

COVID-19 Accelerates Health Care Financial Restructuring

Insights

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The COVID-19 pandemic has had both direct and indirect effects on health care-related businesses that will likely be long-lasting and cause permanent changes to common and existing business models. Whether you own, lease or operate a hospital, nursing home, medical office building, medical practice group or similar business, you and your landlords, lenders and vendors are feeling the effects of this pandemic. One particular topic of interest in chapter 11 bankruptcies during the pandemic, for example, has been whether a bankrupt company that leases space in several buildings must stay current on post-bankruptcy rent in order to continue to operate its business at the leased premises. Under existing law, debtors are required to stay current and pay post-bankruptcy rent when due under the lease, but during the pandemic, some debtors have successfully obtained relief allowing them to postpone payment of post-bankruptcy rent for several months. Over the next few years, we expect bankruptcy courts will make other pandemic-related rulings helpful to companies in bankruptcy.

Hooper, Lundy & Bookman has provided clients with health care restructuring advice for decades, blending financial restructuring know-how with our unmatched expertise in the health care field. To better serve our clients, we've formed a separate Health Care Financial Restructuring ("HCFR") practice group, comprised of 11 HLB lawyers, to better serve our clients in this space. The HCFR practice group is skilled in assisting health care clients with a wide variety of matters arising in bankruptcy and outside bankruptcy, including lease amendments and rent relief agreements between landlords and tenants, loan modification, loan restructure and forbearance agreements between borrowers and lenders, debtor-in-possession financing, distressed asset purchases and sales, defense of preference and fraudulent conveyance claims made by debtors and creditors' committees, and representation of health care providers in connection with health care regulatory, real estate and transactional matters arising in bankruptcy cases. The scope of our collective financial restructuring experience is broad; we practice in state and federal courts and work on bankruptcy cases across the United States. We invite you to visit the HCFR practice group's [webpage](#), and to contact us directly to discuss any of your financial restructuring needs.

[Gary Torrell](#) is a partner in HLB's Los Angeles office and serves as co-chair of the Health Care Financial Restructuring Practice Group. [Robert Miller](#) is senior counsel in HLB's Los Angeles office and serves as co-chair of the Health Care Financial Restructuring Practice.

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