

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF ALABAMA**

<b>In re:</b>	§	<b>Chapter 11</b>
	§	
<b>Jackson Hospital &amp; Clinic, Inc., et al.,<sup>1</sup></b>	§	
	§	<b>Case No. 25-30256</b>
	§	
<b>Debtors.</b>	§	
	§	<b>Jointly Administered</b>

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<b>Jackson Hospital &amp; Clinic, Inc.,</b>	§	
	§	
<b>Plaintiff,</b>	§	
	§	
<b>v.</b>	§	<b>Adv. No. 26-03013</b>
	§	
<b>Blue Cross and Blue Shield of Alabama,</b>	§	
	§	
<b>Defendant.</b>	§	
	§	

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**PLAINTIFF’S BRIEF IN SUPPORT OF JURISDICTION  
AND OPPOSING ABSTENTION**

Plaintiff Jackson Hospital & Clinic, Inc. (“Plaintiff,” “Debtor,” or “Jackson Hospital”), the debtor in the above-styled chapter 11 bankruptcy case (the “Bankruptcy Case”), and pursuant to the Court’s invitation at the status conference held on May 27, 2026 (the “Status Conference”), hereby files its *Brief in Support of Jurisdiction and Opposing Abstention* (the “Brief”) and, in support thereof, respectfully shows as follows:

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<sup>1</sup> The Debtors in these Chapter 11 cases are Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC.

**I.**  
**SUMMARY**

1. During the Status Conference, the Court raised questions as to (i) whether this Adversary Proceeding constitutes a proceeding which is “core” under 28 U.S.C. § 157(b) and subject to this Court’s final adjudication authority; and (ii) whether abstention may be appropriate. Defendant does not dispute that this Court has jurisdiction over this matter.<sup>2</sup> For the reasons set forth herein, such jurisdiction is “core.” Accordingly, the Court has the authority to issue final orders in this matter, and there is no basis – mandatory or permissive – for abstention.

2. The need for this Court to immediately set Jackson Hospital’s Emergency Motion for Preliminary Injunction (Adv. Dkt. No. 25) for an expedited hearing could not be more acute. During the Status Conference, counsel for Blue Cross Alabama implied that Jackson Hospital is “crying wolf” and, according to Blue Cross Alabama, there is no imminent risk Jackson Hospital will be forced to close its doors if the emergency injunctive relief Jackson Hospital seeks is not granted. Blue Cross Alabama’s argument is not only callous – completely dismissing and ignoring the devastating impact the closure of Jackson Hospital would have on the availability of necessary and life-saving healthcare services to the multitude of individuals who live in the numerous counties Jackson Hospital faithfully serves (the same individuals Blue Cross Alabama is *supposed* to serve) – the argument is also flat out wrong.

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<sup>2</sup> In Blue Cross Alabama’s Brief Regarding Jurisdiction and Abstention (the “Blue Cross Alabama Brief”), which was filed shortly before this brief, Blue Cross Alabama states that it “believes that the Court has ‘related to’ jurisdiction over this adversary proceeding and that abstention is not required or warranted.” See Adv. Dkt. No. 30 at p. 1. Blue Cross Alabama further states that it “consents to the Court retaining jurisdiction to hear this proceeding and to the Court submitting findings of fact and conclusions of law to the District Court for final determination.” *Id.*

3. The day before this filing (June 2, 2026), Jackson Hospital’s Board of Directors (the “Board”) held a Board Meeting (at which the Board considered financial projections forecasting negative cash balances beginning as early as August 2026). The Board passed a Resolution that, if by June 25, 2026, Jackson Hospital cannot secure higher and fair reimbursement rates from Blue Cross Alabama in accordance with Blue Cross Alabama’s contractual obligations (whether by way of agreement or court intervention), then the Board authorizes and directs Jackson Hospital’s management to proceed, beginning on July 1, 2026 (or such earlier date as may be necessary), with reasonable and appropriate measures to cease all business operations and wind up the hospital’s affairs.<sup>3</sup> Thus, if Blue Cross Alabama does not step up and comply with its contractual obligations (or this Court does not require Blue Cross Alabama to do so) on or before June 25, 2026, then Jackson Hospital will be forced to proceed with implementing and executing a closure plan.

4. This is not a boy crying wolf. This is not litigation posturing. This is a true emergency. Jackson Hospital is at the end of its rope. In order to save Jackson Hospital, either (i) Blue Cross Alabama must agree to pay higher and fair reimbursement rates (*i.e.*, the same reimbursement rates Blue Cross Alabama already pays the cross-town hospital – Baptist South), or (ii) Jackson Hospital must secure an order requiring Blue Cross Alabama to comply with its contractual obligations. For the reasons set forth herein, this Court is the appropriate Court to decide the preliminary injunction. Jackson Hospital requests that the Court set the preliminary injunction hearing for a date on or before June 25, 2026. Otherwise, it will be too late to save Jackson Hospital.

