC (3376); (ix) Evergreen Community Assets (1726); (x) Garden State Healthcare Associates, LLC (4414); (xi) Hoboken Intermediate Holdco, LLC (2105); (xii) Hudson Hospital Holdco, LLC (3869); (xiii) Hudson Hospital Opco, LLC d/b/a CarePoint Health-Christ Hospital (0608); (xiv) HUMC Holdco, LLC (3488); (xv) HUMCO Opco, LLC d/b/a CarePoint Health-Hoboken University Medical Center (7328); (xvi) IJKG, LLC (7430); (xvii) Just Health MSO, LLC (1593); (xviii) New Jersey Medical and Health Associates d/b/a CarePoint Health Medical Group (0232); (xix) Quality Care Associates, LLC (4710); (xx) Sequoia BMC Holdco, LLC (9812); (xxi) IJKG Opco LLC d/b/a CarePoint Health-Bayonne Medical Center (2063). The address for CarePoint Health Systems Inc. is 308 Willow Avenue, Hoboken, NJ 07030.

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

Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012; and the Debtors consenting that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court, if any (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.
2. The Debtors are authorized, but not directed, in their sole discretion, to continue the Employee Compensation and Benefits and to honor and pay, in the ordinary course and in accordance with the Debtors' prepetition policies and prepetition practices, any obligations on account of the Employee Compensation and Benefits, irrespective of whether such obligations arose prepetition or postpetition, including payments due to or on account of, as applicable, the Employee Compensation, the Unpaid Compensation (including, for the avoidance of doubt, any Unpaid Compensation due to any former employee that is unpaid as of the Petition Date), the Withholding Obligations, the Unpaid Payroll Processing Fees, the Reimbursable Expenses (including, for the avoidance of doubt, any Reimbursable Expenses due to any former employee that is unpaid as of the Petition Date), the Payroll Taxes, and the Employee Benefit Programs

(including but not limited to the Health Benefit Plans, the Workers' Compensation Program, the 401(k) Plan, and Paid Time Off); provided that no payments on account of Unpaid Compensation, or Paid Time Off shall exceed \$15,150.00 in the aggregate per individual in accordance with sections 507(a)(4) and (a)(5) of the Bankruptcy Code.

3. Notwithstanding anything to the contrary herein, the Debtors are authorized, but not directed, in their sole discretion, to pay, remit, or reimburse, as applicable, not more than: (a) \$8,429,000 on account of prepetition Employee Compensation; (b) \$2,769,000\_ on account of prepetition Withholding Obligations; (c) \$3,000 on account of prepetition Payroll Processing Fees; (d) \$116,000 on account of prepetition Reimbursable Expenses; and (e) \$3,150,000 on account of the prepetition Employee Benefits Programs.

4. Pursuant to section 362(d) of the Bankruptcy Code, employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum and the Debtors are authorized, but not directed, to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

5. The Debtors are authorized, but not directed, to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

6. The Debtors are authorized, but not directed, to pay costs and expenses incidental to payment of the Employee Compensation and Benefits obligations, including all administrative and processing costs and payments to outside professionals.

7. Nothing in the Motion or the Final Order shall be deemed to (i) authorize the payment of any amounts that are subject to section 503(c) of the Bankruptcy Code, including for the avoidance of doubt, payment of any obligations to or on behalf of any “insider” (as defined by section 101(31) of the Bankruptcy Code) of the Debtors, or (ii) violate or permit a violation of section 503(c) of the Bankruptcy Code; provided that nothing in this Final Order shall prejudice the Debtors’ ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

8. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of the Employee Compensation and Benefits obligations.

9. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors’ designation of any particular check or electronic payment request as approved by this Final Order.

10. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed to their Employees.

11. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors’ right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in

this Final Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver or limitation of the Debtors' rights or the rights of any other Person under the Bankruptcy Code or any other applicable law; or (g) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to the Motion are valid, and the Debtors expressly reserve their rights to contest the extent, validity, or perfection or seek avoidance of all such liens.

12. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

13. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

15. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.