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**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

GENESIS HEALTHCARE, INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 25-80185 (SGJ)
)
) (Jointly Administered)
)

**DEBTORS' EMERGENCY MOTION² FOR ENTRY OF ORDER TEMPORARILY
ENJOINING DECERTIFICATION OF MAGNOLIA RIDGE CENTER**

**EMERGENCY RELIEF HAS BEEN REQUESTED. RELIEF IS REQUESTED NOT LATER
THAN 11:59 P.M. (CT) ON SEPTEMBER 15, 2025.**

¹ The last four digits of Genesis Healthcare, Inc.'s federal tax identification number are 4755. There are 299 Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://dm.epiq11.com/Genesis>. The location of Genesis Healthcare, Inc.'s corporate headquarters and the Debtors' service address is 101 East State Street, Kennett Square, PA 19348.

² The Debtors are seeking this relief through a motion, rather than an adversary complaint, due to the exigent circumstances and the immediate need for relief following the status hearing on September 15, 2025 and prior to the proposed decertification that occurs at 11:59 PM on September 15, 2025. The Debtors intend to file an adversary complaint seeking further substantive relief following entry of the Proposed Order, which provides for a proposed 15-day stay on the decertification and termination of the applicable provider agreement.

Genesis Healthcare, Inc. (“Genesis”) and certain of its affiliates and subsidiaries, as debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), hereby file this motion and memorandum of law (the “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), granting the relief described below. In support thereof, the Debtors (i) submit the *Declaration of Russell A. Perry in Support of the Debtors’ Emergency Motion for Entry of Order Temporarily Enjoining Decertification of Magnolia Ridge Center* (the “Perry Declaration”), filed contemporaneously herewith, (ii) incorporate the testimony of Ms. Suzanne Koenig, the patient care ombudsman of Magnolia Ridge Center (the “Facility”), provided on the record at the emergency status hearing on September 15, 2025 (the “Status Hearing”), and (iii) respectfully represent as follows:

PRELIMINARY STATEMENT

1. As disclosed to this Court earlier today during the Status Hearing, the Centers for Medicare and Medicaid Services (“CMS”) has issued a notice of decertification of Magnolia Ridge Center (the “Facility”), one of the Debtors’ skilled nursing facilities in Gardendale, Alabama. Absent Court intervention, the Facility’s provider agreement will terminate at 11:59 p.m. tonight (the “Provider Agreement”). In an effort to preserve the status quo, particularly with respect to continuity of resident care, the Debtors engaged in good faith with CMS following the Status Hearing and requested a brief 15-day stay of the proposed decertification of the Facility through and including September 30, 2025. However, CMS denied the Debtors’ request, meriting the filing of this Motion.

2. The Debtors are no doubt cognizant that, at the Status Hearing they did not seek affirmative relief, and are now seeking a temporary stay of the proposed decertification of the Facility. The reality is that the Debtors operate in a highly-regulated industry and are, to some

degree, at the mercy of their regulators, both at the state and federal level (including CMS). At the time of the Status Hearing, as well as currently, the Debtors have significant concerns that, if they push back too hard against their regulators, they may become the target of unwarranted, retaliatory actions that could either (a) severely impact the Debtors' operations in their other facilities or (b) otherwise impair and/or impede their ongoing sale process, as potential purchasers may be concerned that such actions could follow the Debtors' facilities post-transfer.

3. After weighing the potential risks and benefits of these delicate issues, the Debtors ultimately concluded that the near-term *certain* impact of this closure—both from a resident welfare perspective, as well as from an economic fall-out perspective—was more significant than a *potential* (and hopefully unfounded) risk of punitive regulatory action that could impact other facilities. This weighing of risks justified seeking this emergency (and temporary) relief from this Court prior to the official decertification of the Facility. To be sure, if this potential risk turns into a reality, the Debtors will not hesitate to seek further relief in this Court, including seeking enforcement of Bankruptcy Code section 525.

4. As set forth herein, the Debtors satisfy each element required for temporary injunctive relief, as (a) the Debtors will suffer irreparable and incurable harm without the requested relief, (b) the Debtors are likely to succeed on the merits of their claims against CMS given the facts before the Court to date, (c) the balance of equities weighs heavily in favor of the Debtors, particularly because CMS will not experience any harm during this temporary stay, and (d) public policy, particularly the continued provision of quality healthcare to the Debtors' residents, is best served by granting the requested relief.

