# ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
# APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

**This Section must be completed for all projects.**

### Facility/Project Identification

| | | |
|---|---|---|
| Facility Name: Lindenhurst Freestanding Emergency Center | | |
| Street Address: 1050 Red Oak Lane | | |
| City and Zip Code: Lindenhurst 60046 | | |
| County: Lake | Health Service Area: 008 | Health Planning Area: 097 |

### Legislators

| |
|---|
| State Senator Name: Sen. Craig Wilcox |
| State Representative Name: Rep. Tom Weber |

### Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

| |
|---|
| Exact Legal Name: Waukegan Illinois Hospital Company, LLC d/b/a Lindenhurst Freestanding Emergency Center |
| Street Address: 1050 Red Oak Lane |
| City and Zip Code: Lindenhurst 60046 |
| Name of Registered Agent: CT Corporation |
| Registered Agent Street Address: 208 S. LaSalle St., Suite 814 |
| Registered Agent City and Zip Code: Chicago, IL 60604 |
| Name of Chief Executive Officer: Norman Stephens |
| CEO Street Address : 1324 North Sheridan Road |
| CEO City and Zip Code: Waukegan IL 60085-2199 |
| CEO Telephone Number: (847) 360-4001 |

### Type of Ownership of Applicants

☐ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation ☐ Governmental
☒ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

**APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

### Primary Contact [Person to receive ALL correspondence or inquiries]

| |
|---|
| Name: Norman Stephens |
| Title: CEO |
| Company Name: Vista Medical Center East |
| Address: 1324 North Sheridan Road, Waukegan IL 60085-2199 |
| Telephone Number: (847) 360-4001 |
| E-mail Address: norman_stephens@quorumhealth.com |
| Fax Number: N/A |

# ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
# APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION

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### Legislators

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|---|
| State Senator Name: Sen. Craig Wilcox |
| State Representative Name: Rep. Tom Weber |

### Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

| |
|---|
| Exact Legal Name: Quorum Health Corporation |
| Street Address: Address: 1573 Mallory Lane, Suite 100 |
| City and Zip Code: Brentwood, TN 37027 |
| Name of Registered Agent: The Corporation Trust Company |
| Registered Agent Street Address: 1209 Orange Street |
| Registered Agent City and Zip Code: Wilmington, DE 19801 |
| Name of Chief Executive Officer: Robert Fish |
| CEO Street Address : 1573 Mallory Lane, Suite 100 |
| CEO City and Zip Code: Brentwood, TN 37027 |
| CEO Telephone Number: (615) 221-1400 |

### Type of Ownership of Applicants

☐ Non-profit Corporation ☐ Partnership
☒ For-profit Corporation ☐ Governmental
☐ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

**APPEND DOCUMENTATION AS <u>ATTACHMENT 1</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

### Primary Contact [Person to receive ALL correspondence or inquiries]

| |
|---|
| Name: R. Harold (“Hal”) McCard |
| Title: Senior Vice President, General Counsel, and Secretary |
| Company Name: Quorum Health Corporation |
| Address: 1573 Mallory Lane, Brentwood, TN 37027 |
| Telephone Number: (847) 360-4001 |
| E-mail Address: (615) 221-3507 |
| Fax Number: (615) 221-1484 |

# ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
# APPLICATION FOR CHANGE OF OWNERSHIP EXEMPTION

## SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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### Facility/Project Identification

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| Street Address: 1050 Red Oak Lane | | |
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| County: Lake | Health Service Area: 008 | Health Planning Area: 097 |

### Legislators

| |
|---|
| State Senator Name: Sen. Craig Wilcox |
| State Representative Name: Rep. Tom Weber |

### Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

| | |
|---|---|
| Exact Legal Name: Quincy Health, LLC | |
| Street Address: Address: | c/o Davidson Kempner Capital Management LP<br>520 Madison Ave, 30th FL |
| City and Zip Code: | NY, NY 10022<br>Attn: Travis Troyer |
| Name of Registered Agent: The Corporation Trust Company | |
| Registered Agent Street Address: 1209 Orange Street | |
| Registered Agent City and Zip Code: Wilmington, DE 19801 | |
| Name of Chief Executive Officer: Peter Alderman, Director, Quincy Health, LLC* | |
| CEO Street Address : | GoldenTree Asset Management<br>300 Park Avenue, 21st Floor |
| CEO City and Zip Code: | New York, NY 10022 |
| CEO Telephone Number: (212) 446-4000 | |
| * *Quincy Health LLC has two directors and no officers. The directors have signing authority on behalf of the entity.* | |

### Type of Ownership of Applicants

☐ Non-profit Corporation ☐ Partnership
☐ For-profit Corporation ☐ Governmental
☒ Limited Liability Company ☐ Sole Proprietorship ☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

**APPEND DOCUMENTATION AS <u>ATTACHMENT 1</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

### Primary Contact [Person to receive ALL correspondence or inquiries]

| |
|---|
| Name: Peter Alderman |
| Title: Director |
| Company Name: Quincy Health, LLC |

| |
|---|
| Address: GoldenTree Asset Management<br>300 Park Avenue, 21st Floor<br>New York, NY 10022 |
| Telephone Number: (212) 446-4000 |
| E-mail Address: palderman@goldentree.com |
| Fax Number: N/A |

**Additional Contact** [Person who is also authorized to discuss the Application]

| |
|---|
| Name: Daniel J. Lawler |
| Title: Partner |
| Company Name: Barnes & Thornburg LLP |
| Address: One North Wacker Drive, Suite 4400, Chicago IL 60606-2833 |
| Telephone Number: (312) 214-4861 |
| E-mail Address: Daniel.Lawler@btlaw.com |
| Fax Number: (312) 759-5646 |

**Post Exemption Contact**

[Person to receive all correspondence subsequent to exemption issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]**

| |
|---|
| Name: Norman Stephens |
| Title: CEO |
| Company Name: Vista Medical Center East |
| Address: 1324 North Sheridan Road, Waukegan IL 60085-2199 |
| Telephone Number: (847) 360-4001 |
| E-mail Address: norman_stephens@quorumhealth.com |
| Fax Number: N/A |

**Site Ownership after the Project is Complete**

[Provide this information for each applicable site]

| |
|---|
| Exact Legal Name of Site Owner: Waukegan Illinois Hospital Company, LLC |
| Address of Site Owner: 1573 Mallory Lane, Suite 100, Brentwood, TN |
| Street Address or Legal Description of the Site: 1050 Red Oak Lane, Lindenhurst, Illinois<br>**Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease**. |
| **APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.** |

**Current Operating Identity/Licensee**

[Provide this information for each applicable facility and insert after this page.]

| | | | |
|---|---|---|---|
| Exact Legal Name: Waukegan Illinois Hospital Company, LLC d/b/a Lindenhurst Freestanding Emergency Center | | | |
| Address 1050 Red Oak Lane, Lindenhurst, Illinois | | | |
| ☐ | Non-profit Corporation | ☐ | Partnership |
| ☐ | For-profit Corporation | ☐ | Governmental |
| ☒ | Limited Liability Company | ☐ | Sole Proprietorship ☐ |
| | Other | | |

## Operating Identity/Licensee after the Project is Complete

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Waukegan Illinois Hospital Company, LLC d/b/a Lindenhurst Freestanding Emergency Center

Address 1050 Red Oak Lane, Lindenhurst, Illinois

| | | | |
|---|---|---|---|
| ☐ | Non-profit Corporation | ☐ | Partnership |
| ☐ | For-profit Corporation | ☐ | Governmental |
| ☒ | Limited Liability Company | ☐ | Sole Proprietorship |
| | Other | | ☐ |

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

**APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

**APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

## Narrative Description

In the space below, provide a brief narrative description of the change of ownership. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site.

The applicant health care facility is Lindenhurst Freestanding Emergency Center located at 1050 Red Oak Lane, Lindenhurst, Illinois.

The applicant facility is indirectly owned by Quorum Health Corporation ("Quorum"), a publicly-traded company. On April 7, 2020, Quorum and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the District of Delaware to implement a negotiated financial restructuring (the "Restructuring"). Once the Restructuring is approved by the bankruptcy court, Quorum will emerge from bankruptcy. As a result of the emergence from bankruptcy, Quorum's ownership will change and Quincy Health, LLC will become the new owner of Quorum. Quincy Health, LLC is a newly formed entity that, at emergence, will be funded and owned by certain parties who held unsecured claims in Quorum prior to the Restructuring and by certain equity commitment parties as part of the Restructuring in accordance with the Plan of Reorganization, Restructuring Support Agreement and Equity Commitment Agreement, which is further described in the attached 8-K, and thus is executing this application and making the certifications herein applicable to it presuming the completion of the Restructuring.

The applicant facility will continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The Restructuring is expected to bring greater financial stability to a distressed community hospital enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The applicant facility will continue to conduct business at the same location, under the same legal entity, federal tax identification number, and operating license. The Restructuring is not expected to change or alter any of the policies or procedures, personnel, or operations of the facility.

