

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION**

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|--|---------------------------|
| In re: | Chapter 11 |
| Landmark Holdings of Florida, LLC, | Case No. 2:25-bk-00397 |
| | Jointly Administered With |
| Landmark Management Services of Florida, LLC, | Case No. 2:25-bk-00398 |
| Landmark Rehabilitation Hospital of Columbia, LLC, | Case No. 2:25-bk-00399 |
| Landmark Hospital of Athens, LLC, | Case No. 2:25-bk-00400 |
| Landmark Hospital of Cape Girardeau, LLC, | Case No. 2:25-bk-00401 |
| Landmark Hospital of Columbia, LLC, | Case No. 2:25-bk-00402 |
| Landmark Hospital of Joplin, LLC, | Case No. 2:25-bk-00403 |
| Landmark Hospital of Savannah, LLC, | Case No. 2:25-bk-00404 |
| Debtors. ¹ | |

DEBTORS' CHAPTER 11 CASE MANAGEMENT SUMMARY

1. On March 9, 2025 (the "Petition Date"), the above-captioned debtors and debtors in possession (the "Debtors" or "Landmark") commenced with this court (the "Court") the above-captioned voluntary cases (the "Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Landmark Holdings of Florida, LLC (1217); Landmark Management Services of Florida, LLC (7031); Landmark Rehabilitation Hospital of Columbia, LLC (5424); Landmark Hospital of Athens, LLC (2745); Landmark Hospital of Cape Girardeau, LLC (1155); Landmark Hospital of Columbia, LLC (5424); Landmark Hospital of Joplin, LLC (9493); and, Landmark Hospital of Savannah, LLC (8003).

2. This *Debtors' Chapter 11 Case Management Summary* is divided into four sections. **Section I** provides an overview of the Debtor and these Cases. **Section II** describes the Debtors' business, corporate and capital structure. **Section III** describes the circumstances that led to the commencement of these Cases. **Section IV** provides a summary of the first day pleadings filed contemporaneously herewith and evidentiary support for the relief requested therein.

I. **Overview**

3. Landmark owns and operates five LTAC hospitals located in Athens, GA, Cape Girardeau, MO, Columbia, MO, Joplin, MO, and Savannah, GA. Landmark provides management services to a sixth LTAC hospital located in Lehigh Acres, FL that is not owned by Landmark. The company's hospitals provide critical care to patients that require a higher level of care for a longer period of time than a typical hospital can provide. Following their stay, Landmark's patients typically discharge to rehab, skilled or home locations.

4. Landmark opened its first hospital in 2006 with a 30-bed hospital in Cape Girardeau, MO. Over the next eight years, the company opened five more hospitals and has a total of 191 beds as of today.² Each of Landmark's hospitals were built new construction and are free-standing. Through a master lease arrangement, Landmark leases each of its hospitals from one of two real estate investment trusts that specialize in the ownership and management of research, medicine and healthcare facilities. Landmark's hospitals are a regional referral source to the acute care hospitals in their respective markets, which typically extends out for up to a 200-mile radius.

5. Like many businesses, Landmark was significantly impacted by the global COVID-19 pandemic. Initially, the company experienced a dramatic increase in its census and demand for

² The Debtors recently closed a hospital that they had opened in Salt Lake City, UT.

LTAC services as a result of the wide-spread impact of COVID-19 across the communities it services. In the period following the onset of the pandemic, however, Landmark experienced a dramatic increase in labor costs, including skilled nursing, staffing shortages, and other inflationary expenses. At the same time, reimbursement rates for programs administered by the Centers for Medicare and Medicaid Services (CMS) plateaued (and in some cases declined), failing to keep pace with the rise in healthcare-related costs. Additional restrictive regulatory changes were implemented when the declared public health emergency was lifted on May 23, 2024, further restricting the types of patients allowed in an LTAC hospital. Certain of Landmark's hospitals have been more severely impacted by these developments due to geography and patient mix. The combination of these factors has strained Landmark's ability to generate cash flow sufficient to service its outstanding debt obligation.

6. Ultimately, Landmark determined that its outstanding debt obligation is unsustainable in light of the current cash flow constraints facing the company. Following failed discussions with its lender concerning a loan modification, Landmark determined that it was in the best interest of all of its stakeholders to seek protection under chapter 11 in order to pursue a value-maximizing transaction and ensure the preservation of jobs and the continued availability of healthcare services in the underserved communities in which Landmark operates. ***Importantly, Landmark has sufficient cash on hand to fund ongoing operations of the hospitals to ensure that their patients have continued access to critical care.***

7. Prior to commencing these Cases, Landmark engaged an investment banker to prepare a marketing process to find parties interested in continuing to operate Landmark's hospitals, whether as capital providers or new owners. To that end, the Debtors will be filing in the coming weeks a motion seeking approval of proposed bidding procedures with a detailed

timeline for the postpetition marketing process. Landmark is confident that this process will yield the best outcome for all of Landmark's stakeholders, including its patients, vendors, physicians, staff, regulators, lessors, and its secured lender.