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<sup>3</sup> A true and correct copy of the Board’s June 2, 2026, Resolution (with exhibits thereto omitted) is being submitted as Exhibit 1 hereto.

## **II.** **STATEMENT OF FACTS**

5. Jackson Hospital filed its Chapter 11 petition on February 3, 2025 (the “Petition Date”). As of the Petition Date, Jackson Hospital and Blue Cross Alabama were parties to two provider contracts – the Inpatient Contract<sup>4</sup> and the Outpatient Contract (together, the “Contracts”). The Contracts require that reimbursement rates be established through negotiation and mutual agreement between the Parties. And as more fully stated within the Complaint, in December 2025, rather than engage in good-faith negotiation as the Contracts require, Blue Cross Alabama unilaterally imposed unfair and unacceptable 2026 reimbursement rates, declaring them “best and final.”

6. On March 12, 2026, the Debtor filed its *Second Amended Joint Plan of Reorganization for Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC* (Dkt. No. 1547) (the “Plan”). Thereafter, on April 2, 2026, the Debtor filed its *Notice of Filing of Second Plan Supplement to the Second Amended Joint Plan of Reorganization for Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC* (Dkt. No. 1588) (the “Plan Supplement”), identifying those executory contracts to be assumed by the Debtor, including those with Blue Cross Alabama. In response, on April 14, 2026, Blue Cross Alabama filed its *Limited Objection* to the Plan Supplement (Dkt. No. 1622) (the “Limited Objection”) asserting that the cure amount owed to Blue Cross Alabama in connection with the assumption of the Contracts is, at minimum, \$141,184.06 (the “Cure Claim”).

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<sup>4</sup> As that term is defined within *Plaintiff’s Original Complaint* (Adv. Dkt. No. 1) (“the “Complaint”). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms with the Complaint.

7. On April 28, 2026, the Court confirmed the Plan and entered its *Findings of Fact, Conclusions of Law, and Order Confirming Second Amended Joint Plan of Reorganization for Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC* (Dkt. No. 1680) (the “Confirmation Order”). The Confirmation Order preserved the dispute raised by the Limited Objection as an “Unresolved Cure Objection,” requiring further proceedings before this Court. *See* Confirmation Order, ¶ 93. Additionally, the Confirmation Order expressly retains this Court’s “*exclusive* jurisdiction over all matters arising out of, and related to, these Chapter 11 Cases and the Plan.” *Id.* at ¶ 71 (emphasis added).

8. The Plan’s effective date has not yet occurred. Section 10.2(h) of the Plan establishes an express, un-waived, condition precedent to plan effectiveness: “JHC shall renegotiate prior and future reimbursement rates with Blue Cross Blue Shield of Alabama on terms acceptable to the Debtors.” *See* Plan, pp. 47-48. Because that condition remains unsatisfied, the Plan has not yet gone effective.

9. On May 19, 2026, the Debtor filed its Complaint instigating this Adversary Proceeding. The Complaint asserts a breach of contract claim (alleging Blue Cross Alabama breached the Contracts) and seeks associated injunctive relief.

### **III.** **ARGUMENT AND AUTHORITY – JURISDICTION**

10. While the Court’s core jurisdiction is narrow, it is present here. The 11th Circuit has recognized that “core proceedings are narrow in scope, and include only those cases that implicate the property of the bankruptcy estate and either invoke substantive rights created by federal bankruptcy law or that exist exclusively in the bankruptcy context.” *Wortley v. Bakst*, 844 F.3d 1313, 1318 (11th Cir. 2017). The dispositive inquiry is “whether [the action] stems from the bankruptcy itself or would necessarily be resolved in the claims allowance process.” *Id.* at 1319

(internal citations omitted). This formulation incorporates the constitutional standard the Supreme Court established in *Stern. Stern v. Marshall*, 564 U.S. 462, 499 (2011) (“Congress may not bypass Article III simply because a proceeding may have some bearing on a bankruptcy case; the question is whether the action at issue stems from the bankruptcy itself or would necessarily be resolved in the claims allowance process.”).

11. In the instant case, the Plan, Confirmation Order, and current posture of the underlying Bankruptcy Case, together with the Adversary Proceeding pending before the Court as Case No. 26-03007, BCBS’s Limited Objection, and the allegations contained within the Complaint, all support the conclusion that this Adversary Proceeding constitutes a core proceeding on statutory grounds.