Unlike a merger and acquisition transaction where the seller and buyer determine the timing of closing, the approval of the Restructuring plan is subject to the approval and discretion of the court handling the bankruptcy petition. In this matter, the court is expected to confirm the plan of reorganization within approximately 45 days after the bankruptcy filing, and Quorum and its subsidiaries, and the applicant facility, are expected to emerge from bankruptcy within approximately 60 days from the date of the bankruptcy filing (*i.e.*, likely on or before June 8, 2020).

## Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No **NOT APPLICABLE (no land acquisition)**

Purchase Price: $_____

Fair Market Value: $_____

## Project Status and Completion Schedules

**Outstanding Permits:** Does the facility have any projects for which the State Board issued a permit that is not complete? Yes No **X** . If yes, indicate the projects by project number and whether the project will be complete when the exemption that is the subject of this application is complete.

_____

_____

_____

_____

**Anticipated exemption completion date** (refer to Part 1130.570): June 8, 2020

## State Agency Submittals

Are the following submittals up to date as applicable:

☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits

**Failure to be up to date with these requirements will result in the Application being deemed incomplete.**

## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

**This Application is filed on the behalf of*:**

**Waukegan Illinois Hospital Company, LLC d/b/a Lindenhurst Freestanding Emergency Center**

**in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.**

| | |
|---|---|
| 4/8/2020 | 4/8/2020 |
| SIGNATURE | SIGNATURE |
| Martin D. Smith | R. Harold McCard |
| PRINTED NAME | PRINTED NAME |
| Executive Vice President | Senior Vice President & Secretary |
| PRINTED TITLE | PRINTED TITLE |
| Notarization:<br>Subscribed and sworn to before me<br>this _____ day of _____ | Notarization:<br>Subscribed and sworn to before me<br>this _____ day of _____ |
| Signature of Notary | Signature of Notary |
| Seal | Seal |

*Insert the EXACT legal name of the applicant

## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

**This Application is filed on the behalf of*:**

**Quorum Health Corporation**

**in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.**

| | |
|---|---|
| 4/8/2020 | 4/8/2020 |
| SIGNATURE | SIGNATURE |
| Martin D.Smith | R. Harold McCard |
| PRINTED NAME | PRINTED NAME |
| Executive Vice President & Chief Operating Officer | Senior Vice President, General Counsel & Secretary |
| PRINTED TITLE | PRINTED TITLE |
| Notarization:<br>Subscribed and sworn to before me<br>this _____ day of _____ | Notarization:<br>Subscribed and sworn to before me<br>this _____ day of _____ |
| Signature of Notary | Signature of Notary |
| Seal | Seal |

*Insert the EXACT legal name of the applicant

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- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

**This Application is filed on the behalf of*:**

**Quincy Health, LLC**

**in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.**

4/11/2020
SIGNATURE

Avram Z. Friedman
PRINTED NAME

Director
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this _____ day of _____

Signature of Notary

Seal

SIGNATURE

Peter Alderman
PRINTED NAME

Director
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this _____ day of _____

Signature of Notary

Seal

*Insert the EXACT legal name of the applicant

## CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

**This Application is filed on the behalf of*:**

**Quincy Health, LLC**

**in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.**

| | |
|---|---|
| SIGNATURE | 4/11/2020<br>SIGNATURE |
| Avram Z. Friedman<br>PRINTED NAME | Peter Alderman<br>PRINTED NAME |
| Director<br>PRINTED TITLE | Director<br>PRINTED TITLE |
| Notarization:<br>Subscribed and sworn to before me<br>this _____ day of _____ | Notarization:<br>Subscribed and sworn to before me<br>this _____ day of _____ |
| Signature of Notary | Signature of Notary |
| Seal | Seal |

*Insert the EXACT legal name of the applicant

## SECTION II. BACKGROUND.

**BACKGROUND OF APPLICANT**

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

2. A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

3. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

4. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

5. If, during a given calendar year, an applicant submits more than one Application, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

**APPEND DOCUMENTATION AS ATTACHMENT 5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 5.**

## SECTION III. CHANGE OF OWNERSHIP (CHOW)

**Transaction Type. Check the Following that Applies to the Transaction:**

- ☐ Purchase resulting in the issuance of a license to an entity different from current licensee.
- ☐ Lease resulting in the issuance of a license to an entity different from current licensee.
- ☐ Stock transfer resulting in the issuance of a license to a different entity from current licensee.
- ☒ Stock transfer resulting in no change from current licensee.
- ☐ Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee.
- ☐ Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity.
- ☐ Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets.
- ☐ Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility.
- ☐ Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee.
- ☐ Change of ownership among related persons resulting in a license being issued to an entity different from the current licensee
- ☐ Change of ownership among related persons that does not result in a license being issued to an entity different from the current licensee.
- ☐ Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets and explain in "Narrative Description."

## 1130.520 Requirements for Exemptions Involving the Change of Ownership of a Health Care Facility

1. Prior to acquiring or entering into a contract to acquire an existing health care facility, a person shall submit an application for exemption to HFSRB, submit the required application-processing fee (see Section 1130.230) and receive approval from HFSRB.

2. If the transaction is not completed according to the key terms submitted in the exemption application, a new application is required.

3. READ the applicable review criteria outlined below and **submit the required documentation (key terms) for the criteria:**

| APPLICABLE REVIEW CRITERIA | CHOW |
|---|---|
| 1130.520(b)(1)(A) - Names of the parties | X |
| 1130.520(b)(1)(B) - Background of the parties, which shall include proof that the applicant is fit, willing, able, and has the qualifications, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application. | X |
| 1130.520(b)(1)(C) - Structure of the transaction | X |
| 1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction | |
| 1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons. | X |
| 1130.520(b)(1)(F) - Fair market value of assets to be transferred. | X |
| 1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)] | X |
| 1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section | X |
| 1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction | X |

| | |
|---|---|
| 1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community | X |
| 1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership; | X |
| 1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control; | X |
| 1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body; | X |
| 1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition. | X |
| **APPEND DOCUMENTATION AS ATTACHMENT 6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.** | |

## SECTION IV.CHARITY CARE INFORMATION

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

**Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care must be provided at cost.**

**A table in the following format must be provided for all facilities as part of Attachment 7.**

| CHARITY CARE | | | |
|---|---|---|---|
| | **Year** | **Year** | **Year** |
| **Net Patient Revenue** | | | |
| Amount of Charity Care (charges) | | | |
| Cost of Charity Care | | | |

**APPEND DOCUMENTATION AS ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

## INDEX OF ATTACHMENTS


| ATTACHMENT NO. | | PAGES |
|---|---|---|
| 1 | Applicant Identification including Certificate of Good Standing | 18-21 |
| 2 | Site Ownership | 22-23 |
| 3 | Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. | 24-25 |
| 4 | Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc. | 26-28 |
| 5 | Background of the Applicant | 29-30 |
| 6 | Change of Ownership | 31-47 |
| 7 | Charity Care Information | 48-51 |

**ATTACHMENT 1**

**TYPE OF OWNERSHIP OF APPLICANTS**

Included with this attachment are:

1. The Certificate of Good Standing for the applicant facility.
2. The Certificate of Good Standing for Quorum Health Corporation.
3. The Certificate of Good Standing for Quincy Health, LLC.

*File Number* 0171523-2

# STATE OF ILLINOIS
## OFFICE OF THE SECRETARY OF STATE

**To all to whom these Presents Shall Come, Greeting:**

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

WAUKEGAN ILLINOIS HOSPITAL COMPANY, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON DECEMBER 20, 2005, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

**In Testimony Whereof,** *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* APRIL *A.D.* 2020 .

Authentication #: 2009405268 verifiable until 04/03/2021
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

**ATTACHMENT 1**

# Delaware

The First State



I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "QUORUM HEALTH CORPORATION" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIRST DAY OF FEBRUARY, A.D. 2018.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

Jeffrey W. Bullock, Secretary of State

5792308 8300

SR# 20181195758

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202188010

Date: 02-21-18

**ATTACHMENT 1**

# Delaware

The First State



*I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "QUINCY HEALTH, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTH DAY OF APRIL, A.D. 2020.*

*AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.*

Jeffrey W. Bullock, Secretary of State

7926082 8300

SR# 20202621674

Authentication: 202721600

Date: 04-06-20

You may verify this certificate online at corp.delaware.gov/authver.shtml

**ATTACHMENT 1**

**ATTACHMENT 2**

**SITE OWNERSHIP**

The site ownership will remain the same following the transaction. Attached is an attestation of the applicant Quorum Health Corporation attesting to site ownership of the applicant facility by a Quorum Health Corporation affiliate as indicated.