5. Accordingly, given the importance of preserving the status quo at the Facility, the Debtors seek to temporarily enjoin CMS' proposed decertification of the Facility for 15 days,

through and including September 30, 2025. The Debtors believe that this additional “breathing room” will allow for further discussions with CMS in the coming days. The Debtors are hopeful that these discussions can resolve the purported deficiencies at the Facility or result in an agreed-upon closure process that prioritizes resident safety in transferring them to nearby facilities that offer comparable care on a more reasonable timeline, in compliance with Bankruptcy Code section 704(a)(12).

RELIEF REQUESTED

6. By the Motion, the Debtors respectfully request entry of the Proposed Order, granting a temporary restraining order and preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure (the “Federal Rules”), as made applicable to this proceeding by Rule 7065 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to temporarily stay CMS’ proposed decertification of the Facility and termination of the Provider Agreement.

JURISDICTION AND VENUE

7. The United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Court”) has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Order of Reference of Bankruptcy Cases and Proceedings Nunc Pro Tunc* dated August 3, 1984, entered by the United States District Court for the Northern District of Texas. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409. The legal predicates for the relief requested herein are section 105(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Bankruptcy Rule 7065.

BACKGROUND

I. The Chapter 11 Cases

8. Beginning on July 9, 2025 (the “Petition Date”), each Debtor commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”) in this Court. The Debtors continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to Bankruptcy Code sections 1107(a) and 1108. On July 30, 2025, the Office of the United States Trustee for Region 6 (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”) in the Chapter 11 Cases. *See* Docket Nos. 250, 262, 699. To date, no trustee or examiner has been appointed. Additional information regarding the Debtors and these Chapter 11 Cases, including the Debtors’ business operations, capital structure, financial condition, and the reasons for and objectives of these Chapter 11 Cases, is set forth in the *Declaration of Louis E. Robichaux IV in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 18] (the “First Day Declaration”).

9. On August 28, 2025, the Court entered the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief* [Docket No. 677] (the “Final DIP Order”), which included a copy of the DIP credit agreement (the “DIP Credit Agreement”). Section 6.2(b) of the DIP Credit Agreement provides that the Debtors shall “maintain in full force and effect all Permits and Primary Licenses for the Healthcare Facilities, and a provider agreement or participation agreement for each Third-Party Payor Program[.]” DIP Credit Agreement, § 6.2(b). An Event of Default (as defined in the DIP Credit Agreement) will occur if “default shall be made in the due observance or performance by any Loan Party of any covenant, condition, or agreement contained in any Loan Document” and

“such default shall continue unremedied for a period of 30 days after the earlier of (i) the date on which a Responsible Officer of any Loan Party becomes aware of such failure and (ii) the date on which notice thereof shall have been given to Borrower from the Administrative Agent or the Required Lenders[.]” DIP Credit Agreement, § 8(d). Because the decertification of the Facility would result in the termination of the existing provider agreement, the Debtors may be in violation of section 6.2(b) of the DIP Credit Agreement and may trigger an Event of Default under the DIP Facility pursuant to section 8(d) of the DIP Credit Agreement.

II. The Facility

10. The Facility is a 148-licensed bed skilled nursing facility in Gardendale, Alabama serving Jefferson County, Alabama and its surrounding communities and providing post-hospital, short-term rehabilitation and long-term and respite care services. Prior to the initial transfer of residents last week pursuant to the Termination Notice (as defined below), the Facility was home to approximately 105 residents.

11. The Facility is one of the Debtors’ facilities leased pursuant to that certain *Amended and Restated Master Lease Agreement* dated November 1, 2016 (as subsequently amended, modified, or restated, the “Master Lease”) by and among LTC GP I, Inc., LTC-Griffin, Inc., and Albuquerque Real Estate Investments, Inc. (collectively, the “LTC Landlords”) and Debtors Sunbridge Gardendale Health Care Center, LLC, Sunbridge Retirement Care Associates, LLC, and Leasehold Resource Group, LLC (collectively, the “Lessees”). The Facility is one of seven facilities on the Master Lease.

12. The Master Lease states that an Event of Default (defined in the Master Lease) shall result following “any material suspension, termination, or restriction placed upon Lessee, or the Leased Property, or the ability to admit residents or patients (e.g., an admission ban or non-

payment for new admissions by Medicare or Medicaid), and such suspension, termination, or restriction continues for more than sixty (60) calendar days after imposition thereof[.]” Master Lease, Art. 16.1(n). Because the decertification of the Facility would result in the termination of the provider agreement, the decertification may result in an incurable event of default under the Master Lease.