**A. Blue Cross Alabama’s Cure Objection Is a Claim Against the Estate, Bringing the Adversary Proceeding Within Core Jurisdiction Under 28 U.S.C. §§ 157(b)(2)(B) and (C)**

12. Through its Limited Objection, Defendant has submitted a monetary claim against the estate allegedly arising, according to Blue Cross Alabama, from the very Contracts that are the subject of the Complaint. By doing so, Defendant has subjected itself to this Court’s equitable jurisdiction and the Complaint may be considered a core counterclaim. *See* 28 U.S.C. §§ 157(b)(2)(B) and (C).

13. As held by the Supreme Court, a creditor who “fil[es] a claim against a bankruptcy estate . . . triggers the process of ‘allowance and disallowance of claims,’ thereby subjecting himself to the bankruptcy court’s equitable power.” *Langenkamp v. Culp*, 498 U.S. 42, 44 (1990). Courts in this Circuit also recognize that “filing” a “claim” encompasses much more than simply filing a traditional Proof of Claim. *See In re Electric Machinery Enterprises, Inc.*, 416 B.R. 801, 869 (Bankr. M.D. Fla. 2009) (holding that the filing of a “complaint or counterclaim against a

debtor in possession in the bankruptcy court . . . operates as an informal proof of claim against the estate and triggers the claims allowance and disallowance process”).

14. The Limited Objection does exactly this. By appearing before this Court, identifying the Contracts as the contracts it believes will be assumed, and asserting a specific monetary entitlement – the Cure Claim – that Blue Cross Alabama claims arises from those Contracts, Blue Cross Alabama has asserted that the estate owes it money as a condition of assuming the agreements. The substance of the Cure Claim is a claim against the estate, and one which – according to Blue Cross Alabama – is allegedly tied to the same Contracts at issue in this Adversary Proceeding. The Limited Objection invokes this Court’s equitable jurisdiction over the underlying contractual relationship. Indeed, the Confirmation Order confirms this Court’s jurisdiction over the Unresolved Cure Objection. *See* Confirmation Order, ¶¶ 71, 93.

15. In a case involving the Debtor’s complaint for breach of contract, wherein the Debtor filed a motion to assume the underlying contract and the defendant ultimately filed rejection damages claim, the court in *In re Agent Systems, Inc.* held that the adversary proceeding constituted a core proceeding subject to the court’s final adjudication. *See In re Agent Systems, Inc.*, 289 B.R. 828 (Bankr. N.D. Tex. 2002). In connection with its holding, the *Agent Systems* court found that since the rejection damages claim arose from the contract which was the subject of the Debtor’s complaint, “the adversary proceeding could be treated by the court as a counterclaim. The bankruptcy court has core jurisdiction over counterclaims.” *In re Agent Sys., Inc.*, 289 B.R. at 833. The *Agent Systems* court went on to explain:

Moreover, the court is persuaded that, *by filing a motion to assume the Contract, Debtor triggered this court's core jurisdiction over other proceedings dealing with the same subject matter, including the adversary proceeding.* The issues raised in the adversary proceeding would necessarily be intertwined with those raised in connection with assumption. As the assumption of an executory contract or unexpired lease is a core proceeding, the adversary should be treated as one as well.

*Id.* (emphasis added).

The *Agent Systems* court further stated:

Finally, core proceedings are broadly defined in 28 U.S.C. § 157(b)(2). The examples given in that section are not exclusive. Rather, *courts have held that a matter is a core proceeding if it is sufficiently related to the assets of the debtor or an adjustment of the debtor-creditor relationship.* *Harley Hotels, Inc. v. Rain's International, Ltd.*, 57 B.R. 773, 780 (M.D.Pa.1985); *see, also, In re Southmark Corp.*, 163 F.3d 925, 930 (5th Cir.1999), *cert. denied* 527 U.S. 1004, 119 S.Ct. 2339, 144 L.Ed.2d 236 (1999). *Debtor has repeatedly alluded to the critical role its dispute with [defendant] plays in this chapter 11 case. That dispute has affected Debtor's reorganization from the filing of the case to the present.* Thus, even if the adversary proceeding does not fall within one of the specified categories of section 157(b)(2), it clearly meets the broader test for core matters.

*Id.* at 834 (emphasis added).

16. This Adversary Proceeding and the issues before this Court are analogous to those faced by the *Agent Systems* court. A court adjudicating an alleged cure, which is before this Court as an Unresolved Cure Objection, need not do so while simultaneously ignoring the Debtor's claims arising under the same Contracts. Accordingly, the Adversary Proceeding constitutes a core proceeding.