II. The Debtors' Business

A. Corporate Structure

8. A corporate organization chart illustrating the Debtors' corporate structure is attached hereto as **Exhibit A**. Each of Landmark's hospitals is owned by a Landmark subsidiary. The corporate organization chart identifies the ownership of each Landmark subsidiary.

9. Debtor Landmark Management Services, LLC ("**LMS**") is wholly owned by Landmark Holdings of Florida, LLC. LMS houses the senior leadership team that provides healthcare management services to each of the Debtors' hospitals and to the non-debtor hospital in Lehigh Acres, FL. LMS is responsible for providing consultation services, setting standards for patient care, and otherwise ensuring the consistent overall performance and functioning of the hospitals that it services. LMS oversees the financial management of each hospital, which includes various functions such as accounting, supply chain management, billing, insurance, taxes, and treasury. LMS is also responsible for providing certain corporate human resources functions, which include payroll administration, government filings, compensation and benefits, reporting and analytics, and other administrative services necessary for the operation of the hospitals.

10. Each of the hospitals that LMS services has a chief executive officer that is responsible for the operations of the particular hospital. These facility CEOs share in the responsibility with LMS to oversee the operations of the hospitals on a local level and work hand-in-hand with each hospital's medical director to ensure the quality of patient care. Each hospital has its own governing board that is responsible at a local level for various hospital functions, including quality and risk management, clinical leadership, facilities maintenance, as well as other

general support and administrative functions. An organizational chart identifying the directors, officers and senior leadership team for the Debtors and the hospitals is attached hereto as **Exhibit B.**

B. Capital Structure

11. As of the Petition Date, the Debtors had approximately \$30 million in principal amount, plus accrued interest, of funded debt obligations outstanding. The Debtors' primary secured obligation is a five-year term loan that Landmark received in December 2020 through the Main Street Priority Loan Facility (the "Main Street Loan") in the original principal amount of \$30,000,000.³ Amerant Bank, N.A. ("Amerant") administers the Main Street Loan. The Federal Reserve Bank of Boston owns a 95% participation interest in the Main Street Loan through a special purpose vehicle.

12. The interest rate on the loan is variable and has increased substantially since the Main Street Loan was originated in 2020. The loan is secured by substantially all of the Debtors' assets. The loan was originally scheduled to require two fifteen percent (15%) principal amortization payments at the end of years three and four (in 2023 and 2024, respectively), with the balance due at maturity at the end of year five (in December 2025).

13. On November 30, 2023, the Main Street Loan was amended to defer the fifteen percent (15%) principal payment due December 9, 2023, until the maturity date on December 9, 2025.

14. In October 2024, the Debtors requested that Amerant submit a request to the Federal Reserve Bank of Boston to defer the second principal payment due December 9, 2024 until

³ The Main Street Lending Program was established pursuant to the Coronavirus Aid, Relief, and Economic Security Act (section 4003), Pub. L. 116-136 (2020).

the maturity date. Despite making the request weeks in advance, the Debtors did not receive a decision on that request prior to the payment due date.

15. On December 9, 2024, without any prior notice, Amerant swept Landmark's primary operating account to cover a quarterly interest payment, creating a provisional overdraft of approximately \$250,000. The bank then refused to honor certain payments that had been presented, including payments to certain of the hospitals' medical supply and services vendors. This left Landmark in a precarious position by threatening interruption of the supply of critical medical products and services necessary for providing patient care. Landmark was forced to transfer funds from another account that were earmarked for payroll to cover the overdraft and avoid the potential business disruption. As of the Petition Date, Landmark has yet to receive a decision on its loan modification request to defer the past due December 2024 principal payment to the maturity date.

16. On March 10, 2025, after receiving notice of the filing of the Debtors' Cases, Amerant again initiated a debit of one of the Debtors' bank accounts in the amount of \$5,371,999.58, creating a large provisional overdraft. This large overdraft had the potential to disrupt the Debtors' business and cause substantial harm to their ability to provide patient care. Fortunately, this debit was subsequently reversed.

17. The Debtors do not believe any other parties have security interests in the Debtors' assets. The Debtors intend to use cash collateral to pay operating expenses and the costs of administering these Cases, and they will seek court approval to do so.

