

Miami hospital files Chapter 11 with \$67M in debt

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By Brian Bandell

Miami International Medical Center LLC, which ran the recently closed Miami Medical Center, has filed Chapter 11 while listing \$31.4 million in assets versus \$67.3 million in liabilities.

The nonprofit Nicklaus Children's Hospital is heavily involved in this company. It serves as a shareholder, lender and landlord to Miami International Medical Center. And more funding from Nicklaus Children's Hospital could help resolve this case.

The 67-bed hospital, at 5959 N.W. Seventh St., suspended patient services in October 2017 and terminated 180 employees. It had been operating for about 20 months after being closed for \$70 million in renovations by its new owners.

The hospital was founded in 1963 by Cuban exile doctors and previously known as Pan American Hospital. Its renovations aimed to transform it into a "concierge" medical center with private rooms, including a focus on maternity.

Miami International Medical Center LLC filed Chapter 11 reorganization in U.S. Bankruptcy Court in Miami. Attorney Peter D. Russin, who represents the debtor, couldn't immediately be reached for comment.

According to the debtor's case summary, the hospital encountered obstacles in attracting sufficient patient volume since reopening in February 2016 and

struggled to negotiate managed care contracts that would reimburse it at a high enough level to offset its actual expenses.

The hospital posted revenue of \$18.7 million in 2016 and \$20.2 million in 2017, according to the Chapter 11 petition.

The bankruptcy filing said Miami International Medical Center LLC was 69 percent owned by Miami Hospital Holdings, which is equally split between Nicklaus Children's Hospital affiliate Children's Health Ventures and NueHealth, an affiliate of Leawood, Kansas-based Nueterra Capital. The other 31 percent of the hospital was owned by 52 local physicians and medical groups.

Miami International Medical Center LLC still holds a lease on the 9.7-acre hospital property that runs through July 2030. However, the bankruptcy petition says no rent has been paid since September 2017. Nicklaus Children's Hospital and Nueterra were limited guarantors of the lease.

Nicklaus Children's Hospital acquired the hospital property for \$88 million in January, so it's now the landlord.

"This is a strategic business investment aimed at allowing Nicklaus Children's Hospital to have greater opportunities for future growth and success to better serve our patients and community," Nicklaus Children's Hospital said in a statement. "We are currently assessing several options for the facility's future. During this time, until analysis is complete and next steps determined, services will not be provided at the facility."

The largest secured loans to Miami International Medical Center LLC were a term loan and a revolving loan from Oklahoma City-based MidFirst Bank. Both loans were co-guaranteed by Nicklaus Children's Hospital, Nueterra and the 52 local physician shareholders, according to the bankruptcy petition.

Nicklaus Children's Hospital acquired the term loan, which currently totals \$26.27 million, from MidFirst Bank, so it is now the largest creditor. However, MidFirst Bank still holds the \$9.4 million revolving loan, according to the bankruptcy petition.

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There was also a \$2.2 million loan that Nicklaus Children's Hospital made to Miami International Medical Center LLC. Nueterra, which the bankruptcy petition said managed the hospital, made \$16.4 million in loans to the debtor.

Creditors that Miami International Medical Center LLC owes unsecured debts to include Aramark Healthcare Support Services (\$1.44 million), OHL-Arellano Construction Co. (\$1.46 million), Cardinal Health (\$1.21 million) and Miami Anesthesia Services (\$802,609). The petition said 17 employees were owed wages.

The debtor's assets include an estimated \$13 million in medical equipment, although some of that was secured by outstanding equipment leases. The hospital had only \$102,868 in cash in the bank, the petition said.

Miami International Medical Center LLC filed a motion for post-petition financing, a loan that would support its operations during bankruptcy and take priority over other debts. That proposed \$3.37 million loan would come from Children's Health Ventures, the affiliate of Nicklaus Children's Hospital.

The case summary said that the debtor planned to file a motion to hold a bidding process for nearly all of its assets at a later date. It also intends to hire Bayshore Partners as an investment bank.