**Attestation of Site Ownership**

The undersigned is an authorized representative of the applicant Quorum Health Corporation and hereby attests that the site of each of the following licensed facilities is owned by the Quorum affiliated entity identified below.

| Facility | Site Owner |
|---|---|
| Crossroads Community Hospital<br>8 Doctors Park Rd, Mt. Vernon, Illinois | National Health Care of Mt. Vernon, Inc.<br>1573 Mallory Lane, Ste 100, Brentwood, TN |
| Galesburg Cottage Hospital<br>695 N. Kellogg St., Galesburg, Illinois | Galesburg Hospital Corporation<br>1573 Mallory Lane, Ste 100, Brentwood, TN |
| Gateway Regional Medical Center<br>2100 Madison Ave, Granite City, Illinois | Granite City Illinois Hospital Company LLC<br>1573 Mallory Lane, Ste 100, Brentwood, TN |
| Heartland Regional Medical Center<br>3333 W DeYoung St, Marion, Illinois | Marion Hospital Corporation<br>1573 Mallory Lane, Ste 100, Brentwood, TN |
| Red Bud Regional Hospital<br>325 Spring Street, Red Bud, Illinois | Red Bud Illinois Hospital Company, LLC<br>1573 Mallory Lane, Ste 100, Brentwood, TN |
| Vista Medical Center East<br>1324 N Sheridan Rd, Waukegan, Illinois | Waukegan Illinois Hospital Company, LLC<br>1573 Mallory Lane, Ste 100, Brentwood, TN |
| Edwardsville Ambulatory Surgery Center<br>12 Ginger Creek Parkway, Glen Carbon, Illinois | Granite City Illinois Hospital Company LLC<br>1573 Mallory Lane, Ste 100, Brentwood, TN |
| Lindenhurst Surgery Center<br>1050 Red Oak Lane, Lindenhurst, Illinois | Waukegan Illinois Hospital Company, LLC<br>1573 Mallory Lane, Ste 100, Brentwood, TN |
| Lindenhurst Freestanding Emergency Center<br>1050 Red Oak Lane, Lindenhurst, Illinois | Waukegan Illinois Hospital Company, LLC<br>1573 Mallory Lane, Ste 100, Brentwood, TN |

Martin Smith
Executive Vice President & Chief Operating Officer
Quorum Health Corporation

4/8/2020

Dated

**ATTACHMENT 2**

## ATTACHMENT 3

## OPERATING ENTITY/LICENSEE

The licensee of the applicant facility will remain the same after the transaction. Included with this Attachment is the licensee's Certificate of Good Standing. All direct owners of a 5% or more interest in the applicant facility are identified in the organizational chart included with Attachment 4.

*File Number* 0171523-2

## *To all to whom these Presents Shall Come, Greeting:*

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that*

WAUKEGAN ILLINOIS HOSPITAL COMPANY, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON DECEMBER 20, 2005, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

Authentication #: 2009405268 verifiable until 04/03/2021
Authenticate at: http://www.cyberdriveillinois.com

***In Testimony Whereof,*** *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 3RD *day of* APRIL *A.D.* 2020 .

Jesse White

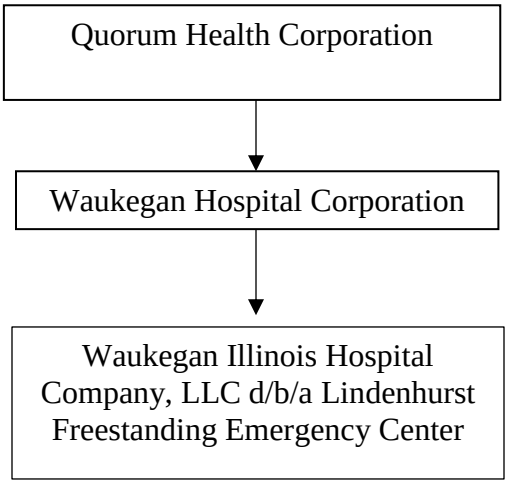
SECRETARY OF STATE

**ATTACHMENT 3**

## ATTACHMENT 4
## ORGANIZATIONAL RELATIONSHIPS

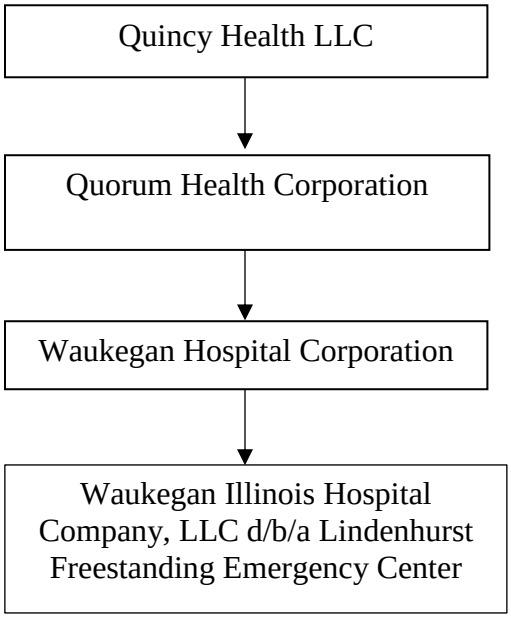
The applicant facility is indirectly owned by the applicant Quorum Health Corporation. As a result of the proposed restructuring Quorum Health Corporation will be wholly owned by Quincy Health, LLC, as further described in Section 2 (Narrative Description). Current and proposed organizational charts are included with this Attachment. All direct owners of a 5% or more interest in the applicant facility are identified in the organizational charts.

# Pre-Transaction Organizational Chart




**ATTACHMENT 4**

# Post-Transaction Organizational Chart




**ATTACHMENT 4**

# ATTACHMENT 5
# BACKGROUND OF THE APPLICANTS

**1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.**

Quorum Hospital Corporation's affiliated Illinois health care facilities are:

## A. Hospitals

Crossroads Community Hospital
8 Doctors Park Rd
Mount Vernon, Illinois
General Hospital License #0003947

Galesburg Cottage Hospital
695 N Kellogg St
Galesburg, Illinois
General Hospital License #0005330

Gateway Regional Medical Center
2100 Madison Ave, Granite City, Illinois
General Hospital License #0005223

Heartland Regional Medical Center
3333 W DeYoung St
Marion, Illinois
General Hospital License #0005298

Red Bud Regional Hospital
325 Spring Street
Red Bud, Illinois
Critical Access Hospital License #0005199

Union County Hospital
517 North Main Street
Anna, Illinois
Critical Access Hospital License #0005421

Vista Medical Center East
1324 N Sheridan Rd
Waukegan, Illinois
General Hospital License #0005397

## B. Ambulatory Surgical Treatment Centers

Edwardsville Ambulatory Surgery Center
12 Ginger Creek Parkway
Glen Carbon, Illinois
ASTC License #7002504

Lindenhurst Surgery Center
1050 Red Oak Lane
Lindenhurst, Illinois
ASTC License #7003168

Monroe County Surgical Center
501 Hamacher St
Waterloo, Illinois
ASTC License #7003194

**C. Freestanding Emergency Centers**

Lindenhurst Freestanding Emergency Center
1050 Red Oak Lane
Lindenhurst, Illinois
Freestanding Emergency Center License #22004

2. **A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.**

Other than the facilities listed in paragraph 1 above, no health care facilities are currently owned or operated in Illinois by any of the applicants identified in the organizational charts included in Attachment 4 and their respective corporate officers or directors.

3. **A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application. Please provide information for each applicant, including corporate officers or directors, LLC members, partners and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.**

Included with Attachment 6 is the applicants' certification of no adverse action during the three years prior to the filing of the application.

4. **Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations.**

Included with Attachment 6 is the applicants' authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted.

5. **If, during a given calendar year, an applicant submits more than one Application, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion.**

The applicants are not relying on information submitted in prior applications.

# ATTACHMENT 6
# CHANGE OF OWNERSHIP

## 1. Section 1130.520(b)(1)(A) - Names of the parties

a. Waukegan Illinois Hospital Company, LLC d/b/a Lindenhurst Freestanding Emergency Center
b. Quorum Health Corporation
c. Quincy Health LLC

## 2. Section 1130.520(b)(1)(B) - Background of the parties

The applicants' certification of no adverse action within three years preceding the filing of the application is included with this Attachment. In addition, each of the applicants, by their signatures to the Certification pages of this application, attest that they are fit, willing, able, and have the qualifications, background, and character to adequately provide a proper standard of health service for the community.

## 3. Section 1130.520(b)(1)(C) - Structure of the transaction

The applicant facility is indirectly owned by Quorum Health Corporation ("Quorum"), a publicly-traded company. On April 7, 2020, Quorum and certain of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court for the District of Delaware to implement a negotiated financial restructuring (the "Restructuring"). Once the Restructuring is approved by the bankruptcy court, Quorum will emerge from bankruptcy. As a result of the emergence from bankruptcy, Quorum's ownership will change and Quincy Health, LLC will become the new owner of Quorum Health.

The applicant facility will continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The Restructuring is expected to bring greater financial stability to a distressed community hospital enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The applicant facility will continue to conduct business at the same location, under the same legal entity, federal tax identification number, and operating license. The Restructuring is not expected to change or alter any of the policies or procedures, personnel, or operations of the facility.

Unlike a merger and acquisition transaction where the seller and buyer determine the timing of closing, the approval of the Restructuring plan is subject to the approval and discretion of the court handling the bankruptcy petition. In this matter, the court is expected to confirm the plan of reorganization within approximately 45 days after the bankruptcy filing, and Quorum and its subsidiaries, and the applicant facility, are expected to emerge from bankruptcy within approximately 60 days from the date of the bankruptcy filing (*i.e.*, likely on or before June 8, 2020).