18. The Debtors lease their hospitals through a master lease arrangement whereby Landmark Real Estate Holdings, LLC is party to a master lease with one of two entities, Sila Realty Trust, Inc. or Ventas, Inc., each of which are publicly traded real estate investment trusts (REITs)

that specialize in the ownership and management of research, medicine, and healthcare facilities in the United States and abroad. Each of the Debtor owned hospital entities are party to a sublease with Landmark Real Estate Holdings, LLC. For a substantial period of time prior to the Petition Date, with the agreement of their landlord, the Debtors had been deferring a portion of the rent owed under their facility leases to ease the Debtors' current liquidity issues. This rent deferral has led to significant deferred lease obligations of approximately \$13 million as of the Petition Date.

19. Each of the Debtors' entities that own a hospital are party to certain equipment finance leases. Landmark Hospital of Care Girardeau, LLC is party to certain finance leases through December 2026, with principal and interest due monthly, in the approximately amount of \$191,772, that are secured by equipment. Landmark Hospital of Joplin, LLC is party to certain finance leases through December 2025, with principal and interest due monthly, in the approximate amount of \$270,954, that are secured by equipment. Landmark Hospital of Athens, LLC is party to certain finance leases through December 2026, with principal and interest due monthly, in the approximate amount of \$289,880, that are secured by equipment. Landmark Hospital of Columbia, LLC is party to certain finance leases through January 2027, with principal and interest due monthly, in the approximate amount of \$298,985, that are secured by equipment.⁴

20. In addition to its funded debt and lease obligations, Landmark routinely incurs payment obligations in the ordinary course of business to various third-party providers of goods and services. Total unsecured debt, exclusive of lease obligations, is approximately \$20.1 million. Landmark Management Services of Florida, LLC also has an unsecured note payable to Dr. William Kapp in the approximate amount of \$1,697,770. The Debtors are current on all pre-

⁴ The figures cited in this paragraph are as of the end of the period ending December 31, 2023.

petition taxes, except accrued bed tax due and owing to the state of Georgia in the approximate amount of \$1.2 million.

C. Challenges to the Debtors' Business

21. For the year ending December 31, 2023, the Debtors reported revenue of approximately \$79.4 million, an increase from the prior year's revenue by more than \$7 million.

The following chart shows the breakdown of revenue by entity for 2024:

| Debtor Name | 2024 Net Revenues |
|---|-------------------|
| Landmark Holdings of Florida, LLC | n/a |
| Landmark Hospital of Athens, LLC | \$19,789,232 |
| Landmark Hospital of Cape Girardeau, LLC | \$13,512,137 |
| Landmark Hospital of Columbia, LLC | \$18,534,309 |
| Landmark Hospital of Joplin, LLC | \$12,849,880 |
| Landmark Hospital of Savannah, LLC | \$17,862,853 |
| Landmark Management Services of Florida, LLC | \$4,428,364 |
| Landmark Rehabilitation Hospital of Columbia, LLC | n/a |

22. However, since 2020, salaries, wages, and benefits for skilled nurses have increased by approximately 29% and the cost of contract labor for Landmark has increased by approximately 229%. Landmark has sought to counter this extraordinary rise in labor costs by selectively using contract labor and introducing its own internal contract agency to reduce expenses and maintain consistency in clinical staffing.



