

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

| | | |
|--|---|------------------------|
| In re: |) | |
| |) | Chapter 11 |
| |) | |
| PIPELINE HEALTH SYSTEM, LLC, <i>et al.</i> , |) | Case No. 22-90291 (MI) |
| |) | |
| Debtors. |) | (Jointly Administered) |
| |) | |

**ACCUITY DELIVERY SYSTEMS, LLC’S
OBJECTION TO DEBTORS’ PROPOSED CURE
AMOUNT FOR ASSUMPTION OF EXECUTORY CONTRACT**

Accuity Delivery Systems, LLC (“Accuity”), by and through its undersigned counsel, hereby objects to the Proposed Cure Amount (as defined below) listed on the Schedule of Assumed Executory Contracts and Unexpired Leases (the “Assumption Schedule”) attached to the *Notice of Filing of Plan Supplement* [ECF No. 659] as Exhibit C thereto. Accuity respectfully states as follows:

BACKGROUND

1. On October 2, 2022 (the “Petition Date”), the above-captioned debtors (the “Debtors”) commenced voluntary cases under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Court”).

2. Prior to the Petition Date, Accuity and debtor Pipeline Health System, LLC (“Pipeline Health”) entered into that certain Master Services Agreement dated August 12, 2021 (the “MSA”).¹ Under the MSA and its attendant statement of work (together, the “Contract”), Accuity provides medical record review services to Pipeline Health, which services are performed

¹ Copies of the MSA and attendant statement of work can be provided to the Debtors upon request, subject to reasonable confidentiality agreements between the parties.

by Accuity before Pipeline Health bills the appropriate payor. The Contract provides that there is a service fee of \$150.00 per medical record reviewed and that the aggregate service fee payable to Accuity for the services provided shall be the per chart fee of \$150.00 multiplied by the number of medical records reviewed, in each case subject to Consumer Price Index adjustments.

3. On October 14, 2022, Accuity filed a proof of claim for the amount needed to cure defaults under the Contract. *See* Claim No. 0000010078 filed against Pipeline Health.

4. On December 5, 2022, the Debtors filed the Plan Supplement, which contains the Assumption Schedule. The Assumption Schedule includes the Contract and indicates a proposed cure settlement amount of \$0 (the “Proposed Cure Amount”).

OBJECTION

5. The Proposed Cure Amount does not accurately reflect the amounts currently owed to Accuity under the Contract on account of the medical record review services provided by Accuity to Pipeline Health.

6. As of the date of the filing of this objection, as set forth in **Exhibit A**, the amount due and owing by Pipeline Health to Accuity and required to cure defaults under the Contract is **\$465,221.10** (the “Revised Cure Amount”). By this objection, Accuity hereby requests that the Proposed Cure Amount be replaced by the Revised Cure Amount.

7. Pipeline Health may incur additional debt to Accuity under the Contract from the date of the filing of this objection through the time of assumption. As such, Accuity reserves its rights to revise the objection and seek to further increase the cure amount.

RESERVATION OF RIGHTS

8. Accuity hereby reserves the right to amend, alter, revise, modify or otherwise supplement this objection and to raise any other arguments as necessary in connection herewith.

Nothing stated herein shall waive any of Accuity's procedural, substantive, or other rights, privileges, and remedies in connection with the Contract, all of which are hereby reserved.

WHEREFORE, Accuity respectfully requests that this Court enter an order (a) conditioning the assumption and/or assumption and assignment of the Contract on the payment of all amounts owed to Accuity under the Contract by Pipeline Health, as of the date of the assumption of the Contract, and (b) granting any other relief that this Court deems just and proper.

Dated: December 20, 2022
New York, New York

GOODWIN PROCTER LLP

/s/ Kizzy L. Jarashow
Kizzy L. Jarashow (admitted *pro hac vice*)
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New York, NY 10018-1405
Tel: (212) 813-8800
Facsimile: (212) 355-3333
Email: kjarashow@goodwinlaw.com

Counsel for Accuity Delivery Systems, LLC

CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of December, 2022, a true and correct copy of the above and foregoing instrument has been served electronically via the Court's ECF noticing system on those parties who receive notice from that system and served via electronic mail on Debtors' counsel listed below:

