



# WASHINGTON COUNTY

PLYMOUTH, NORTH CAROLINA

P.O. BOX 1007  
27962

Date: March 1, 2019

Contact: Curtis S. Potter, County Manager/County Attorney

E-mail: [cpotter@washconc.org](mailto:cpotter@washconc.org)

Phone: 252-793-5823

## **Public Service Announcement Regarding Washington County Hospital**

On Friday, February 22, 2019 Thomas W. Waldrep, Jr. <https://www.waldrepllp.com/tom-waldrep> was appointed by Federal Judge Joseph N. Calloway as the Interim Trustee for the Washington County Hospital Bankruptcy.

Over the past week the Trustee has been successful in obtaining control over the main hospital accounts and assets and in establishing communications with and cooperation from both the hospital's former corporate management company EmpowerHMS, as well as its current corporate management company Ihealthcare, Inc. which was in the process of acquiring the hospital management duties and assets when the bankruptcy action was filed.

Currently, CAH Acquisition Company #1, LLC contests Washington County's position that legal ownership of the hospital has reverted to the county by operation of law pursuant to its Right of Reverter alleged to have been retained pursuant to NCGS 131E-13(a). This matter will ultimately most likely have to be resolved through the bankruptcy court as part of the bankruptcy process if it cannot otherwise be settled between the parties.

In the interim, both Washington County and Ihealthcare, Inc. are committed to and continuing to work closely with the Trustee to help try to organize and facilitate a restoration of operations at the hospital as quickly as possible in the mutual best interests of all parties, and of the general public.

The Trustee has obtained an order from the Bankruptcy Judge authorizing the continuation of operations if the Trustee determines doing so is in the best interest of the bankruptcy estate.

The Trustee has already authorized the continued operation of the Plymouth Primary Care Clinic (Dr. Robert Venable) located adjacent to the hospital on the hospital campus, and the clinic is open and operating at this time.

The Trustee is also in the process of obtaining and evaluating a plan for continued operations of the remainder of the hospital including lab services, radiology, limited inpatient care, and the emergency department. No specific timeline can be provided at this time for the finalization of the plan, or for its ultimate approval, but all parties involved are committed to expediting its implementation, and are hopeful that normal hospital operations can be restored within the next two to three weeks.

The bankruptcy code does not permit the Trustee to pay any debts including wages to hospital employees that were incurred and owing prior to the filing of the bankruptcy on February 19<sup>th</sup>, 2019. However claims for those back wages and related benefits can be made in the bankruptcy process, and will receive certain priority over other unsecured claims.

The Trustee is however authorized to immediately reinstate and pay payroll obligations for employees who continue to work under the Trustee at the hospital. The Trustee and/or Ihealthcare under the Trustee's direction and authority anticipate contacting employees in the immediate future regarding their interest and the potential of their ongoing employment at the hospital upon the approval of a plan to restore operations at the facility.

Washington County recognizes the hardship caused by, and the immediate need for, obtaining funds to pay for all unmet hospital payroll obligations for all employees that arose prior to the bankruptcy being filed, and which cannot otherwise be met by the Trustee at this time for legal reasons.

Therefore, Washington County is in the process of attempting to locate additional funding sources with which to meet these payroll obligations ideally be paid before, and as part of, the overall restoration of operations at the hospital which will likely rely upon the commitment and cooperation of prior staff returning to the facility who should not be expected to do so without their previous payroll obligations first being met, and regardless of the ability of the Trustee to meet current and future payroll obligations for time incurred under his direction, or his potential ability to meet back wages obligations at some unknown date in the future in accordance with applicable bankruptcy statutes.

More reliable and specific information should become available with respect to both the continued operation of the hospital, as well as with respect to options available to current and former employees of the facility over the next seven to fourteen days.

**If you have a medical emergency, please dial 911.**