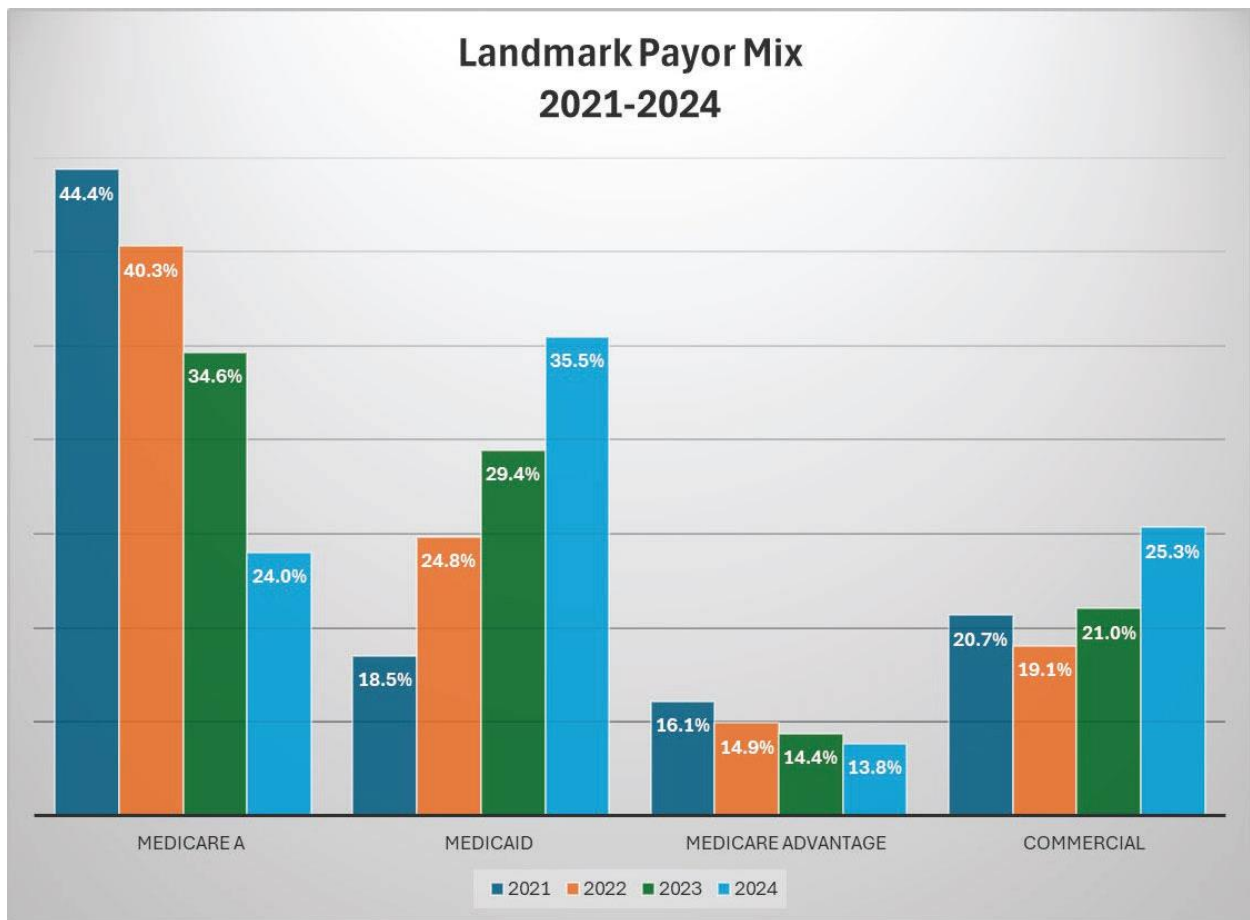
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23. In addition to rising wages, salaries and benefits, and contract labor costs, Landmark has experienced a rise in the cost of pharmaceuticals since 2020, most notably between 2022 and 2024.



⁵ See Statista, Registered Nurses Annual Salary U.S. 2011-2023, <https://www.statista.com/statistics/1254675/annual-salary-of-nurses-in-the-united-states/>

24. Regulatory pressures have also impacted Landmark’s business. Reimbursement rates, particularly under Medicare, have stagnated in the last few years (and in some instances, decreased as a result of legislative changes). Landmark has historically relied on Medicare as a significant source of reimbursement for providing healthcare services. Unfortunately, the reimbursement rates that Landmark realizes have failed to keep up with rising healthcare costs and inflation. In response, Landmark has attempted to shift its payor mix over the last few years to be less reliant on Medicare reimbursement. Landmark is also working directly with several coalitions to enact legislation aimed at addressing this issue.



25. Landmark’s senior management team has taken numerous other steps to address rising hospital costs and improve the company’s financial performance. These initiatives have included:

- implementing a reduction in force (RIF) including the business office in Cape Girardeau, human resources and accountants in Florida, and closing a Florida office;
- assigning individuals regional responsibilities for credentialing, coding and case management in lieu of each hospital providing their own individually, resulting in significant savings;
- investing in a regional case management director resulting in more efficiency and improved patient throughput efficiencies in each hospital;
- outsourcing hospital billing and collection functions to a third party for improvement in collections results and cash flow;
- outsourcing physician (part B) coding, billing and collections resulting in improved accuracy and compliance for coding and charge capture (100% chart review) for contracted MD services;
- redesigning benefits for self-funded employee health insurance model, resulting in several million in savings in the first year of implementation;
- transitioning from a self-insured model to a PEO model of employment, which significantly reduced potential risk for healthcare claims and improved recruitment and retention efforts by providing a standard level of benefits;
- restructuring and “right sizing” all property and casualty and malpractice insurance coverages to provide adequate coverage for all business lines reducing unnecessary expense and coverages;
- successfully renegotiating the Savannah, GA building lease to approximately 50% of the original lease amount, effective January 1, 2024;
- increasing over \$5 million annual net operating revenue from 2023 to 2024;
- increasing contract numbers and rates, becoming “in-network” providers for multiple payor networks, resulting in rate increases with renegotiated or new agreements;
- enhancing strategic contracting efforts with workers compensation and catastrophic injury claim patients, yielding additional revenue and service lines of business;
- Instituting a prisoner healthcare services provider business, contracting directly with a national third-party healthcare services provider for local, state and regional prisoners in GA and MO;