**B. The Adversary Proceeding Concerns Administration of an Estate Whose Existence Turns on Its Outcome, Establishing Core Jurisdiction Under 28 U.S.C. § 157(b)(2)(A)**

17. Additionally, the Adversary Proceeding falls within the category of core proceedings identified by Section 157(b)(2)(A). That Section expressly identifies "matters concerning the administration of the estate" as core proceedings. *See* 28 U.S.C. §§ 157(b)(2)(A). Interpreting this provision, Courts have held that a proceeding is core under Section 157(b)(2)(A)

where resolution is integral to the debtor's reorganization. *See e.g. In re Northwestern Institute of Psychiatry, Inc.*, 268 B.R. 79, 91 (Bankr. E.D. Pa. 2001) (Finding that an insurance coverage dispute was core, in part, because "recovery under [the] policy is integral to the Debtor's ability to reorganize.").

18. Section 10.2(h) of the confirmed Plan conditions plan effectiveness on the renegotiation of reimbursement rates "on terms acceptable to the Debtors." This condition is a creature of the underlying Bankruptcy Case, existing only as a result of the confirmed Plan. Outside the bankruptcy context, there is no Plan and therefore no resulting condition precedent to effectiveness. This Adversary Proceeding therefore stems from the underlying bankruptcy in the most direct sense.

19. In addition to the foregoing, both the Confirmation Order and the Plan also expressly vest this Court with jurisdiction over this dispute. Paragraph 71 of the Confirmation Order retains "*exclusive* jurisdiction over all matters arising out of, and related to, these Chapter 11 Cases and the Plan." Confirmation Order, ¶ 71 (emphasis added). In turn, section 12.1 of the Plan independently and expressly retains this Court's *exclusive* jurisdiction, *inter alia*: to construe, enforce, implement, execute, and consummate the Plan (Plan, § 12.1(k)); to recover all assets of the Debtors and property of the Debtors' Estates wherever located (Plan, § 12.1(o)); to hear and determine any adversary proceeding commenced after the Confirmation Date<sup>5</sup> (Plan, § 12.1(q)); to hear and determine any matter arising in connection with or related to the Plan, the Confirmation Order, or any contract or agreement related to the Plan (Plan, § 12.1(t)); and to hear and determine any other matter not inconsistent with the Bankruptcy Code (§ 12.1(u)). Each of these provisions

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<sup>5</sup> Defined as "the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order." (Plan, § 1.1).

encompasses the Adversary Proceeding, which concerns Plan consummation through Section 10.2(h), involves the Contracts identified in the Plan Supplement and Limited Objection, and was commenced after the Confirmation Date.

20. For all of the foregoing reasons, this Adversary Proceeding evokes this Court's jurisdiction as a statutorily core proceeding under 28 U.S.C. § 157(b)(2).

**C. The Adversary Proceeding is also Constitutionally Core: *Stern* Presents No Obstacle to Final Judgment**

21. In addition to being a statutorily core proceeding under 28 U.S.C. § 157(b)(2), this Adversary Proceeding is constitutionally core as well. The Supreme Court in *Stern* established that even a claim labeled “core” under 28 U.S.C. § 157(b)(2) may not be finally adjudicated by a bankruptcy court if that claim fails the constitutional test: whether “the action at issue stems from the bankruptcy itself or would necessarily be resolved in the claims allowance process.” *Stern*, 564 U.S. at 499. A “Stern claim” – one that creates an Article III obstacle to final judgment – arises *only* when *both* prongs of that test are unsatisfied. In cases where either prong is met, the proceeding is constitutionally core and the bankruptcy court's final judgment authority is fully intact. *In re Fisher Island Invs., Inc.*, 778 F.3d 1172, 1190-1192 (11th Cir. 2015) (applying *Stern*, 564 U.S. 462). This Adversary Proceeding satisfies both prongs independently.

22. First, resolution of the Adversary Proceeding involves the claims allowance process. Defendant's Limited Objection asserts the Cure Claim, a specific monetary claim against the estate, which – according to Blue Cross Alabama – allegedly arises under the same Contracts that are the subject of the Adversary Proceeding. The cure process under Section 365(b) is part of the claims allowance machinery. Adjudicating the Cure Claim requires determining the Parties' respective obligations and performance under the Contracts (including whether any such alleged

cure even arises from the Contracts). Obligations and performance under the Contracts are also precisely what the Adversary Proceeding asks this Court to resolve.