KIRKLAND & ELLIS LLP
(COUNSEL FOR DEBTORS)
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VPOLNICK@JW.COM

/s/ Kizzy L. Jarashow
Kizzy L. Jarashow

Exhibit A



10000 Midlantic Drive
Suite 400W
Mount Laurel, NJ 08054

thomas.mccray@accds.com
646-847-2754 EIN: 81-0781818

Invoice

| Date | Invoice # |
|-----------|-----------|
| 7/31/2022 | 2642 |

Bill To

Pipeline Health System
Lori Seargeant
898 N. Pacific Coast Highway
Suite 500
El Segundo, CA 90245
lseargeant@pipelinehealth.us

| SOW # | Account # | P.O. # | Terms | Due Date | Service Date |
|---------------------------------------|-----------|----------|--------|-----------|--------------|
| | | | Net 30 | 8/30/2022 | JUL 2022 |
| Description | | Quantity | Rate | Amount | |
| MRR's: July 2022 | | | | | |
| City Hospital at White Rock | | 156 | 150.00 | 23,400.00 | |
| Coast Plaza Hospital | | 59 | 150.00 | 8,850.00 | |
| Community Hospital of Huntington Park | | 112 | 150.00 | 16,800.00 | |
| East Los Angeles Doctors Hospital | | 70 | 150.00 | 10,500.00 | |
| Memorial Hospital of Gardena | | 184 | 150.00 | 27,600.00 | |
| Weiss Memorial Hospital | | 134 | 150.00 | 20,100.00 | |
| West Suburban Medical Center | | 194 | 150.00 | 29,100.00 | |

Please Remit Payment to:

Accuity Delivery Systems, LLC
Mail Code: 7335
P.O. Box 7247
Philadelphia, PA 19170-0001

Total \$136,350.00

ACH or wire payment to:

Account Name: Accuity Delivery Systems, LLC
Routing Number: 021000089 Account Number: 6780835304

Invoice

| | |
|-------------|------------------|
| Date | Invoice # |
| 8/31/2022 | 2734 |

Pipeline Health System
Lori Seargeant
898 N. Pacific Coast Highway
Suite 500
El Segundo, CA 90245
lseargeant@pipelinehealth.us

| SOW # | Account # | P.O. # | Terms | Due Date | Service Date |
|---------------------------------------|-----------|----------|---------------------|-----------|--------------|
| | | | Net 30 | 9/30/2022 | AUG 2022 |
| Description | | Quantity | Rate | | Amount |
| MRR's: August 2022 | | | | | |
| City Hospital at White Rock | | 167 | 150.00 | | 25,050.00 |
| Coast Plaza Hospital | | 79 | 150.00 | | 11,850.00 |
| Community Hospital of Huntington Park | | 142 | 150.00 | | 21,300.00 |
| East Los Angeles Doctors Hospital | | 70 | 150.00 | | 10,500.00 |
| Memorial Hospital of Gardena | | 198 | 150.00 | | 29,700.00 |
| Weiss Memorial Hospital | | 115 | 150.00 | | 17,250.00 |
| West Suburban Medical Center | | 254 | 150.00 | | 38,100.00 |
| Please Remit Payment to: | | | Total | | |
| Accuity Delivery Systems, LLC | | | \$153,750.00 | | |

Please Remit Payment to:

Accuity Delivery Systems, LLC
Mail Code: 7335
P.O. Box 7247
Philadelphia, PA 19170-0001

ACH or wire payment to:
Account Name: Accuity Delivery Systems, LLC
Routing Number: 021000089 Account Number: 6780835304



10000 Midlantic Drive
Suite 400W
Mount Laurel, NJ 08054

thomas.mccray@accds.com
646-847-2754 EIN: 81-0781818

Invoice

| Date | Invoice # |
|-----------|-----------|
| 9/30/2022 | 2834 |

Bill To

Pipeline Health System
Lori Seargeant
898 N. Pacific Coast Highway
Suite 500
El Segundo, CA 90245
lseargeant@pipelinehealth.us

| SOW # | Account # | P.O. # | Terms | Due Date | Service Date |
|---------------------------------------|-----------|----------|--------|------------|--------------|
| | | | Net 30 | 10/30/2022 | SEP 2022 |
| Description | | Quantity | Rate | Amount | |
| MRR's: September 2022 | | | | | |
| City Hospital at White Rock | | 209 | 162.45 | 33,952.05 | |
| Coast Plaza Hospital | | 59 | 162.45 | 9,584.55 | |
| Community Hospital of Huntington Park | | 152 | 162.45 | 24,692.40 | |
| East Los Angeles Doctors Hospital | | 72 | 162.45 | 11,696.40 | |
| Memorial Hospital of Gardena | | 195 | 162.45 | 31,677.75 | |
| Weiss Memorial Hospital | | 112 | 162.45 | 18,194.40 | |
| West Suburban Medical Center | | 279 | 162.45 | 45,323.55 | |
| 8.3% CPI Adjustment applied to rate | | | | | |

Please Remit Payment to:

Accuity Delivery Systems, LLC
Mail Code: 7335
P.O. Box 7247
Philadelphia, PA 19170-0001

Total \$175,121.10

ACH or wire payment to:

Account Name: Accuity Delivery Systems, LLC
Routing Number: 021000089 Account Number: 6780835304