- forming internal agency staffing programs (Temporary Assignment Program) to compete directly with external staffing agencies, essentially providing a 30-40% reduction in rates for agency nurses;
- cancelling and renegotiating multiple MD agreements and employment arrangements in multiple facilities, resulting in improved patient care, and efficiency in billing and collecting Part B billing;
- investing in a multimedia program (social media) to improve company presence and marketing image benefits in the markets Landmark serves by providing testimonials, positive patient care outcomes, employee recognition and retention;
- investing in approximately \$1.4 million in dialysis technology resulting in a 8-month ROI and significant savings annually thereafter, providing better patient outcomes;
- moving IT services “in-house” versus contracted service resulting in an approximate annual savings of \$500,000;
- Reducing certain guaranteed payments by 50%, resulting in a \$600,000 annual savings;
- instituting a standardized staffing model across all hospitals, reducing variability and improving bedside care efficiency, resulting in significant savings; and
- instituting a purchasing committee with controls for all inventory, supplies and capital equipment.

26. Despite these numerous and broad cost-saving and revenue improvement initiatives, Landmark has not returned to a level of profitability sufficient to service its substantial debt burden.

III. Events Leading to the Commencement of These Cases and Case Plan

27. In response to the liquidity issues facing Landmark, the senior management team proactively sought to address the situation by seeking an out of court restructuring with the consent of Amerant. As described above, the Debtors initially sought a loan modification that would defer a substantial principal payment until the loan’s maturity date in December 2025. When it appeared that Landmark may not be successful in obtaining the requested modification, on January 28, 2025, Landmark engaged Raymond James as their investment banker to assist them with negotiating an

exit from the Main Street lending program, including looking at potential options to market and sell the Main Street Loan with the consent of the lender or engage in an alternative transaction that would permit the company to restructure its balance sheet.

28. Since being retained, Raymond James has developed marketing materials, a form non-disclosure agreement and confidential information memorandum, as well as a timeline for a market process that would involve hosting a virtual data room and targeting a universe of potentially interested parties to enter into a transaction with the Debtors.

29. In February 2025, the Debtors have also engaged CR3 Partners to provide financial advisory services, including cash flow forecasting and other financial analysis that the Debtors may require through this process.

30. With the assistance of Raymond James and CR3 Partners, the Debtors developed a proposal for the secured lender that would ease the Debtors' liquidity and provide a path forward that the Debtors hoped would result in a value maximizing transaction while avoiding the expenses associated with filing chapter 11. Unfortunately, the Debtors' secured lender would not consent to this approach and demanded that the Debtors continue to make payments on the debt. Without the cooperation of their secured lender, the Debtors determined that it would be in the best interest of all their stakeholders to commence these Cases.

31. The Debtors filed these cases in order to continue with the process that they commenced prior to the Petition Date with the assistance of Raymond James and their other professionals. Specifically, the Debtors intend on using cash collateral with the consent of Amerant and/or authorization of this Court to continue to operate their businesses in the ordinary course. Within the coming weeks, the Debtors will be filing a bidding procedures motion that will

set forth a timeline for the marketing of their assets. The Debtors submit that this proposed process is in the best interests of all of their constituents.

IV. First Day Pleadings⁶

32. Contemporaneously herewith, Landmark has filed first day pleadings seeking orders granting various forms of relief intended to stabilize the Debtors' business operations, facilitate the efficient administration of these Cases, and expedite a smooth reorganization. The First Day Pleadings include the following:

- *Debtors' Emergency Motion Pursuant to 11 U.S.C. §§ 105(a) and 521, and Fed. R. Bankr. P. 1007(a) and 2002(a) and (f), For Entry of an Order (I) Authorizing the Debtors to (A) File a Consolidated List of Creditors in Lieu of a Formatted Matrix, (B) File a Consolidated List of the Debtors' Top 20 Unsecured Creditors, (C) Redact Certain Personal Identification Information From Filings, (D) Serve Parties by Email, and (II) Approving the Manner and Form of Notify the Creditors of the Commencement of These Cases (the "Consolidated List Motion")*;
- *Debtors' Emergency Motion Pursuant to 11 U.S.C. §§ 105(a) and 521(a) and Fed. R. Bankr. P. 1007(c) for Entry of An Order Extending Time to File Their Schedules of Assets and Liabilities and Statements of Financial Affairs (the "Extend Time to File Schedules and SOFAs Motion")*;
- *Debtors' Emergency Application for Entry of an Order Appointing American Legal Claims Services, LLC as Claims, Noticing, and Solicitation Agent (the "ALCS Retention Application")*;
- *Debtors' Emergency Motion for Interim and Final Orders (I) Authorizing Debtors to (A) Pay Certain Prepetition Wages, Salaries, Employee Benefits, Expenses, and Other Compensation, (B) Maintain Employee Benefits Programs, and (C) Continue to Pay Workforce Obligations; and (II) Granting Related Relief (the "Wages Motion")*;
- *Debtors' Emergency Motion for Entry of Interim and Final Orders Authorizing the Debtors to Use Cash Collateral and Granting Adequate Protection (the "Cash Collateral Motion")*;
- *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Maintain Existing Bank Accounts and Business Forms and Continue to Use Existing Cash Management System; (II) Granting Administrative Expense*

⁶ Capitalized terms used but not defined in this Section IV have the meanings ascribed in their respective motion.