23. Second, the Adversary Proceeding stems from the underlying Bankruptcy Case itself. Section 10.2(h) of the confirmed Plan, one of the conditions precedent to the Plan going effective, is a creature of this Bankruptcy Case that exists and is expressly set forth within the Plan itself. The Adversary Proceeding is the mechanism for resolving the rate dispute whose resolution will satisfy that condition. Outside the bankruptcy context, the condition precedent simply does not exist. Because the Adversary Proceeding satisfies both prongs of *Stern's* constitutional test, it is constitutionally core, and this Court has full authority to enter a final judgment.

#### **IV.** **ARGUMENT AND AUTHORITY - ABSTENTION**

24. The Court's abstention from hearing this Adversary Proceeding (and, specifically, the Debtor's request for the issuance of a preliminary injunction) would be inappropriate and would contravene both the interests of justice, including the interests of creditors in the underlying bankruptcy case and the interests of the legion of individuals who rely upon the critical and life-saving healthcare services provided by Jackson Hospital.<sup>6</sup>

##### **A. Mandatory Abstention is Categorically Inapplicable**

25. Mandatory abstention is only potentially available when the Court has "related to" jurisdiction over a proceeding, it is not available when the Court has core jurisdiction. *See* 28 U.S.C. § 1334(c)(2). Specifically, Section 1334(c)(2) states:

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<sup>6</sup> Blue Cross Alabama agrees that abstention is not required or warranted in this Adversary Proceeding. *See* Adv. Dkt. No. 30. However, because the Court raised the issue *sua sponte*, Jackson Hospital is submitting its briefing regarding abstention.

***Upon timely motion*** of a party in a proceeding based upon a State law claim or State law cause of action, ***related to*** a case under title 11 but not arising under title 11 or arising in a case under title 11, with respect to which an action could not have been commenced in a court of the United States absent jurisdiction under this section, the district court shall abstain from hearing such proceeding ***if an action is commenced, and can be timely adjudicated, in a State forum of appropriate jurisdiction.***

28 U.S.C. § 1334(c)(2) (emphasis added).

26. As established in Section III above, this is a core proceeding. As such, the Adversary Proceeding falls outside the reach of mandatory abstention. *See In re DRO 15R LLC*, 642 B.R. 341, 342 (Bankr. S.D. Fla. 2022) (“because the determination of property of the estate is a core proceeding . . . mandatory abstention is not appropriate”). The inquiry into mandatory abstention should end here.

27. However, even if the Court ultimately deems that it only has “related to” jurisdiction over the Adversary Proceeding (as Blue Cross Alabama contends), mandatory abstention is still unavailable as a matter of statutory procedure. Section 1334(c)(2) conditions the obligation to abstain entirely on the filing of a timely motion: the statute commands abstention only “upon timely motion of a party in a proceeding.” 28 U.S.C. § 1334(c)(2). Here, no party has filed any such motion (and no party contends that abstention is appropriate); instead, the question of abstention was raised *sua sponte* by the Court at the Status Conference. Without a timely filed motion by a party, the Court has no obligation – and no statutory basis – to order mandatory abstention.

28. Moreover, mandatory abstention is independently unavailable for an additional reason: there is no pending state court action. The Adversary Proceeding was filed directly in this Court. Mandatory abstention requires that an action have been commenced in a state forum capable of timely adjudication. *Christo v. Padgett*, 223 F.3d 1324, 1331 (11th Cir. 2000) (mandatory

abstention applies to state law claims removed from state court where the state action was “commenced” and “would remain capable of timely adjudication in state court” upon remand). Since no state court action was commenced in any state forum, this independent statutory requirement cannot be met.

**B. The Balance of All Relevant Factors Weighs Against Permissive Abstention**

29. Permissive abstention under 28 U.S.C. § 1334(c)(1) permits a court to abstain in the interests of justice or comity with state courts. It is an exceptional remedy, not a default. Courts within this circuit evaluate permissive abstention by balancing fourteen well-established factors:

- (1) the effect, or lack of effect, on the efficient administration of the bankruptcy estate if discretionary abstention is exercised,
- (2) the extent to which state law issues predominate over bankruptcy issues,
- (3) the difficulty or unsettled nature of the applicable state law,
- (4) the presence of related proceedings commenced in state court or other non-bankruptcy courts,
- (5) the jurisdictional basis, if any, other than § 1334,
- (6) the degree of relatedness or remoteness of the proceedings to the main bankruptcy case,
- (7) the substance rather than the form of an asserted “core” proceeding,
- (8) the feasibility of severing state law claims from core bankruptcy matters to allow judgments to be entered in state court with enforcement left to the bankruptcy court,
- (9) the burden on the bankruptcy court's docket,
- (10) the likelihood that the commencement of the proceeding in bankruptcy court involves forum shopping by one of the parties,
- (11) the existence of a right to jury trial,
- (12) the presence in the proceeding of non-debtor parties,

(13) comity, and

(14) the possibility of prejudice to other parties in the action.