III. Regulatory Surveys

13. On March 2, 2025, surveyors from the Alabama Department of Health conducted an annual licensure and recertification survey for Magnolia Ridge. During this annual survey, which lasted from March 2, 2025 to March 19, 2025, all reportable events dating back to the last licensure survey in 2019 were reviewed, as no licensure survey was conducted at the Facility from 2020 to 2024. Surveyors ultimately issued citations to the Facility as part of this March 2025 survey, certain of which were quickly abated.

14. On May 6, 2025, surveyors revisited the Facility through June 5, 2025 and issued an updated report on June 25, 2025, which contained additional purported deficiencies with respect to the Facility. In response, the Facility and the Debtors’ corporate team drafted plans of correction and attempted to work collaboratively with the Alabama Department of Health to resolve the purported deficiencies. Among other things, the Facility implemented several leadership changes, including hiring a new Licensed Nursing Home Administrator and Director of Nursing and Medical Director. In addition, the governing body of the Facility, which is responsible for establishing and implementing policies regarding the management and operation of the Facility, was reconstituted to add the Debtors’ Chief Operating Officer and Associate Chief Clinical Officer in response to the regulatory findings. Corporate leadership has been onsite to provide support and to oversee implementation of the plan of correction. Further, the Facility has engaged

consultants to assist with education and monitoring. Most recently, the Facility offered to employ a full-time daily monitor to oversee care and services at the Facility as an additional comfort to regulators. Despite these efforts, the regulators have been unwilling to grant the Facility substantial compliance in abating these issues.

15. On August 17, 2025, surveyors again revisited the Facility through August 23, 2025 and issued an additional report on September 3, 2025, which contained additional purported deficiencies with respect to the Facility. On September 4, 2025, the Debtors received that certain *Notice of Involuntary Termination* dated September 4, 2025 (the “Termination Notice”) attached as Exhibit A to the Perry Declaration, which indicated that CMS has determined that the Facility has failed to substantially comply with Medicare and Medicaid health and safety participation requirements and is terminating the Medicare provider agreement between the Secretary of Health and Human Services and the Facility effective September 15, 2025. This decertification is forcing the Facility to plan for an abrupt closure and transfer or discharge all of its residents. Upon information and belief, the Facility will receive payment from CMS for its provision of care through and including October 15, 2025, provided that the Facility is actively relocating all residents.

16. Following receipt of the Termination Notice, the Debtors engaged in discussions with Alabama state regulators and CMS, providing documentation of various abatements of the purported deficiencies at the Facility as well as a proposed closure plan. None of the supplemental documentation modified the decision to decertify the Facility and the Debtors were forced to take steps to begin the closure process, including transferring the residents of the Facility to neighboring facilities. Beginning on September 12, 2025, eleven residents were transferred out of their homes

at the Facility to neighboring skilled nursing facilities and additional residents are being transferred on a rolling basis.

IV. The PCO and the Special Report

17. On September 3, 2025, the Patient Care Ombudsman (the “PCO”) for the Facility visited the Facility and interviewed both staff and residents, including one of the residents who was the subject of one of the immediate jeopardy citations.

18. In the evening on September 14, 2025, the PCO filed the *Special Report of Suzanne Koenig, Patient Care Ombudsman, Relating to the Closure of Magnolia Ridge* [Docket No. 910] (the “Special Report”), attached as Exhibit B to the Perry Declaration. In her Special Report, the PCO noted, among other things, that the Facility “provides quality and safe care to its residents, is an asset to the communities it serves, and does not pose imminent danger to the current residents it serves.” Special Report, ¶ 8. She also indicated that she believes that the Facility “has adequate support and oversight from the Facility staff, the Debtors’ corporate team, and consultants” and is “disappointed with the forced shuttering” of the Facility. *Id.* at ¶ 12.

V. Discussions with CMS

19. On September 12, 2025, the Debtors filed the *Notice of Emergency Status Hearing* [Docket No. 889], setting an emergency hearing on the proposed decertification of the Facility for September 15, 2025 at 11:00 a.m. (prevailing Central Time). Following the Status Hearing, the Debtors engaged in good faith discussions with counsel to CMS and requested a 15-day extension of the proposed decertification and termination of the Provider Agreement. Counsel to CMS rejected the requested extension, meriting the filing of this Motion.