A copy of the press release issued by Quorum and a copy of Quorum's Form 8-K filed with the United States Securities and Exchange Commission in connection with this transaction are included with this attachment.

4. **Section 1130.520(b)(1)(D) - Name of the person who will be licensed or certified entity after the transaction**

There will be no change in the licensed entity as a consequence of the proposed transaction. The licensee will remain Waukegan Illinois Hospital Company, LLC d/b/a Lindenhurst Freestanding Emergency Center.

5. **Section 1130.520(b)(1)(E) - List of the ownership or membership interests in such licensed or certified entity both prior to and after the transaction, including a description of the applicant's organizational structure with a listing of controlling or subsidiary persons.**

Organizational charts showing the current interest structure of the applicant facility and the post-change ownership interest are included with Attachment 4.

6. **Section 1130.520(b)(1)(F) - Fair market value of assets to be transferred.**

Due to the nature of the restructuring transaction, no specific consideration is designated as being for or attributable to the facilities for which certificate of exemption applications are being submitted. In FY 2019, Quorum Health Corporation generated net revenue of approximately $460,190,064 from the eleven Illinois health care facilities listed in Attachment 5. The net revenue of the applicant facility Lindenhurst Freestanding Emergency Center is included in the net revenue of Vista Medical Center East, which was $151,826,626 for FY 2019.

**Section 1130.520(b)(1)(G) - The purchase price or other forms of consideration to be provided for those assets.**

See paragraph 6 above.

7. **Section 1130.520(b)(2) - Affirmation that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provisions of this Section**

In accordance with 77 Ill. Admin. Code 1130.520, the applicants, by their signatures to the Certification pages of this application, affirm that any projects for which permits have been issued by the Review Board have been completed or will be completed or altered in accordance with the provisions of 77 Ill. Admin. Code 1130.520.

8. **Section 1130.520(b)(3) - If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for a two-year period following the change of ownership transaction**

The applicants, by their signatures to the Certification pages of this application, attest that the compliant charity care policy for any hospital applicant will remain in effect for a two-year period following the transaction.

9. **Section 1130.520(b)(4) - A statement as to the anticipated benefits of the proposed changes in ownership to the community**

The proposed restructuring is expected to bring greater financial stability to a distressed community health care facility enabling it to continue to provide essential healthcare services to Illinois residents, particularly during the COVID-19 crisis. The restructuring will allow the applicant facility to continue to exist and serve patients through the course of the bankruptcy proceeding and thereafter. The applicant facility will continue to conduct business at the same location, under the same legal entity and federal tax identification number. The restructuring is not expected to change or alter any of the applicants' policies or procedures, equipment, personnel, or operations.

**10. Section 1130.520(b)(5) - The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership**

Quorum believes the restructuring will significantly reduce its debt and annual interest expense and better position the company, its affiliated hospitals, and its hospital management and consulting company, for future growth. The restructuring will also build on the significant progress Quorum has made to strengthen its operations.

In connection with the restructuring and the Chapter 11 filing, Quorum has received a commitment for debtor-in-possession financing consisting of $100 million, from certain of its existing noteholders. Upon Court approval, the new financing and cash generated from the company's ongoing operations will be used to support the business during the court-supervised process. Quorum has also received a $200 million equity commitment from certain noteholders that will be funded upon completion of the case and used to pay various costs and reduce debt.

**11. Section 1130.520(b)(6) - A description of the facility's quality improvement program mechanism that will be utilized to assure quality control**

The applicant facility's quality improvement program mechanism will not change as a result of the proposed transaction.

**12. Section 1130.520(b)(7) - A description of the selection process that the acquiring entity will use to select the facility's governing body**

The selection process of the applicant facility's governing body will not change as a result of the proposed transaction. Quincy Health LLC will not be involved in the day-to-day operations of the applicant facility.

**13. Section 1130.520(b)(9)- A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition.**

The applicants are not anticipating changes to the scope of services or levels of care currently provided at the facility to occur within 24-months related to the proposed transaction. The impact of the Coronavirus pandemic is causing changes in the scope of services at health care facilities throughout Illinois and the country, and the applicants cannot predict what specific impact the pandemic may have on services at the applicants' facilities.

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Ms. Avery:

On behalf of the applicant facility and Quorum Health Corporation ("Quorum"), I hereby certify that no adverse action has been taken against the applicant facility or any other Illinois facility owned, operated and/or controlled by Quorum during the three years prior to the filing of this application for change of ownership.

The applicants affirm that all Quorum owned Illinois health care facilities are identified in this application and that no other health care facilities are currently owned or operated in Illinois by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the applicant facility.

The applicants hereby permit the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health ("IDPH") to have access to any documents necessary to verify the information submitted in the application for change of ownership of the facility including, but not limited to: (i) official records of IDPH or other State of Illinois agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

The applicants further attest that the hospital facilities will not adopt a more restrictive charity care policy that was in effect one year prior to the transaction.

Respectfully submitted,

Martin Smith
Executive Vice President & Chief Operating Officer
Quorum Health Corporation

4/8/2020

Dated

**ATTACHMENT 6**

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<< Back

**Quorum Health Corporation Reaches Agreement with Majority of Lenders and Noteholders on Prepackaged Recapitalization Plan**

*Company Hospital Facilities Are Unaffected, Open and Continue to Provide Patient Care*

*Financial Recapitalization Plan will Significantly Reduce Size and Cost of Debt to Better Position Quorum and its Hospitals for Long-term Growth*

BRENTWOOD, Tenn.--(BUSINESS WIRE)--Apr. 7, 2020-- Quorum Health Corporation (NYSE: QHC) (the "Company") today announced that it has entered into a Restructuring Support Agreement (the "RSA") with a majority of its term loan lenders and noteholders on a "pre-packaged" plan to recapitalize the business and significantly reduce the size and cost of the Company's debt. Under the terms of this pre-packaged plan, Quorum Health will reduce its debt by approximately $500 million.

To implement the plan, Quorum Health filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the "Court").

The operations of Quorum Health and its hospitals are unaffected and all facilities are open and available to provide patient care. The Company's subsidiary, Quorum Health Resources, is also continuing to provide the same high quality services to its hospital, health system and healthcare provider clients. Quorum Health-affiliated hospitals are focused on ensuring employees, physicians and providers can continue to provide quality care to the patients and communities they serve. The intent of the plan is to ensure that patients and families experience the same care that exists today. Employees will be paid their wages and benefits in the ordinary course for the work they perform. In addition, the parties to the RSA have agreed and have requested Court authority to pay suppliers in full for goods and services provided before and after filing.

"We believe the financial restructuring plan announced today will strengthen our business and enable our community hospitals to continue the important work they are doing in addressing the COVID-19 crisis, as well as serve their patients and communities," said Bob Fish, Quorum Health Corporation President and Chief Executive Officer.

"Quorum Health has been transparent about the need to restructure our debt over the past year. We believe the RSA will significantly reduce our debt and annual interest expense and better position our company, our affiliated hospitals, and our hospital management and consulting company, for future growth. The RSA will also build on the significant progress we have made to strengthen our operations. We are grateful for the support of our financial stakeholders, which we believe represents a statement of confidence in our business and enables us to move through this process on an expedited basis," Fish continued.

In connection with the RSA and the expected Chapter 11 filing, Quorum Health has received a commitment for debtor-in-possession ("DIP") financing consisting of $100 million, from certain of its existing noteholders. Upon Court approval, the new financing and cash generated from the Company's ongoing operations will be used to support the business during the court-supervised process. The Company has also received a $200 million equity commitment from certain noteholders that will be funded upon completion of the case and used to pay various costs and reduce debt.

Additional information can be accessed by visiting Quorum Health's website at QuorumForward.com or calling Quorum Health's Restructuring Hotline, toll-free in the U.S. at (866) 977-0859, or (503) 597-7702 for calls originating outside of the U.S. Court filings and other documents related to the court-supervised proceedings are available at a website administered by the Company's claims agent, Epiq Corporate Restructuring, LLC, at https://dm.epiq11.com/Quorum.

McDermott Will & Emery LLP and Wachtell, Lipton, Rosen & Katz are serving as the Company's legal counsel, MTS Health Partners, L.P. is serving as its financial advisor and Alvarez & Marsal North America, LLC. is serving as restructuring advisor.

**About Quorum Health Corporation**

Quorum Health Corporation is an operator of general acute care hospitals and outpatient services in the United States. Through its subsidiaries, the Company owns, leases or operates a diversified portfolio of 23 affiliated hospitals in rural and mid-sized markets located across 13 states with an aggregate of 1,950 licensed beds. The Company also operates Quorum Health Resources, LLC, a leading hospital management advisory and consulting services business. More information about Quorum Health Corporation can be found at www.quorumhealth.com.