Status for Intercompany Claims; and (III) Waiving the Requirements of Section 345(b) of the Bankruptcy Code (the “Cash Management Motion”); and

- *Debtors’ Emergency Motion for Interim and Final Orders (I) Authorizing Debtors to (A) Maintain, Administer, Modify, and Renew Their Existing Refund Programs and Pay or Otherwise Honor Prepetition Obligations Related Thereto, and (B) Honor Prepetition Medicare Extended Repayment Schedule Obligations; and (II) Granting Related Relief (the “Refund Motion”).*

33. As described in detail below, the first day pleadings seek authority to, among other things, honor employee-related wages and benefits obligations, use cash collateral, ensure the continuation of the Debtors’ cash management system and other operations in the ordinary course of business, and ensure continuation of the Debtors’ patient refund program.

34. Rule 6003 of the Federal Rules of Bankruptcy Procedure provides, in relevant part, that the Court shall not consider motions to pay prepetition claims during the first 21 days after the filing of a chapter 11 petition, “except to the extent relief is necessary to avoid immediate and irreparable harm.” In light of this requirement, the Debtors have narrowly tailored their requests for immediate authority to pay certain prepetition claims to those circumstances in which the failure to pay such claims would cause immediate and irreparable harm to the Debtor and its estate.

35. The Debtors believe approval of the relief sought in each of the first day pleadings is critical to their ability to utilize chapter 11 successfully to implement a value-maximizing reorganization, with minimal disruption to their business operations.

A. Consolidated Lists Motion

36. In the Consolidated Lists Motion, the Debtors request entry of an order (I) authorizing the Debtors to (A) maintain a consolidated list of creditors in lieu of a formatted mailing matrix, (B) file a consolidated list of the Debtors’ twenty (20) largest unsecured creditors, (C) redact the addresses and email addresses of individuals that are the Debtors’ current and former employees, directors, interest holders, contractors, creditors, and other parties in interest (including

the Debtors' current and former patients), as necessary, and any other information required to be redacted, to the extent applicable or required by law, and (D) serve parties in interest by email; and (II) approving the manner and form of notifying creditors of the commencement of these Cases and other information. The Debtors believe that the relief requested in the Consolidated Lists Motion is in the best interests of their estates, creditors, and all other parties in interest and constitutes a critical element in achieving a successful and smooth transition to chapter 11.

B. Extend Time to File Schedules and SOFAs Motion

37. By the Extend Time to File Schedules and SOFAs Motion, the Debtors seek entry of an order extending the fourteen (14) day period to file their schedules of assets and liabilities and statements of financial affairs by an additional thirty (30) days, through and including April 22, 2025, without prejudice to the Debtors' right to request additional time should it become necessary. Due to critical matters that the Debtors management and professionals were required to address prior to the commencement of these Cases, the Debtors were not in a position to complete the schedules and statements by the Petition Date, even with the assistance of professionals. As such, the Debtors believe a 30-day extension to April 22, 2025 (without prejudice to further extensions), is necessary and appropriate.

C. ALCS Retention Application

38. By the ALCS Retention Application, the Debtors seek entry of an order authorizing them to employ and retain American Legal Claim Services, LLC ("ALCS") as the Debtors' claims, noticing, and balloting agent in connection with these Cases effective as of the Petition Date. The Debtors believe that the distribution of notices and the processing of claims will be expedited by ALCS's retention, and the Office of the Clerk of the Court (the "Clerk's Office") will be relieved of the related administrative burden. Furthermore, the attendant cost of maintaining the Debtors' service lists and effectuating proper service of all pleadings filed by the Debtors is substantially

lessened by retaining a professional noticing agent (rather than requesting the Debtors' proposed counsel handle noticing). As such, the Debtors believe retention of ALCS is necessary and appropriate and in the best interest of the Debtors' estates.

D. Wages Motion

39. By the Wages Motion, the Debtors seek entry of interim and final orders (i) authorizing, but not directing, the Debtors to pay the prepetition wages, salaries, and benefits, expenses, and other compensation of their workforce; (ii) authorizing, but not directing, the Debtors to continue employee benefit programs in the ordinary course of business; and (iii) authorizing and directing applicable financial institutions to honor and process related checks and transfers, each in the ordinary course of business.