BASIS FOR RELIEF REQUESTED

I. The Court has Authority to Issue a Temporary Restraining Order Against CMS.

20. The Court has authority under Federal Rule 65(a) to issue emergency injunctive relief enjoining the actions against the Debtors. *See* Fed. R. Civ. P. 65(a). Bankruptcy Rule 7065 expressly permits the bankruptcy court to issue temporary restraining orders and preliminary injunctions in adversary proceedings. *See* Fed. R. Bankr. P. 7065 (incorporating Federal Rule 65 in adversary proceedings). Federal Rule 65(b) provides that a court may issue a temporary restraining order **without written or oral notice** to the adverse party if (a) specific facts in an affidavit or a verified complaint clearly show that immediate and irreparable injury, loss, or damage will result to the movant before the adverse party can be heard in opposition; and (b) the movant's attorney certifies in writing any efforts made to give notice and the reasons why it should not be required. *See* Fed. R. Bankr. P. 7065; Fed. R. Civ. P. 65(b)(1).

21. Under applicable Fifth Circuit precedent, courts consider the following when considering issuance of a preliminary injunction: "A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest." *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008). "[A]s to the relationship between the likelihood of success and irreparable harm . . . the movant must show that there is both a likelihood of success on the merits and of suffering irreparable harm, but if the movant should demonstrate that one factor has a strong likelihood, then the opposite factor may be subject to a lower standard." *Villarreal v. N.Y. Marine & Gen. Ins. Co. (In re OGA Charters, LLC)*, 554 B.R. 415, 425 (Bankr. S.D. Tex. 2016). The standard for issuing a temporary restraining order is the same as the standard for issuing a preliminary injunction. *See*

Clark v. Prichard, 812 F.2d 991, 993 (5th Cir. 1987). Each element for preliminary injunctive relief is met here, as discussed below.

22. Further, Bankruptcy Code section 105(a) permits the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the Code. 11 U.S.C. § 105(a). Although Bankruptcy Code section 105(a) does not give the court a blank check to “create substantive rights that are otherwise unavailable under applicable law” or act as “a roving commission to do equity,” (*United States v. Sutton*, 786 F.2d 1305, 1308 (5th Cir.1986); accord COLLIER ON BANKRUPTCY ¶ 105.01[2] (16th ed. 2012)), the section does permit the court to take actions necessary to “protect the integrity of the bankrupt's estate” and enjoin actions that “might impede the reorganization process.” *Bear v. Coben (In re Golden Plan of Cal., Inc.)*, 829 F.2d 705, 713 (9th Cir.1986). Indeed, Bankruptcy Code section 105(a) “is a broad grant of power which exceeds the limits of the automatic stay, and empowers the Court to use its equitable powers to assure the orderly conduct of the reorganization proceedings.” *Keene Corp. v. Acstar Ins. Co. (In re Keene Corp.)*, 162 B.R. 935, 944 (Bankr. S.D.N.Y. 1994) (internal quotations and citations omitted).

A. Decertification and Subsequent Closure of the Facility, Coupled with Termination of the Provider Agreement, Will Cause the Debtors Irreparable Harm and Impede Prospects for a Successful Reorganization.

23. A party seeking injunctive relief must also show that irreparable harm is “likely” in the absence of the requested relief. *See Mississippi Power & Light Co. v. United Gas Pipe Line Co.*, 760 F.2d 618, 624 n.5 (5th Cir. 1985). In the absence of injunctive relief from this Court preventing CMS from decertifying the Facility, terminating the Provider Agreement, and forcing all residents to transfer to neighboring, non-Genesis facilities, the Debtors are virtually certain to suffer irreparable harm.

24. Among other things, the decertification and closure of the Facility and termination of the Provider Agreement may (a) trip multiple defaults under the Master Lease and the DIP Credit Agreement, (b) risk jeopardizing resident safety and well-being given the necessary transfer of over 100 residents, (c) eliminate critical Medicare and Medicaid funds that will no longer be received by the Debtors with respect to this Facility after October 15, 2025, (d) impede the Debtors' ongoing sale efforts, given that prospective purchasers are highly unlikely to be willing to purchase a decertified, closed facility, and (e) necessitate certain modifications of the terms of the current Stalking Horse Bid. At this time, the severity and attendant consequences remain unknown but, critically, absent relief before 11:59 p.m. tonight, the Debtors will be unable to remediate these issues.