*In re Concrete Investments, Inc.*, 643 B.R. 627, 632 (Bankr. N.D. Fla. 2022); *In re United Container LLC*, 284 B.R. 162, 176 (Bankr. S.D. Fla. 2002).

30. Applying those factors here, the vast majority weigh clearly against abstention:

a. ***Factor (1): Efficient administration of the estate.*** This factor weighs heavily against abstention. The Adversary Proceeding is not peripheral to estate administration; it is central to whether the estate is ever fully administered. Abstention to any other forum would delay efforts toward resolution of a condition precedent that is blocking plan effectiveness.

b. ***Factor (3): Difficulty of applicable state law.*** The Adversary Proceeding is governed by Alabama contract law. Bankruptcy courts routinely apply state contract law. No specialized state court expertise is required.

c. ***Factor (4): Related proceedings in other courts.*** There are only two related proceedings, (i) Adversary No. 26-03007 (the “Stay Litigation”) (which is pending before this Court); and (ii) Adversary No. 25-03025 for which Judge Manasco in the Northern District of Alabama issued her Order regarding the competing motions related to the opt-out issue on June 2, 2026 (*see* MDL Dkt. No. 3442). Section 1334(c)(1) was designed to respect comity with state courts and deference to state law. It was not designed to resolve coordination among federal tribunals. No state court proceedings exist here. The statute’s comity rationale is therefore entirely absent.

d. ***Factor (6): Relatedness to the main bankruptcy case.*** The Adversary Proceeding is not merely related to the main bankruptcy case – it is a structural element of whether the confirmed Plan is able to go effective. A proceeding whose outcome

determines whether the Plan goes effective is as closely related to the main case as any adversary proceeding can be.

e. **Factor (10): Forum shopping.** There is no forum shopping. The Debtor filed in the court where its case is pending, where the Plan was confirmed, where the assumption/cure dispute is already before the Court, and where the Stay Litigation is already before the Court. This is the natural and appropriate forum.

f. **Factors (12), (13), and (14): Non-debtor parties, comity, and prejudice.** The Defendant is the sole non-debtor party, there is no state court proceeding implicating state comity concerns, Defendant has actively participated in this bankruptcy proceeding. None of these factors favor abstention.

31. Thus, the relevant factors clearly weigh against permissible abstention under 28 U.S.C. § 1334(c)(1). Accordingly, Jackson Hospital requests that this Court retain this Adversary Proceeding for prompt resolution.

## **V.** **PRAYER**

For the foregoing reasons, Jackson Hospital respectfully submits that (i) this Adversary Proceeding is a core proceeding and this Court has authority to enter a final judgment under 28 U.S.C. §§ 157(b)(2)(A), (B), and (C); (ii) in any event, this Court has “related to” jurisdiction, as Defendant has conceded; and (3) neither mandatory nor permissive abstention is appropriate. The Adversary Proceeding should proceed before this Court. Moreover, Jackson Hospital requests that the Court set the preliminary injunction hearing for a date on or before June 25, 2026.

Respectfully submitted,

*/s/ Chase J. Potter*

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**COUNSEL FOR JACKSON HOSPITAL & CLINIC, INC.**

**CERTIFICATE OF SERVICE**

This is to certify that, on June 3, 2026, a true and correct copy of the foregoing document was filed with the Court's CM/ECF system that will provide notice to all parties receiving electronic notices in this case.

*/s/ Chase J. Potter*

**CHASE J. POTTER**

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STATE OF ALABAMA     )  
                                  :  
MONTGOMERY COUNTY )

**CERTIFIED COPY  
OF  
RESOLUTION OF  
BOARD OF DIRECTORS  
JACKSON HOSPITAL & CLINIC, INC.**

The undersigned Secretary of **Jackson Hospital & Clinic, Inc.**, an Alabama non-profit corporation, hereby certifies that the Board of Directors of the aforesaid corporation approved the attached resolution on June 2, 2026, and that the resolution has not been amended or revoked and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my signature this 3rd day of June, 2026.

JACKSON HOSPITAL & CLINIC, INC.