**Forward-Looking Statements**

This release contains forward-looking statements that address activities, events or developments that the Company expects, believes, targets or anticipates will or may occur in the future are forward-looking statements. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain risks and other factors, which could include the following: risks and uncertainties relating to the Chapter 11 Cases, including but not limited to, the Company's ability to obtain Court approval with respect to motions in the Chapter 11 Cases; the effects of the Chapter 11 Cases on the Company and on the interests of various constituents; the length of time the Company will operate under the Chapter 11 Cases; the potential adverse effects of the Chapter 11 Cases on the Company's liquidity or results of operations and increased legal and other professional costs necessary to execute the Company's financial restructuring; the conditions to which the Company's debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of the Company's control; the Company's trading price and the volatility of the Company's common stock and the effects of the Chapter 11 Cases on the Company's continued listing on the New York Stock Exchange; and the effects and the length of the 2019 novel coronavirus (COVID-19) pandemic as well as other risk factors set forth in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Company therefore cautions readers against relying on these forward-looking statements. All forward-looking statements attributable to the Company or persons acting on the Company's behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and, except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

The terms "QHC," "Quorum Health," "the Company," "we," "us" or "our" refer to Quorum Health Corporation or one or more of its subsidiaries or affiliates as applicable.

View source version on businesswire.com: https://www.businesswire.com/news/home/20200407005274/en/

Michael Freitag or Nick Lamplough,
Joele Frank, Wilkinson Brimmer Katcher

quorumhealthmedia@joelefrank.com
(212) 355-4449

Source: Quorum Health Corporation

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**ATTACHMENT 6**

8-K 1 d913653d8k.htm FORM 8-K

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

## FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of**
**The Securities Exchange Act of 1934**

**Date of Report (date of earliest event reported): April 6, 2020**

# QUORUM HEALTH CORPORATION
**(Exact name of registrant as specified in its charter)**

| Delaware | 001-37550 | 47-4725208 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission file number) | (IRS Employer Identification No.) |

**1573 Mallory Lane**
**Brentwood, Tennessee 37027**
(Address of principal executive offices) (Zip Code)

**Registrant's Telephone Number, Including Area Code: (615) 221-1400**

**Not Applicable**
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, $0.0001 par value per share** | **QHC** | **New York Stock Exchange** |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 1.01 Entry into a Material Definitive Agreement**

The information regarding the Restructuring Support Agreement (as defined below) and the Equity Commitment Agreement (as defined below) set forth in Item 1.03 of this Current Report on Form 8-K is incorporated into this Item 1.01 by reference.

**Item 1.03 Bankruptcy or Receivership.**

On April 7, 2020, Quorum Health Corporation ("QHC") and certain of its direct and indirect subsidiaries (collectively, the "Company") filed voluntary petitions (the "Chapter 11 Cases") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") with the Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") in order to implement the financial restructuring of the Company (the "Restructuring"). The Company has requested that the Bankruptcy Court administer the Chapter 11 Cases jointly under the caption *In re Quorum Health Corporation, et al.*

The Company filed motions with the Bankruptcy Court seeking authorization to continue to operate its businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. To ensure its ability to continue operating in the ordinary course of business, the Company also has filed with the Bankruptcy Court a variety of motions seeking "first day" relief motions, including authority to pay employee wages and benefits and certain vendors and suppliers in the ordinary course of business. The Plan (as defined below) and the "first day" relief anticipate that vendors and other unsecured creditors who continue to work with the Company on existing terms will be paid in full and in the ordinary course of business. The Company expects that the Bankruptcy Court will grant its motions for "first day" relief, and all existing patient, physician, and supplier contracts are expected to remain in place and be serviced in the ordinary course during the pendency of the Chapter 11 Cases.

**Restructuring Support Agreement**

In contemplation of its potential bankruptcy filing and proposed restructuring and recapitalization under Chapter 11 of the Bankruptcy Code, on April 6, 2020, the Company entered into a Restructuring Support Agreement (the "RSA") with (i) lenders who (a) constitute more than a majority in number of the lenders of the outstanding term loans (the "Term Loans") and the outstanding revolving loans (the "Revolving Loans", together with the Term Loans, the "First Lien Loans") under that certain credit agreement (the "Senior Secured Credit Agreement"), dated as of April 29, 2016, by and among QHC, as borrower, each of the guarantors named therein, the lenders from time to time party thereto and Credit Suisse AG, as administrative agent for the lenders under the Senior Secured Credit Agreement (the "First Lien Agent"), and (b) hold at least two-thirds of the aggregate outstanding principal amount of the First Lien Loans (the "Consenting First Lien Lenders"), and (ii) holders who (x) constitute a majority in number of the holders of $400,000,000 aggregate outstanding principal amount of 11.625% Senior Notes due 2023 issued by QHC (the "Senior Notes") and (y) hold at least two-thirds of the aggregate outstanding principal amount of the Senior Notes (the "Consenting Noteholders", and collectively with the Consenting First Lien Lenders, the "Consenting Stakeholders"). As set forth in the RSA, the Company and the Consenting Stakeholders have agreed to the principal terms of a restructuring of the Company.

The RSA sets forth the terms under which the Company and the Consenting Stakeholders agreed to implement the financial restructuring of the Company (the "Restructuring") through the Plan, a copy of which is attached as Exhibit A to the RSA. Although the Company intends to pursue the Restructuring in accordance with the terms set forth in the RSA, there can be no assurance that the Company will be successful in completing the Restructuring in the Chapter 11 Cases, whether on the same or different terms than those provided in the RSA and the Plan.

*Existing Senior Secured Debt*

Under the RSA, the Plan provides for a comprehensive deleveraging of the Company's balance sheet. Specifically, the Plan contemplates that the Company will emerge from the Chapter 11 Cases with a leaner capital structure comprised of (a) a senior secured asset-based revolving credit facility, and (b) a senior secured term loan facility in an aggregate principal amount of $738.3 million *minus* an aggregate paydown amount of at least $50 million but no more than $100 million (the "Exit Facility"), as determined by the holders of at least 50% of the aggregate commitment amounts of all commitment parties party to the Equity Commitment Agreement (the "Required Equity Commitment Parties"). Each lender party to that certain ABL Credit Agreement (the "ABL Credit Agreement"), dated April 29, 2016, among the Company, the lenders party thereto and UBS AG, Stamford Branch, as administrative agent and collateral agent, as amended, which provides for the Company's senior secured asset based revolving credit facility (the "ABL Facility"), will receive indefeasible payment in full in cash of its allowed claims under the ABL Facility. Further, each lender of the outstanding Revolving Loans will receive its pro rata share of: (i) cash in the amount of (A) the aggregate principal amount of the Revolving Loans, multiplied by (B) a ratio equal

to (X) the cash paid to holders of claims arising under the outstanding Term Loans divided by (Y) the aggregate principal amount of the Term Loans; and (ii) the Exit Facility. Each lender of the Term Loans will receive its pro rata share of: (i) $50 million to $100 million in cash proceeds, as determined by the Required Equity Commitment Parties pursuant to and in accordance with the Equity Commitment Agreement; and (ii) the Exit Facility.

*Existing Senior Notes*

Pursuant to the Plan, the claims of the Senior Notes will be discharged, terminated and released in exchange for 100% of the new common stock of the reorganized QHC (the "Reorganized QHC"), subject to dilution for certain issuances of new common stock, and beneficial interests in the QHC Litigation Trust (as defined below). The Plan requires the Company to establish a litigation trust (the "QHC Litigation Trust") for the benefit of the holders of claims under the Senior Notes. The Company will contribute to the QHC Litigation Trust certain specified causes of action, existing at law or in equity, that the Company has or acquires after the petition date. The QHC Litigation Trust will be governed by the terms of a QHC Litigation Trust Agreement, which the Company and the trustee for the QHC Litigation Trust will enter into by the effective date of the Plan.

*General Unsecured Claims*

The terms of the restructuring contemplate that the Company will pay all of the holders of general unsecured claims against the Company in the ordinary course.

*Existing Common Stock, Restricted Stock, and Restricted Stock Units*

All outstanding shares of common stock, shares of restricted stock (whether vested or unvested), and restricted stock units (whether vested or unvested) of QHC will be cancelled pursuant to the Plan. Therefore, if the Plan is confirmed by the Bankruptcy Court, the holders of such equity interests will not receive any recovery.

*Management Incentive Plan*

The Plan contemplates that the Reorganized QHC will adopt a management incentive plan (the "MIP") on or after the effective date of the Plan. Under the MIP, shares of new common stock (or other equity securities) will be reserved for grant to management, key employees, and directors of Reorganized QHC. The governing body of the Reorganized QHC will determine the terms and conditions of the MIP.

*Material Covenants*

The RSA imposes covenants on all of the parties thereto, which include, without limitation, the obligation of each party to use commercially reasonable efforts and to work in good faith to, as soon as reasonably practicable, consummate, the Restructuring, negotiate and complete definitive restructuring documents, obtain entry of an order confirming the Plan, and not take any action that is inconsistent with, or intended to frustrate, the timely approval of the Plan. Furthermore, the Consenting Stakeholders covenant to vote in favor of the Plan and not, directly or indirectly, object to, delay, impede or take any other action designed to interfere with the acceptance, implementation, confirmation, or consummation of the Plan, such as supporting or submitting or soliciting approval of a competing plan of reorganization. The RSA requires the Company to pay the documented fees and expenses of the legal and financial advisors of the Consenting Stakeholders, subject to the approval of the Bankruptcy Court. Moreover, in the RSA, the Company covenants to operate its business in the ordinary course in a manner consistent with past practice in all material respects and notify the Consenting Stakeholders of any breach of the RSA within three business days of obtaining actual knowledge thereof.