25. As such, the foregoing unequivocally amounts to irreparable harm to the Debtors, as remedies available at law, such as monetary damages, are inadequate to wholly compensate the Debtors. *See Dennis Melancon, Inc. v. City of New Orleans*, 703 F.3d 262, 279 (5th Cir. 2012) ("It is well-established that an injury is irreparable only 'if it cannot be undone through monetary remedies.'"); *see Janvey v. Alguire*, 647 F.3d 585, 600 (5th Cir. 2011) ("[H]arm is irreparable where there is no adequate remedy at law, such as monetary damages."). Accordingly, the proposed decertification and subsequent closure of the Facility will result in both irreparable harm to the Debtors and their sale efforts, mandating the requested relief.

B. The Debtors are Likely to Prevail on the Merits.

26. In demonstrating a likelihood of success on the merits, the movant does not necessarily need to show a "probability" of success on the merits, but must "present a substantial case on the merits when a serious legal question is involved and show that *the balance of equities*, [i.e., the other three factors] *weighs heavily in the favor of granting the stay*." *O'Bryan v.*

McKaskle, 729 F.2d 991, 993 (5th Cir. 1984) (emphasis in original). Based on the evidence currently before the Court, and their understanding of the merits of issues resulting in potential decertification, the Debtors submit that they are likely to succeed on the merits of their claims against CMS because termination of the Provider Agreement and closure of the Facility is neither necessary nor appropriate at this time.

27. As set forth in the Special Report, the PCO believes that the Facility “provides quality and safe care to its residents, is an asset to the communities it serves, and does not pose imminent danger to the current residents it serves.” Special Report, ¶ 8. The Facility “increased staffing to further resident care” and was “actively completing audits and reviews of residents’ clinical records to ensure implementation of the plan of correction.” *Id.* at ¶ 10. Residents reported to the PCO that they were “satisfied with care, activities, and meals” and, importantly, and “no residents reported abuse or neglect.” *Id.* at ¶ 11. The PCO also personally spoke to the resident who was the subject of one of CMS’ immediate jeopardy citations and “the resident confirmed that they were not harmed.” *Id.*

28. As set forth in the Special Report, the PCO is “disappointed that the residents of [the Facility] are facing relocation to other facilities,” particularly when the Facility has “adequate support and oversight from the Facility staff, the Debtors’ corporate team, and consultants” *Id.* at ¶¶ 11, 12, 14. Based on her Special Report and the testimony provided at the Status Hearing, the PCO does not appear to agree with CMS’ decision to terminate the Provider Agreement and is “disappointed with the forced shuttering” of the Facility. *Id.* at ¶ 12.

29. As conveyed to the Court at the Status Hearing, the Debtors are learning additional facts regarding the impact and consequences of CMS’ proposed decertification in real time and believe that the limited relief sought herein (*i.e.*, a 15-day stay) is necessary to provide the Debtors

with the breathing room to gather all pertinent facts and evaluate whether to seek additional relief from this Court, including whether or not CMS' expedited termination of the Provider Agreement constitutes a violation of the automatic stay.³ While it may be too early to make a determination on the merits, the evidence before the Court thus far, at a minimum, calls into question the validity and appropriateness of CMS' determination regarding the Facility and mandates additional time to determine whether additional Court relief is necessary.

C. The Balance of the Equities Tips Decidedly in Favor of Granting Preliminary Injunctive Relief.

30. In assessing a request for injunctive relief, courts "must balance the harm that would be suffered by the [moving party] if the preliminary injunction is denied against the possible harm that would result to the [non-moving party] if the injunction is granted." *Angel v. Tauch (In re Chiron Equities, LLC)*, 552 B.R. 674, 700 (Bankr. S.D. Tex. 2016). The balance of harm unequivocally tips in favor of the Debtors here.

31. For the reasons discussed above, the abrupt decertification and subsequent closure of the Facility will cause severe and irreparable harm to the Debtors, their business, and, most importantly, their residents. Indeed, the ripple effects of CMS' proposed course of action are significant and may have other unintended consequences on the overall Chapter 11 Cases. Unfortunately, absent Court intervention, the Debtors are currently without recourse, other than pursuing a lengthy and challenging appeal process, and are effectively left with no choice but to accept CMS' decision and resort to closing the Facility as safely as possible on an expedited timeline.