By: Signed by:  
*GARY M MURPHEY*  
61DB28AC43044D5...  
Gary Murphey  
Its Secretary \_\_\_\_\_

(S E A L)

**RESOLUTION OF  
BOARD OF DIRECTORS OF  
JACKSON HOSPITAL & CLINIC, INC.**

June 2, 2026

**WHEREAS**, Jackson Hospital & Clinic, Inc. (the “Corporation”) is a nonprofit corporation organized and operating under the laws of the State of Alabama.

**WHEREAS**, since February 3, 2025, the Corporation has been operating as Debtor and Debtor-in-Possession in a bankruptcy proceeding (the “Bankruptcy Case”) under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 *et seq.* (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Middle District of Alabama (the “Bankruptcy Court”).

**WHEREAS**, the Corporation’s Second Amended Joint Plan of Reorganization (the “Plan”) was confirmed by the Bankruptcy Court, subject to certain conditions precedent before the Plan can become effective, including without limitation, a requirement that the Corporation renegotiate prior and future reimbursement rates with Blue Cross and Blue Shield of Alabama (“BCBS”) acceptable to the Corporation.

**WHEREAS**, the Corporation has initiated one or more litigation proceedings against BCBS (the “BCBS Litigation”) seeking relief in various forms, including injunctive relief to compel the payment by BCBS of fair reimbursement rates to the Corporation on par with the reimbursement rates paid to other nearby facilities and in accordance with the terms of the applicable contracts between BCBS and the Corporation, among other items.

**WHEREAS**, the Corporation previously and in good faith reasonably expected that it would negotiate fair reimbursement rates from BCBS and/or would receive a favorable outcome in the BCBS Litigation, and relied upon such expectation in its planning and financial considerations for the hospital (“Hospital”) but based on subsequent developments, communications, and information available now believes the likelihood of obtaining such reimbursement or achieving successful litigation outcome(s) within a timeframe that will allow the Hospital to continue in operation is substantially diminished.

**WHEREAS**, the Corporation has actively pursued potential sources of additional capital, including equity and/or debt financing, and in good faith reasonably expected that such efforts would result in the procurement of sufficient capital to support the Corporation's operations and strategic objectives but, based on the results of such efforts and current market conditions, now reasonably believes that the Corporation is unlikely to obtain additional capital on terms acceptable to the Corporation, or within the timeframe necessary to meet its anticipated funding needs.

**WHEREAS**, the Board of Directors (the “Board”) of the Corporation has received and reviewed analysis and input from management and the Corporation’s Chief Restructuring Officer (“CRO”) and other financial and legal advisors regarding the performance and results of the

Corporation, the market in which the Corporation operates, and the current financial position of the Corporation, including, among other things, the liabilities, assets, and liquidity of the Corporation, the strategic alternatives available to it, various financial projections, and the impact of the foregoing on the Corporation's businesses and operations.

**WHEREAS**, the Board has determined, on the basis of the foregoing information, that the Corporation's finances and operations are unsustainable in the absence of fair reimbursement rates from BCBS or the procurement of sufficient capital.

**WHEREAS**, while the Board deems there is still a reasonable opportunity for the Corporation to obtain fair reimbursement rates from BCBS, through the Corporation's continued efforts to convince BCBS to engage in good faith negotiations, the BCBS Litigation, or otherwise, the Board also deems it necessary, desirable, and in the best interests of the Corporation and the communities and patients it services, as well as the Corporation's creditors, employees, and other parties in interest, to have certain contingency plans in place in the event the Corporation is unable to obtain fair and appropriate reimbursement rates from BCBS or procure sufficient capital.

**I. Acknowledgement and Approval of Financial Projections**

**NOW, THEREFORE, BE IT RESOLVED**, that in the judgment of the Board, having had the opportunity to review the financial projections attached hereto as **EXHIBIT "A"** (the "Financial Projections") and to ask questions and seek clarification from management and the Corporation's financial and legal advisors, the Financial Projections provide a fair and accurate representation of the Corporation's expected assets, liabilities, and cash flow from operations, the assumptions underlying the Financial Projections are reasonable, and the Financial Projections are hereby adopted and approved by the Board.

**II. BCBS Litigation; Ongoing Efforts to Engage in Good Faith Negotiations With BCBS**

**RESOLVED FURTHER**, having determined based upon review of the Financial Projections that the finances and operations of the Corporation are not sustainable in the intermediate term or long term in the absence of the Hospital receiving fair reimbursement rates from BCBS that are equal to similarly situated facilities, the Board hereby directs the Corporation's management and its financial and legal advisors to: (i) continue to pursue appropriate relief in the BCBS Litigation, including filing all necessary pleadings in relation thereto and attaching a copy of this resolution as an exhibit or supporting document to such pleadings; and (ii) continue to make efforts to convince BCBS to engage in good faith negotiations, including by holding meetings with BCBS and other stakeholders and providing to BCBS and other stakeholders such documentation, analyses, and other information in furtherance and support of such negotiations, including a copy of the Financial Projections, this

resolution, and such other documents as management and the Corporation's financial and legal advisors deem necessary or appropriate.