*Milestones*

The RSA requires the Company to meet certain milestones, unless extended or waived in writing by the Company, on the one hand, and at least 50.01% of the Consenting First Lien Lenders and at least 50.01% of the Consenting Noteholders, on the other hand. The Consenting Stakeholders are permitted to terminate the RSA and revoke their support of the Plan in the event the Company fails to achieve one of the milestones. The milestones include, among others: (i) no later than April 6, 2020, the Company must commence the solicitation of votes for the acceptance or rejection of the Plan (the "Solicitation"); (ii) no later than April 7, 2020, the Company must commence the Chapter 11 Cases; (iii) on the date the Company files the bankruptcy petitions with the Bankruptcy Court, the Company also must file with the Bankruptcy Court (a) the Plan; (b) the Disclosure Statement (as defined below); and (c) a motion to obtain postpetition "debtor-in-possession" financing; and (iv) the Plan must be effective no later than seventy-five calendar days after the petition date, *provided* that if any required regulatory approval has not been obtained prior to the 75th calendar date, the effective date milestone will automatically be extended to ninety-five calendar days after the petition date.

*Termination Events*

The RSA also contains certain termination provisions. The Consenting Noteholders who collectively hold at least 50.01% of the aggregate outstanding principal amount of the Senior Notes (the "Required Consenting Noteholders") or the Consenting First Lien Lenders who collectively hold at least 50.01% of the First Lien Loans (the "Required Consenting First Lien Lenders") have the right to terminate the RSA in the following circumstances:

- any debtor in the Chapter 11 Cases files a plan of reorganization other than the Plan without the prior written consent of the Required Consenting Noteholders and the Required Consenting First Lien Lenders;
- with respect to the Required Consenting Noteholders only, the Company amends or modifies, or seeks the Bankruptcy Court's approval of a material amendment or modification to, the definitive restructuring documents;
- the Bankruptcy Court grants relief that is inconsistent in any material respect with any definitive restructuring document in a manner that adversely impacts the treatment of the Consenting Noteholders claims;
- a breach by any debtor in the Chapter 11 Cases of its obligations under the RSA and such breach is not cured within five business days after giving notice to the respective counsels of the Consenting Noteholders and the Consenting First Lien Lenders;
- with respect to the Required Consenting Noteholders only, a breach by one or more of the Consenting First Lien Lenders of its obligations under the RSA such that the non-breaching Consenting First Lien Lenders no longer meet the thresholds required for the RSA to be effective;
- with respect to the Required Consenting First Lien Lenders only, a breach by one or more of the Consenting Noteholders of its obligations under the RSA such that the non-breaching Consenting Noteholders no longer meet the thresholds required for the RSA to be effective;
- with respect to the Required Consenting First Lien Lenders only, the parties to the Equity Commitment Agreement fail to fully execute the Equity Commitment Agreement;
- with respect to the Required Consenting First Lien Lenders only, the parties to the Equity Commitment Agreement do not commit to invest at least $200 million of new money;
- with respect to the Required Consenting First Lien Lenders only, the Plan provides for payment of less than $50 million in respect of the claims arising under the Term Loan Facility and the Revolving Credit Facility;
- the Equity Commitment Agreement is validly terminated;
- the DIP Facility (as defined below) is terminated and remains terminated for five business days;
- with respect to the Consenting First Lien Lenders only, the DIP Lenders (as defined below) fail to fully execute a debtor-in-possession credit agreement in a manner consistent in all material respects with the terms set forth in the DIP Term Sheet (as defined below);
- a trustee, receiver or examiner is appointed in one or more of the Chapter 11 cases, the filing by any debtor of a motion seeking to dismiss the Chapter 11 Cases or convert any of the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code;
- the Bankruptcy Court enters an order in the Chapter 11 Cases terminating the Company's exclusive right to file a plan or plans of reorganization;
- any debtor in the Chapter 11 Cases challenges the principal amount, priority or validity of the claims arising under the Senior Notes, the Term Loan Facility or the Revolving Credit Facility;
- any Debtor sells, or files any motion or application seeking authority to sell, a material portion of the Company's assets as a whole, without the prior written consent of the Required Consenting Noteholders and the Required Consenting First Lien Lenders;
- with respect to the Required Consenting First Lien Lenders only, the Company grants a lien on the collateral securing the Term Loan Facility or Revolving Credit Facility that is senior to the valid and perfected liens of the lenders thereunder, except (i) in the case of adequate protection to the extent required by the orders approving the DIP Facility, (ii) any "carve outs" approved by the Bankruptcy Court with respect to the DIP Facility, and (iii) to the extent the Company is already permitted to grant such a lien under the terms of the Senior Secured Credit Agreement;

- with respect to the Required Consenting First Lien Lenders only, the Consenting Senior Lenders do not receive payment on April 30, 2020 of all accrued but unpaid interest (at the non-default rate) as of such date;
- with respect to the Required Consenting Noteholders only, the Company fails to pay the documented fees and expenses of the legal and financial advisors of the Consenting Noteholders;
- with respect to the Required Consenting Noteholders only, the Required Consenting First Lien Lenders rightfully terminate the RSA or there occurs any uncured event of default under the indenture governing the Senior Notes prior to the petition date in the Chapter 11 Cases;
- with respect to the Required Consenting First Lien Lenders only, the Required Consenting Noteholders rightfully terminate the RSA; or
- the Company files a motion or pleading with the Bankruptcy Court seeking authority to terminate the RSA or provides notice to counsel to the Consenting Stakeholders of its intent to enter into or otherwise publicly announce its entry into or intent to pursue an alternative transaction.

Additionally, the Company has the right to terminate the RSA if the following events occur: (i) the board of directors of the Company determines, in good faith after consulting with counsel, that the restructuring contemplated by the Plan would breach the board's fiduciary obligations; (ii) breach by one or more of the Consenting Noteholders of its obligations under the RSA such that the non-breaching Consenting Noteholders no longer meet the thresholds required for the RSA to be effective and such breach is not cured within ten days after written notice is provided to the Company; (iii) breach by one or more of the Consenting First Lien Lenders of its obligations under the RSA such that the non-breaching Consenting First Lien Lenders no longer meet the thresholds required for the RSA to be effective and such breach is not cured within ten days after written notice is provided to the Company; (iv) the Equity Commitment Agreement has been validly terminated by a party thereto other than the Company; or (v) the (x) Consenting Noteholders no longer collectively constitute more than 50% in number of the holders of the Senior Notes or no longer hold at least two-thirds of the aggregate outstanding principal amount of the Senior Notes or (y) Consenting First Lien Lenders no longer collectively constitute more than 50% in number of the lenders under the Term Loan Facility and Revolving Credit Facility or no longer hold at least two-thirds of the aggregate outstanding principal amount of the First Lien Loans.

*Debtor-in-Possession Financing*

In connection with the Chapter 11 Cases, certain Consenting Stakeholders or their affiliates (the "DIP Lenders") have agreed to provide debtor-in-possession financing to QHC on the terms set forth in the term sheet (the "DIP Term Sheet") attached as Exhibit C to the RSA. The DIP Term Sheet contemplates that the DIP Lenders will make available to QHC loans in the aggregate principal amount of up to $100 million (the "DIP Facility"). The closing and initial funding of the DIP Facility will occur after the Bankruptcy Court enters an interim order approving debtor-in-possession financing. QHC will only be permitted to draw a maximum principal amount of $30 million under the DIP Facility until the Bankruptcy Court enters a final order approving the debtor-in-possession financing. After the Bankruptcy Court enters the final order approving the debtor-in-possession financing, QHC may draw the remaining portion of the loan commitments not available or drawn in connection with the interim order.

On April 7, 2020, the Company filed motions seeking the entry of interim and final orders approving the DIP Facility on terms and conditions set forth in the DIP Term Sheet. The Company must obtain the Bankruptcy Court's approval of the interim order no later than three business days after the petition date and the final order no later than thirty-five calendar days after the petition date. The DIP Facility, if approved by the Bankruptcy Court as proposed, will contain the following terms:

- GLAS USA, LLC will serve as the administrative agent for the DIP Facility, and GLAS Americas, LLC will act as a collateral agent for the DIP Facility.
- The Company anticipates using the cash from the DIP Facility to fund its operating expenses, certain professional fees, and bankruptcy-related costs and expenses (including restructuring fees and adequate protection payments) during the Chapter 11 Cases. However, the Company may only use the cash borrowed under the DIP Facility in accordance with the budget approved by the DIP Lenders.
- The current guarantors of the Term Loan Facility and Revolving Credit Facility will guarantee the obligations of QHC under the DIP Facility.