³ The Debtors reserve all rights with respect to any additional arguments, counterclaims, or defenses with respect to any further relief sought in connection with CMS' actions to date.

32. Conversely, neither the Alabama Department of Public Health nor CMS stand to be harmed or prejudiced if the decertification and closure of the Facility are temporarily postponed. As set forth above, the Alabama Department of Public Health declined to visit the Facility for survey purposes from 2020 to 2024 and should not be permitted to force an expedited closure in these circumstances, particularly not after the Debtors made significant efforts to rectify purported deficiencies following the initial survey results received earlier this year. As such, the balance of equities favors granting temporary injunctive relief. The Debtors are committed to working in good faith with the Alabama Department of Health and CMS in the next 15 days to discuss next steps while preserving the status quo in furtherance of protecting their residents and continuity of their care at the Facility.

D. An Injunction is Necessary to Protect the Debtors' Estates and in the Public Interest.

33. The Debtors' viability to continue providing important healthcare services to their residents, many of whom are Medicare or Medicaid recipients, unquestionably serves the public interest and merits temporary injunctive relief. As this Court is aware, transferring skilled nursing facility residents to a different facility, even on a non-expedited timeline, risks jeopardizing the mental and/or physical well-being of such residents and can even be life-threatening.⁴ While the Debtors are taking every precaution to ensure that resident transfers are conducted seamlessly and

⁴ See *Special Report of Suzanne Koenig, Patient Care Ombudsman, Relating to the Closure of Magnolia Ridge* [Docket No. 910] ("It is disruptive, and potentially traumatic, for residents to be relocated. Even the most well executed relocation can cause transfer trauma, as moving is often a stress-inducing event."); *Nursing Home Residents, Transfer Trauma or Relocation Stress Syndrome*, UCSF Emancipatory Sciences Lab (Mar. 20, 2023), available at <https://emancipatorysciences.ucsf.edu/eslabblog/nursing-home-residents-transfer-trauma-or-relocation-stress-syndrome> ("Nursing home residents being transferred between facilities are particularly vulnerable to transfer trauma/Relocation Stress Syndrome, and such transitions are especially difficult for those who have cognitive or mental health issues and those with reduced physical function, who are dependent for their everyday and intimate care . . . The uncertainty for vulnerable individuals may cause psychological distress, with changes in habits, activities, and behaviors leading to outcomes that include premature death, increased depression, cognitive decline, behavioral issues, and withdrawal from social activities.").

safely with resident health top of mind, the closure of the Facility will force over 100 residents to uproot their lives and relocate to neighboring, non-Genesis facilities that are, in several cases, providing inferior care in comparison to the care provided at the Facility.⁵ Such an outcome stands in direct contravention with the Bankruptcy Code's mandate to the Debtors to provide their residents with substantially similar healthcare services and maintain a reasonable quality of care pursuant to Bankruptcy Code section 704(a)(12) following the Facility closure. As such, it would defy logic and common sense to suggest that denying temporary injunctive relief—thereby risking the loss of necessary health care services—would somehow promote the public interest.

34. Moreover, CMS' proposed decertification of the Facility potentially threatens the Debtors' proposed restructuring efforts, specifically their ongoing sale efforts, unless injunctive relief is granted. Here, the Debtors already have potential buyers who have expressed interest in the Facility and the decertification and closure of the same may foreclose the Debtors' ability to sell it. Any negative liquidity effects that results from the decertification and closure of the Facility will necessarily impact the Debtors' restructuring efforts and eliminate valuable Medicare and Medicaid receivables to the detriment of the Debtors' overall liquidity.

35. Finally, any suggestion by CMS that denying injunctive relief is necessary to protect or safeguard the Medicare system is meritless, as any alleged protection of the Medicare system would come at the cost of potentially eliminating a healthcare provider from the marketplace and undermining the important bankruptcy goals of rehabilitation and maximization

⁵ See Find Healthcare Providers: Compare Care Near You | Medicare, available at <https://www.medicare.gov/care-compare/results?searchType=NursingHome&page=1&city=Gardendale&state=AL&zipcode=&radius=25&sort=closest&tealiumEventAction=Landing%20Page%20-%20Search&tealiumSearchLocation=search%20bar> (indicating that at least three facilities within 10 miles of the Facility have one star ratings, which is below the Facility's two star rating).

of value for all creditors. As a result, the public interest and need to protect the Debtors' estates in furtherance of their restructuring efforts favors injunctive relief.

