

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
HARTFORD DIVISION**

In re:	:	Chapter 11
	:	
SPECTRUM HEALTH CARE LLC, ET AL ¹ :	:	Case Nos. 16-21635 through 16-21639
Debtors.	:	
	:	Re: ECF Nos. 418, 435, 439, 448

**ORDER AUTHORIZING THE DEBTORS TO WIND DOWN
AND CEASE TO OPERATE THE
SPECTRUM TORRINGTON NURSING HOME FACILITY**

Upon the consideration of the Motion for Order Authorizing the Debtors to Wind Down and Cease to Operate the Torrington Nursing Home Facility (ECF No. 418, “Motion”) filed by Spectrum Health Care, LLC, Spectrum Healthcare Torrington, LLC, Spectrum Healthcare Derby, LLC, Spectrum Healthcare Manchester, LLC, and Spectrum Healthcare Hartford, LLC, as Debtors and Debtors-in-Possession in the above jointly-administered cases (“Debtors”), by and through their attorneys, Pullman & Comley, LLC, pursuant to which Motion the Debtors seek an order of this Court, under 11 U.S.C. §§ 363 and 364, authorizing them to wind down and cease to operate (“close” or “closure”) the Torrington Nursing Home Facility (“Spectrum Torrington”); and after due notice and hearings held on June 26 and 28, 2017; the Court finds that, under the circumstances herein, the Certificate of Need requirements imposed by Conn. Gen. Stat. §§ 17b-352 and 17b-353 do not apply to this closure²; and it appearing to the Court that just cause exists to grant the Motion in part; it is hereby:

¹ Spectrum Healthcare, LLC (Case No. 16-21635); Spectrum Healthcare Torrington, LLC (Case No. 16-21639); Spectrum Healthcare Derby, LLC (Case No. 16-21636), Spectrum Healthcare Manchester, LLC (Case No. 16-21638); and Spectrum Healthcare Hartford, LLC (Case No. 16-21637).

² By virtue of the Supremacy Clause of the United States Constitution, this Court has or shares authority with the State regarding the closure issue. The State has not asserted otherwise.

ORDERED, that the Motion is Granted, in part³, and the Debtors are authorized to close Spectrum Torrington subject to the following conditions:

1. In accordance with 42 U.S.C. § 1320a-7j(h)(1)(C), Spectrum Torrington shall seek and obtain approval of its facility closing plan (“Closing Plan”) from the Department of Public Health for the State of Connecticut (“DPH”).

2. Upon receipt of DPH’s approval of the Closing Plan, Spectrum Torrington shall issue its proposed notice of facility closing (“Facility Notice”) that is required by the applicable federal regulations.

3. The sixty (60) day notice (“Sixty-Day Notice”) that must be contained in the Facility Notice shall state that Spectrum Torrington shall close no earlier than the 60th day from the date of the Facility Notice, and in fact may close later than such 60th date subject to Court approval. The Facility Notice shall further designate a closing date, which accounts for the requisite sixty (60) day notice period, which shall be transmitted to all parties that are required to receive it.

4. Following the issuance of the Facility Notice, Spectrum Torrington shall issue the thirty (30) day notice (“Thirty-Day Notice”) that must be provided to each resident of Spectrum Torrington before they may be discharged in accordance with Conn. Gen. Stat. § 19a-535(c)(1).

5. Upon issuance of the Facility Notice, the Debtors shall promptly contact the Court to schedule a status conference (“Status Conference”) on or about the 40th day of the

³ The Motion is denied, without prejudice, insofar as it seeks a determination that the federal Worker Adjustment and Retraining Notification Act (“WARN Act”), 29 U.S.C. § 2101, *et seq.*, does not apply to the closure requested by the Motion. Such a determination would be premature at this stage and is more properly determined in the context of an adversary proceeding or a contest on claims objection after service of appropriate notice to affected employees and any other parties in interest.

Sixty-Day Notice period, at which hearing the Chief Restructuring Officer (“CRO”) and the Ombudsman shall both appear. At the Status Conference, the CRO and Ombudsman shall present to the Court: a summary of Spectrum Torrington’s census as of the Status Conference date, the dates on which the Debtors propose to provide (or provided) the Thirty-Day Notice to each of the residents still living at the facility and, subject to such privacy protections that they deem appropriate, general information regarding the discharge plans for each resident, including, whether it is expected that the resident will be discharged within 30 days of service of a Thirty-Day Notice, their assessment of any quality of care issue(s), and such other matters as are material to the implementation of the Closing Plan.

6. Nothing contained herein shall preclude any Spectrum Torrington resident from voluntarily vacating his or her residency at the facility at any time of the resident’s choosing.

7. Nothing contained herein shall preclude the parties in interest in these Chapter 11 cases from negotiating, or otherwise exploring, alternatives to the closure of Spectrum Torrington. Any promptly proposed resolution averting such closure acceptable to critical stakeholders, whether advanced as a motion to stay or reconsider this Order, will, after notice and a hearing, receive expeditious consideration by this Court.

8. Nothing contained herein shall preclude the State of Connecticut from seeking, for cause shown, a stay or other relief from this Order to place Spectrum Torrington in receivership in State Court, or to otherwise provide an alternative disposition to the closure of Spectrum Torrington; And,

IT IS FURTHER ORDERED, that in accordance with the provisions of the rate letter from the State of Connecticut Department of Social Services (“DSS”) to Spectrum

Torrington dated June 14, 2017, DSS may exercise its statutory authority under Conn. Gen. Stat. § 17b-340 to adjust the rates referenced therein to the extent necessary to reimburse Spectrum Torrington and its Bankruptcy Estate for the reasonable and appropriate costs incurred by Spectrum Torrington in the continued operation of Spectrum Torrington and arising from the wind-down of Spectrum Torrington's operations, as such costs are determined by DSS and subject to the provisions of said rate letter, and no entity—including, but not limited to, any secured, unsecured or administrative creditor in this case—shall have any right, title, interest or claim against the proceeds of such reimbursements other than for and to the extent of the purposes specified in this paragraph and as permitted by the orders authorizing the use of cash collateral entered by this Court; And,

IT IS FURTHER ORDERED, that this Order shall be stayed until midnight on July 21, 2017, when it shall otherwise take full force and effect.

Dated: July 12, 2017

BY THE COURT

James J. Tancredi
United States Bankruptcy Judge
District of Connecticut