40. As of the Petition Date, the Debtors employ approximately 625 people in, including approximately 340 full-time employees and approximately 285 part-time employees. Approximately 90 of the Debtors' employees are salaried and approximately 535 are paid on an hourly basis. For those employees that are not based in a hospital, approximately 10 work at the Debtors' headquarters or are home based and work in the field at multiple hospital locations.

41. The Debtors' Employees are paid bi-weekly. The Debtors run payroll separately for each hospital. The average gross monthly payroll for the Debtors' Employees approximately is \$3.7 million. There are only two employees who would receive amounts in excess of the wage cap of \$15,150, which are the Debtors' chief executive officer and chief operations officer. The next scheduled payroll date for certain of the Debtors' hospitals⁷ is on or around March 14, 2025.

⁷ Landmark Management Services of Florida, LLC, Landmark Hospital of Athens, LLC, and Landmark Hospital of Joplin, LLC.

The next scheduled payroll date for the balance of the Debtors' hospitals⁸ is on or around March 21, 2025.

42. In addition to Employees, the Debtors utilize approximately 14 Independent Physicians and physicians who are members of approximately 9 Physician Groups. The Debtors further supplement their workforce by relying on approximately 2 independent contractors as well as 145 temporary agency worked staffed by active third-party staffing agencies.

43. The estimated accrued and unpaid Compensation Obligations (as defined in the motion) as of the Petition Date are summarized in the following chart:

| Category | Amounts Accrued and Unpaid |
|-------------------------|----------------------------|
| Employee Wages | \$1,100,000 |
| Affiliated Physicians | \$532,000 |
| Independent Contractors | \$375,000 |
| Employment Agencies | \$2,700,000 |
| Total | \$4,707,000 |

44. The Debtors utilize ADP Workforce Now for valuable human resources information systems to manage the Debtors' workforce and human resource-related functions, including timekeeping, payroll processing, and attendance tracking. The Debtors' internal payroll department uses timekeeping, wage, and withholding information maintained on the Workforce Now system to calculate pay amounts, submit direct deposit transfer details to the banks, and complete payroll tax filings, among other things. The Debtors incur administrative fees, among other costs, owed to Workforce Now. Payroll Costs are collected concurrently with the Debtors' funding of Employee Wages and range between 1.61% and 6.45% of gross payroll.

⁸ Landmark Hospital of Savannah, LLC, Landmark Hospital of Cape Girardeau, LLC and Landmark Hospital of Columbia, LLC

45. In addition to the wages and other compensation discussed above, the Debtors' Employees also generally are entitled to receive other forms of compensation, including health benefits, vacation pay, paid holidays, paid sick time and other earned time off, and reimbursement of certain business expenses (collectively, the "Employee Benefit Programs").

46. If the requested relief is not granted, the Debtors' relationships with their workforce would be adversely impacted and would likely suffer irreparable harm. The Debtor's business hinges on its relationships with its workforce, in particular its Affiliated Physicians, and the ability to provide superior services is vital. The workforce's support for the Debtors' efforts is critical to the success of these Cases. At this early stage, the Debtors simply cannot risk the substantial damage to their businesses that would inevitably attend any decline in their workforce's morale attributable to the Debtors' failure to pay wages, salaries, benefits and other similar items. As such, the Debtors believe the relief requested in the Wages Motion is necessary and appropriate.

E. Cash Collateral Motion

47. By the Cash Collateral Motion, the Debtors seek entry of interim and final orders (i) authorizing the Debtors to use the cash collateral of Amerant, pursuant to the budget attached to the Cash Collateral Motion, as working capital for the Debtors' operating expenses and (ii) granting certain adequate protection, including Replacement Liens and Superpriority Claims.

48. If the requested relief is not granted, the Debtors' inability to use cash collateral will effectively bring all of Debtors' operations to a standstill. Without the ability to use its cash to pay employees, vendors, professionals, and other critical service and goods providers, the Debtors patients are at a substantial risk of harm. As such, the Debtors believe the relief requested in the Cash Collateral Motion is necessary and appropriate.

F. Cash Management Motion

49. By the Cash Management Motion, the Debtors seek entry of interim and final orders (i) authorizing the Debtors to maintain existing bank accounts and business forms and to continue to use their existing cash management system; (ii) granting administrative expense priority to intercompany claims, and (iii) waiving the requirements of section 345(b) of the Bankruptcy Code.

50. As of the Petition Date, the Debtors maintain thirty four (34) separate Accounts, including eight (8) Accounts at Amerant Bank, N.A. ("Amerant"), twenty-one (21) Accounts at Montgomery Bank ("Montgomery"), and five (5) Accounts at Citizens Bank, N.A. ("Citizens"). These Accounts are comprised of five separate categories of accounts: (1) operating accounts, (2) collection accounts, (3) lockbox accounts, (4) disbursement accounts, and (5) standalone accounts. The Debtors maintain approximately seven (7) Accounts which are dormant at this time, as they are not actively used by the Debtors.