RESERVATION OF RIGHTS

36. Nothing in the Motion should be construed as an admission of any existing deficiency at the Facility and the Debtors reserve all rights with respect to any claims, counterclaims, causes of action, or defenses with respect to the same.

NOTICE

37. The Debtors will provide notice of the Motion to (a) the Complex Service List (as defined in Docket No. 54), (b) counsel to CMS, and (c) the Alabama Department of Public Health. The Debtors submit that no other or further notice is required.

NO PRIOR REQUEST

38. No previous request for the relief sought herein has been made to this or any other court.

[Remainder of Page Intentionally Left Blank]

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: September 15, 2025
Dallas, Texas

MCDERMOTT WILL & SCHULTE LLP

/s/ Marcus A. Helt

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Counsel for the Debtors and Debtors-in-Possession

CERTIFICATE OF SERVICE

I hereby certify that on this date a true and correct copy of the foregoing was served by the Court's CM/ECF system on all counsel of record registered in these Chapter 11 Cases through CM/ECF. The Debtors' claims and noticing agent will be filing a supplemental certificate of service on the docket to reflect any additional service of the foregoing Motion.

Dated: September 15, 2025
Dallas, Texas

MCDERMOTT WILL & SCHULTE LLP

/s/ Marcus A. Helt

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EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

GENESIS HEALTHCARE, INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 25-80185 (SGJ)
)
) (Jointly Administered)
)
) **Related to Docket No. ____**

**ORDER TEMPORARILY ENJOINING DECERTIFICATION
OF MAGNOLIA RIDGE CENTER**

Upon the motion (the “Motion”)² of the Debtors for entry of an order (this “Order”), seeking a temporary restraining order and a preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure (the “Federal Rules”), as made applicable to this proceeding by Rule 7065 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), all as more

¹ The last four digits of Genesis Healthcare, Inc.’s federal tax identification number are 4755. There are 299 Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://dm.epiq11.com/Genesis>. The location of Genesis Healthcare, Inc.’s corporate headquarters and the Debtors’ service address is 101 East State Street, Kennett Square, PA 19348.

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

fully set forth in the Motion; and upon consideration of the Special Report and accompanying testimony in support of the same by Ms. Suzanne Koenig at the status hearing on September 15, 2025 (the “Status Hearing”); and upon consideration of the Perry Declaration; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Order of Reference of Bankruptcy Cases and Proceedings Nunc Pro Tunc* dated August 3, 1984, entered by the United States District Court for the Northern District of Texas; and the matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and venue of this proceeding and the Motion in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court being able to issue a final order consistent with Article III of the United States Constitution; and due and sufficient notice of the Motion having been given under the particular circumstances; and the Court having reviewed the Motion and determined that the legal and factual bases set forth in the Motion and at the Status Hearing establish just cause for the relief granted herein; and it appearing that no other or further notice is necessary; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby

FOUND AND DETERMINED that:

A. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b); and venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The Debtors are entitled to the issuance of a temporary restraining order pursuant to Bankruptcy Rule 7065 (incorporating Federal Rule 65) against the Centers for Medicare and Medicaid Services (“CMS”).

C. The Debtors established (1) a substantial likelihood success on the merits; (2) that absent preliminary injunctive relief, they are likely to suffer irreparable harm; (3) that the balance of equities is in their favor; and (4) preliminary injunctive relief is in the public interest. All findings made on the record are incorporated pursuant to Bankruptcy Rule 7052.

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is granted as set forth herein.
2. Pursuant to Bankruptcy Code section 105(a) and Bankruptcy Rule 7065, CMS is temporarily enjoined from decertifying Magnolia Ridge Center in Gardendale, Alabama through and until September 30, 2025, which date may be extended for good cause or on consent of the Debtors and CMS.
3. This Order shall be immediately effective and enforceable upon its entry.
4. Pursuant to Bankruptcy Rule 7065, the security requirements shall be waived.
5. 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), the Local Rules, and the Complex Case Procedures are satisfied by such notice.
6. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).
7. The Debtors are authorized to take all actions necessary to implement the relief granted in this Order.
8. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

END OF ORDER

Prepared and presented by:

/s/ Marcus A. Helt

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