- Subject to a specified carve-out amount for certain administrative, legal, and court fees payable in connection with the Chapter 11 Cases, the claims arising under the DIP Facility will (i) be entitled to joint and several superpriority claim status in the Chapter 11 Cases, and (ii) be secured by a perfected first priority lien on (x) the amounts deposited in a segregated deposit account for advances under the DIP Facility and (y) avoidance actions and the proceeds thereof. The claims arising under the DIP Facility also will be secured by a perfected junior lien on all of the assets encumbered by the Term Loan Facility and Revolving Credit Facility.
- The loans advanced under the DIP Facility will bear interest at a rate per annum equal to the adjusted LIBO rate used for the Term Loan Facility and Revolving Credit Facility, plus 10.00%. Upon the occurrence of an event of default, the DIP Lenders are permitted to charge a default rate of interest equal to 2.00% above the rate otherwise applicable to the loans outstanding under the DIP Facility. Interest is due monthly, in arrears, on the first day of each month, upon any prepayment, and at the final maturity date.
- The DIP Facility will be subject to certain affirmative and negative covenants, including, among other covenants customary in debtor-in-possession financings, reporting by the Company in the form of a budget, together with a reasonably detailed written explanation of all material variances from the budget.
- The DIP Facility will contain certain events of default customary in debtor-in-possession financings, including, without limit, the conversion of the Chapter 11 Cases to a Chapter 7 case or the appointment of a trustee, examiner or receiver in the Chapter 11 Cases.
- The DIP Facility will mature upon the earlier to occur of (i) six months from the closing date of the DIP Facility, (ii) the acceleration of the loans and commitments outstanding under the DIP Facility, and (iii) the effective date of the Plan.
- On the maturity date of the DIP Facility, if the Plan has been confirmed by the Bankruptcy Court, all amounts outstanding under the DIP Facility will convert into shares of new common stock of the Reorganized QHC. However, if the Plan has not been confirmed as of the maturity date of the DIP Facility, then QHC must pay all of the outstanding amounts under the DIP Facility in cash, unless the maturity date is extended by the DIP Lenders.

The foregoing summary of the RSA, the Plan, and the DIP Facility and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the RSA and the exhibits and schedules annexed thereto, copies of which are filed as Exhibit 10.1 to this Current Report on Form 8-K and are incorporated by reference into this Item 1.03.

Pursuant to the RSA, the Company commenced the Solicitation on April 6, 2020. In connection with the commencement of the Solicitation, copies of the Plan and the related disclosure statement (the "Disclosure Statement") were distributed to certain institutional investor and lender creditors of the Company entitled to vote on the Plan.

**Equity Commitment Agreement**

Certain Consenting Noteholders (the "Equity Commitment Parties") have agreed to commit no less than $200 million (which amount may be increased to $250 million under certain circumstances) (the "Equity Commitment Aggregate Amount") in new funds to purchase shares of new common stock of the Reorganized QHC at a purchase price per share equal to $7.50 (the "New Common Equity Raise"), pursuant to the terms of and subject to the conditions of an Equity Commitment Agreement with the Company (the "Equity Commitment Agreement"). Additionally, the Reorganized QHC will issue to the Equity Commitment Parties shares of new common stock in an amount equal to 7.5% of the Equity Commitment Aggregate Amount, issued an equity commitment premium price per share equal to $10.00 (the "Equity Commitment Premium"). The Equity Commitment Premium is payable to the Equity Commitment Parties in cash under certain circumstances. The Company will use the proceeds from the New Common Equity Raise to fund distributions under the Plan, including, without limit, the proposed paydown of the Company's senior secured debt.

The New Common Equity Raise will be conducted in accordance with Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). This Current Report on Form 8-K does not constitute an offering of the shares of new common stock summarized above, nor the solicitation of bids or purchases for these shares of new common stock.

QHC makes customary representations and warranties in the Equity Commitment Agreement, including, but not limited to, representations and warranties related to the Company's good standing and valid existence, the Company's power and authority to enter into the Equity Commitment Agreement and perform its obligations thereunder, the absence of material litigation against the Company, certain intellectual property of the Company, certain tax matters, and the validity of the new common stock to be issued by the Company thereunder.

Moreover, the closing of the New Common Equity Raise is subject to the satisfaction of certain conditions precedent, including, among others, the RSA has not been terminated, the Plan is confirmed and declared effective by the Bankruptcy Court, all other government approvals (including anti-trust approval, if applicable) have been obtained by the Company, the Company reimburses the Equity Commitment Parties for their documented fees and expenses incurred in connection with the New Common Equity Raise, and no event has occurred that has or would reasonably be expected to have a material adverse effect on the Company.

The foregoing summary of the Equity Commitment Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the Equity Commitment Agreement, a copy of which is filed as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated by reference into this Item 1.03.

In connection with the Chapter 11 Cases, McDermott Will & Emery LLP is serving as legal counsel to the Company, Alvarez & Marsal North America LLC is serving as the Company's restructuring advisor and MTS Health Partners, L.P. is serving as financial advisor. Kirkland & Ellis LLP is serving as legal counsel to the Consenting Noteholders and Jefferies LLC is serving as financial advisor. Milbank LLP is serving as legal counsel to the Consenting First Lien Lenders and Houlihan Lokey is serving as financial advisor.

The agreements and transactions summarized in Item 1.03 of this Current Report on Form 8-K are subject to approval by the Bankruptcy Court, which has not been obtained at this time. These summaries, therefore, may not reflect the definitive versions of these agreements and transactions and are qualified in their entirety by reference to the definitive agreements and transactions, as approved by the Bankruptcy Court.

**Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement**

The filing of the Chapter 11 Cases described above in Item 1.03 constitutes an event of default under the following debt instruments of the Company (the "Debt Instruments"):

- the Senior Secured Credit Agreement;
- the ABL Credit Agreement; and
- the Indenture, dated as of April 22, 2016, by and between the Company and Wilmington Savings Fund Society, FSB, as successor trustee to Regions Bank, which governs the terms of the Senior Notes, as amended by that certain Supplemental Indenture, dated April 29, 2016, that certain Supplemental Indenture, dated December 28, 2016, and that certain Third Supplemental Indenture, dated February 6, 2020.

The Debt Instruments provide that, as a result of the Chapter 11 Cases, the principal and interest due thereunder shall be immediately due and payable without notice from the lenders thereunder. Any efforts to enforce such payment obligations under the Debt Instruments are automatically stayed as a result of the Chapter 11 Cases, and the lenders' rights to enforce the Debt Instruments are subject to the applicable provisions of the Bankruptcy Code.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

Effective April 6, 2020, the Board appointed Paul Rundell, a Managing Director at Alvarez & Marsal, LLC ("A&M"), as Chief Restructuring Officer of the Company.

Paul Rundell, age 44, is a Managing Director at A&M and has been with the firm since 2007. Mr. Rundell brings over 20 years of experience specializing in the healthcare industry and is a Managing Director in A&M's restructuring practice. Prior to joining A&M, Mr. Rundell worked with several restructuring and interim management firms where he assisted clients with revenues ranging from $50 million to more than $15 billion. Mr. Rundell has worked with numerous healthcare clients throughout the country. Mr. Rundell served as Interim Chief Executive Officer of 21st Century Oncology Holdings, Inc. from February 2017 through February 2018. He is a Certified Insolvency and Restructuring Advisor (CIRA), a Certified Turnaround Professional (CTP), and a member of the Turnaround Management Association (TMA) and the Association of Insolvency and Restructuring Advisors (AIRA). Mr. Rundell holds a Bachelor's Degree and a Master's Degree in business administration from the University of Illinois.

With respect to the disclosure required by Item 401(d) of Regulation S-K, there are no family relationships between Mr. Rundell and any director or executive officer of the Company. With respect to Item 404(a) of Regulation S-K, there are no relationships or related transactions between Mr. Rundell and the Company that would be required to be reported.

**Item 7.01 Regulation FD Disclosure**

The Company cautions that trading in the Company's securities during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks. Trading prices for the Company's securities may bear little or no relationship to the actual recovery, if any, by the holders of the Company's securities in the Chapter 11 Cases. The Company expects that its equity holders could experience a significant or complete loss on their investment, depending on the outcome of the Chapter 11 Cases.

**Press Release**

On April 7, 2020, the Company issued a press release announcing the RSA and the DIP Facility as well as its decision to file the Chapter 11 Cases. A copy of this press release is attached as Exhibit 99.1 and is incorporated herein by reference.

Additional information about the Chapter 11 Cases is available at https://www.QuorumForward.com. For copies of motions and orders filed with the Bankruptcy Court and other documents related to the court supervised process, please visit https://dm.epiq11.com/Quorum.

**Disclosure Statement**

As described above, the Disclosure Statement was distributed to certain creditors of the Company on April 6, 2020. A copy of the Disclosure Statement is being furnished as Exhibit 99.2 and is incorporated into this Item 7.01 by reference. This Current Report on Form 8-K is not a solicitation of votes to accept or reject the Plan or an offer to sell securities of the Company. Any solicitation of votes or offer to sell or solicitation of an offer to buy any securities of the Company will be made only pursuant to and in accordance with the Disclosure Statement.

**Cleansing Material**

Beginning in May 2019, the Company commenced discussions with certain of the Consenting Stakeholders regarding the possibility of a potential financing, recapitalization, material sale of assets or equity of one of the Company's subsidiaries, or alternative transactions for the Company.