51. The Debtors' operations include managing six hospitals. In the ordinary course of business and operation of these facilities, and in connection with providing care to their patients, the Debtors engage in intercompany transactions (collectively, the "Intercompany Transactions") with each other. The Intercompany Transactions involve, among other things, the Debtors collecting receivables generated by their various healthcare facilities and other operations into the two Operating Accounts and then making disbursements on behalf of all the Debtors for expenses incurred in the ordinary course of business, including payroll, insurance, utility, and vendor payments.

52. The cash management system maintained by the Debtors has been designed (i) to provide an efficient method of collecting, transferring and disbursing funds; (ii) to establish procedures and controls necessary to account for funds in an accurate manner; and (iii) to facilitate meeting the Debtors' financial obligations. The Debtors maintain current and accurate accounting

records of daily cash transactions, and submits that preservation of their cash management system will prevent undue disruption to the Debtors' business operations, while protecting the Debtors' cash for the benefit of the estate. As such, the Debtors believe the relief requested in the Cash Management Motion is necessary and appropriate.

53. Intercompany Transactions are conducted in the ordinary course of business and are an essential component to the Cash Management System. The Debtors currently track, and will continue to monitor and record during these chapter 11 cases, all fund transfers in their Cash Management System and can account for all Intercompany Transactions at any point in time. Specifically, the Debtors' accounting and treasury teams utilize tools and resources to track and account for each Intercompany Transaction.

G. Refund Motion⁹

54. By the Refund Motion, the Debtors seek entry of an order authorizing them to (i) maintain, administer, modify, and renew their existing Refund Programs and pay or otherwise honor prepetition obligations related thereto and (ii) honor prepetition Medicare ERS Obligations.

55. In the ordinary course of business, the Debtors are required, whether contractually or by various state and federal laws and administrative rules (such laws and rules, collectively, the "Regulations"), to account for refunds, reimbursements, or payments, as applicable, to patients and third-party payors, including healthcare insurers, managed care organizations, plan vendors, commercial payors, private pay sources, Medicare, Medicaid, medical service plan and claims administrators, and other governmental and quasi-governmental agencies. The Debtors routinely process refunds, or are subject to offsets or recoupments for reimbursement of overpayments or

⁹ Capitalized terms used in this section but not otherwise defined herein shall have the meaning ascribed to them in the Refund Motion.

payments made by or on behalf of patients, resulting from the interaction between the Debtors' billing procedures, patient medical insurance deductibles, and third-party payments, including payments made in connection with extended repayment plans with the applicable federal or state agencies overseeing Medicare and Medicaid.

56. Certain of the Debtors are subject to extended repayment schedules ("ERS") with the applicable federal or state agencies overseeing Medicare and Medicaid for overpayments received by the Debtors.

57. As of the Petition Date, the Debtors' are subject to the following ERS:

| Debtor | FYE | Overpayment Amount | Interest Rate | Prepetition Balance |
|--|------------|--------------------|---------------|---------------------|
| Landmark Hospital of Joplin, LLC | 12/31/2023 | \$ 1,169,000.00 | 12.125% | \$841,520.01 |
| Landmark Hospital of Cape Girardeau, LLC | 12/31/2023 | \$1,234,727.65 | 12.125% | \$1,044,041.82 |
| Landmark Hospital of Columbia, LLC | 12/31/2024 | \$2,376,755.22 | 12.375% | \$2,380,744.08 |
| Landmark Hospital of Joplin, LLC | 12/31/2024 | \$2,181,828.64 | 12.375% | \$2,185,009.81 |

58. Generally, the ERS permits the applicable Debtor to repay the stated overpayment over a sixty (60) month period, rather than one lump sum. The monthly installments are then withheld from future interim payments on the due date of each month. If the obligated Debtor misses a payment or otherwise fails to honor the repayment schedule, the schedule is deemed defaulted, the schedule is revoked, and the Debtors payments are placed on 100% withhold until the overpayment amount is recovered in full.

59. If the requested relief is not granted, the Debtors' failure to honor the obligations under the Refund Programs and the Medicare ERS Obligations in the ordinary course may interfere

with the Debtors' ability to maintain patient care, continue operations, and maintain compliance with applicable law and the Regulations. Further, failure to honor the Refund Programs in the ordinary course may expose the Debtors to liability under the False Claims Act and failure to continue the Medicare ERS Obligations may terminate the Debtors' access to Medicare/Medicaid programs and related reimbursements for the benefit of its patients. As such, the Debtors believe the relief requested in the Refund Motion is necessary and appropriate.

Fort Myers, Florida
Dated: March 12, 2025

Respectfully submitted,

/s/ Jamie Z. Isani

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