The Company entered into confidentiality agreements (collectively, the "NDAs") with certain of the Consenting Stakeholders. Pursuant to the NDAs, the Company agreed to publicly disclose certain information, including material non-public information disclosed to the Consenting Stakeholders (the "Cleansing Material") upon the occurrence of certain events set forth in the NDAs. A copy of the Cleansing Material, including the Company's financial results for the fourth quarter of 2019, the Company's financial results for the months of January and February 2020, the 2020 risk adjusted budget of the Company, and discussion materials related to the impact of the 2019 novel coronavirus pandemic on the Company's financial condition and results of operations, along with accompanying supplemental materials, is attached hereto as Exhibit 99.3 and is incorporated into this Item 7.01 by reference.

The descriptions in this Form 8-K of the Cleansing Material do not purport to be complete and are qualified in their entirety by reference to the complete presentation of the Cleansing Material attached as Exhibit 99.3 hereto.

The information set forth in Item 7.01 of this Form 8-K is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in Item 7.01 of this Form 8-K shall not be incorporated by reference into any filing under the Securities Act or the Exchange Act, regardless of any incorporation by reference language in any such filing.

*Cautionary Note Regarding Forward-Looking Statements*

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included in this filing that address activities, events or developments that the Company expects, believes, targets or anticipates will or may occur in the future are forward-looking statements. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain risks and other factors, which could include the following: risks and uncertainties relating to the Chapter 11 Cases, including but not limited to, the Company's ability to obtain Bankruptcy Court approval with respect to motions in the Chapter 11 Cases; the effects of the Chapter 11 Cases on the Company and on the interests of various constituents; the length of time the Company will operate under the Chapter 11 Cases; the potential adverse effects of the Chapter 11 Cases on the Company's liquidity or results of operations and increased legal and other professional costs necessary to execute the Company's financial restructuring; the conditions to which the Company's debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of the Company's control; the Company's trading price and the volatility of the Company's common stock and the effects of the Chapter 11 Cases on the Company's continued listing on the New York Stock Exchange; and the effects and the length of the 2019 novel coronavirus (COVID-19) pandemic as well as other risk factors set forth in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K (including any amendments to those reports) filed with the Securities and Exchange Commission. The Company therefore cautions readers against relying on these forward-looking statements. All forward-looking statements attributable to the Company or persons acting on the Company's behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and, except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

| No. | Description |
|---|---|
| 10.1 | Restructuring Support Agreement, dated April 6 2020, by and among the Company and certain of its creditors party thereto |
| 10.2 | Equity Commitment Agreement, dated April 6 2020, by and among the Company and certain of the holders of its unsecured senior notes |
| 99.1 | Press Release |
| 99.2 | Disclosure Statement for the Debtors' Joint Prepackaged Chapter 11 Plan of Reorganization dated April 6 2020 |
| 99.3 | Cleansing Material |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

QUORUM HEALTH CORPORATION
(registrant)

By: /s/ Alfred Lumsdaine
Alfred Lumsdaine
Executive Vice President
and Chief Financial Officer
(principal financial officer)

Date: April 7, 2020

## ATTACHMENT 7

## CHARITY CARE INFORMATION

The amount of charity care for the last three years provided by each of Quorum Health Corporation's affiliated Illinois hospitals and ambulatory surgical treatment centers are included in the tables below.

| CROSSROADS COMMUNITY HOSPITAL, Mt. Vernon | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **43,087,842** | **42,975,140** | **47,837,708** |
| Amount of Charity Care (charges) | 1.2% of net patient revenue | 0.5% of net patient revenue | 0.2% of net patient revenue |
| Cost of Charity Care ($) | 536,244 | 204,594 | 92,907 |

| GALESBURG COTTAGE HOSPITAL, Galesburg | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **64,576,277** | **63,910,368** | **58,072,814** |
| Amount of Charity Care (charges) | 0.5% of net patient revenue | 0.1% of net patient revenue | 0.1% of net patient revenue |
| Cost of Charity Care ($) | 309,753 | 38,924 | 32,584 |

| GATEWAY REGIONAL MEDICAL CENTER, Granite City | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **124,186,704** | **131,930,854** | **119,853,104** |
| Amount of Charity Care (charges) | 0.6% of net patient revenue | 0.2% of net patient revenue | 0.6% of net patient revenue |
| Cost of Charity Care ($) | 743,461 | 318,364 | 662,943 |

| HEARTLAND REGIONAL MEDICAL CENTER, Marion | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **106,229,851** | **107,493,477** | **122,956,140** |
| Amount of Charity Care (charges) | 1.2% of net patient revenue | 1.1% of net patient revenue | 1.1% of net patient revenue |
| Cost of Charity Care ($) | 1,307,347 | 1,223,011 | 72,702 |

| RED BUD REGIONAL HOSPITAL, Red Bud | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **23,915,249** | **25,232,661** | **28,080,998** |
| Amount of Charity Care (charges) | 0.9% of net patient revenue | 0.3% of net patient revenue | 0.3% of net patient revenue |
| Cost of Charity Care ($) | 208,815 | 80,088 | 90,677 |

| UNION COUNTY HOSPITAL, Anna | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **25,484,168** | **24,855,974** | **23,749,436** |
| Amount of Charity Care (charges) | 0.6% of net patient revenue | 0.3% of net patient revenue | 0.3% of net patient revenue |
| Cost of Charity Care ($) | 140,648 | 77,416 | 65,422 |

| VISTA MEDICAL CENTER, Waukegan | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **177,771,693** | **171,104,147** | **189,423,688** |
| Amount of Charity Care (charges) | 0.6% of net patient revenue | 0.5% of net patient revenue | 0.3% of net patient revenue |
| Cost of Charity Care ($) | 988,548 | 886,957 | 550,384 |

| LINDENHURST SURGERY CENTER, Lindenhurst | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **6,647,037** | **5,705,523** | **3,655,308** |
| Amount of Charity Care (charges) | 0 | 0 | 0 |
| Cost of Charity Care ($) | 0 | 0 | 0 |

| EDWARDSVILLE AMBULATORY SURGERY CENTER, Glen Carbon | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **2,077,101** | **9,449,802** | **9,375,547** |
| Amount of Charity Care (charges) | 0 | 0 | 0 |
| Cost of Charity Care ($) | 0 | 0 | 0 |

| MONROE COUNTY SURGICAL CENTER, Waterloo | | | |
|---|---|---|---|
| | **2016** | **2017** | **2018** |
| **Net Patient Revenue ($)** | **838,982** | **1,259,556** | **1,227,717** |
| Amount of Charity Care (charges) | 0 | 0 | 0 |
| Cost of Charity Care ($) | 0 | 0 | 0 |

The above charity care information is from the 2016, 2017 and 2018 Hospital Profiles and ASTC Profiles for each facility. The individual hospital charity care is not separately audited. Quorum Health Corporation's Form 10-K filed with the U.S. Securities and Exchange Commission for the year ended December 31, 2018 contains the following statement on charity care:

***Charity Care***

*In the ordinary course of business, the Company provides services to patients who are financially unable to pay for hospital care. The related charges for those patients who are financially unable to pay that otherwise do not qualify for reimbursement from a governmental program are classified as charity care. The Company determines amounts that qualify for charity care primarily based on the patient's household income relative to the poverty level guidelines established by the federal government. The Company's policy is to not pursue collections for such amounts; therefore, the related charges are recorded in operating revenues at the standard billing rates and fully offset in contractual allowances. The Company's gross amounts of charity care revenues were $33.0 million, $34.0 million and $34.6 million for the years ended December 31, 2018, 2017 and 2016, respectively.*

*The Company estimates the cost of providing charity care services utilizing a ratio of cost to gross charges and applying this ratio to the gross charges associated with providing care to charity patients for the period. The estimated costs of providing charity care services was $5.5 million, $5.6 million and $5.7 million for the years ended December 31, 2018, 2017 and 2016, respectively. To the extent the Company receives reimbursement from any of the various governmental assistance programs to subsidize its care of indigent patients, the Company excludes the charges for such patients from the cost of care provided under its charity care program.*

# Quorum Health Corporation
## Revenue by Payor Source

The following table provides a summary of Quorum Health Corporation's net operating revenues for the years ended December 31, 2018, 2017 and 2016, by payor source (dollars in thousands):

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2017 | | 2016 | |
| | $ Amount | % of Total | $ Amount | % of Total | $ Amount | % of Total |
| Medicare | $ 532,097 | 28.3% | $ 613,846 | 29.6% | $ 629,303 | 29.4% |
| Medicaid | 352,111 | 18.7% | 417,656 | 20.2% | 430,609 | 20.1% |
| Managed care and commercial plans | 754,572 | 40.2% | 788,943 | 38.1% | 813,565 | 38.0% |
| Self-pay and self-pay after insurance | 157,435 | 8.4% | 154,402 | 7.4% | 159,914 | 7.6% |
| Non-patient | 82,374 | 4.4% | 97,323 | 4.7% | 105,076 | 4.9% |
| Total net operating revenues | $1,878,589 | 100.0% | $2,072,170 | 100.0% | $2,138,467 | 100.0% |

Source: Quorum Health Corporation, Form 10-K filing with U.S. Securities and Exchange Commission for Fiscal Year ended December 31, 2018.