**RESOLVED FURTHER**, that the Corporation's management and its financial and legal advisors shall continue such efforts within the scope of the foregoing resolution between the date hereof and June 25, 2026.

### **III. Contingency Closure Plan**

**RESOLVED FURTHER**, that in the event the Corporation does not receive fair reimbursement rates for the Hospital from BCBS that are equal to similarly situated facilities, or raise additional capital, and provide for the financial and operational sustainability of the Hospital on or before June 25, 2026, or if the Board and/or management determines on any earlier date that there is not a reasonable likelihood of obtaining such fair reimbursement rates for the Hospital from BCBS or capital, the Board authorizes and directs the Corporation's management to proceed, beginning on July 1, 2026 (or such earlier date as may be necessary in order to comply with applicable law), with reasonable and appropriate measures to cease all business operations of the Corporation and to wind up its affairs in an orderly manner that provides such protections for the Corporation's employees, patients, and creditors, and for the surrounding community served by the Hospital and the Corporation, as may reasonably be deployed under the circumstances.

**RESOLVED FURTHER**, that in furtherance of the foregoing resolution, and having had the opportunity to review the draft Contingency Closure Plan previously circulated to the Board and management for review (the "Contingency Plan") and to ask questions and seek clarification from management and the Corporation's financial and legal advisors regarding the same, the Board hereby adopts the draft Contingency Plan as a working plan for the orderly closure of the Hospital, to be supplemented, amended, and modified as necessary based on input from management, the CRO, and the Corporation's financial, legal, and other advisors and coordination with federal and state regulatory authorities and similar stakeholders.

**RESOLVED FURTHER**, that the Corporation's management, in conjunction with such other staff and financial, legal, or other advisors as may be appropriate, are hereby authorized and directed to proceed with implementation of the Contingency Plan, as supplemented, amended, or modified from time to time, in the event the Corporation does not receive fair reimbursement rates for the Hospital from BCBS that are equal to similarly situated facilities, or raise additional capital, and provide for the financial and operational sustainability of the Hospital on or before June 25, 2026, or if the Board and/or management determines on any earlier date that there is not a reasonable likelihood of obtaining such fair reimbursement rates for the Hospital from BCBS or raising additional capital.

**RESOLVED FURTHER**, that in furtherance of the foregoing resolutions and the deployment of the Contingency Plan, the Board authorizes and adopts the form of WARN Act notice attached hereto as **EXHIBIT "B"** (the "WARN Notice"), or one substantially similar

thereto, to be provided to employees at such time as is specified in the Contingency Plan, in accordance with applicable law and the provisions of the Contingency Plan.

#### **IV. General Resolutions and Ratification**

**RESOLVED FURTHER**, that the Chairman of the Board of Directors and the President and Chief Executive Officer of the Corporation (each an “Authorized Person”), and any employees or agents (including counsel) designated by or directed by any such Authorized Persons be, and each of them hereby is, authorized, empowered, and directed, in the name of and on behalf of the Corporation, to take any and all other actions as they may deem necessary or advisable to carry out the intents and purposes of the foregoing resolutions.

**RESOLVED FURTHER**, that the Authorized Persons be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to cause the Corporation to enter into, execute, deliver, certify, file, and/or record and perform such agreements, instruments, motions, affidavits, applications for approvals or ruling of governmental or regulatory authorities, certificates or other documents, and to take such other action, as in the judgment of such officer shall be or become necessary, proper, or desirable to prosecute to a successful completion the BCBS Litigation and/or the Bankruptcy Case and/or to implement the Contingency Plan, including implementing the foregoing Resolutions and the transactions contemplated by these Resolutions.

**RESOLVED FURTHER**, that the Authorized Persons be, and each of them hereby is, authorized, empowered, and directed, in the name and on behalf of the Corporation, to amend, supplement, or otherwise modify from time to time the terms of any documents, certificates, instruments, agreements, or other writings referred to in the foregoing Resolutions to the extent necessary to account for any change in circumstances which, in the judgment of such Authorized Persons, necessitate such change.

**RESOLVED FURTHER**, that the omission from these Resolutions of any agreement, document, or other arrangement contemplated by any of the agreements, documents, or instruments described in the foregoing Resolutions or any action to be taken in accordance with any requirement of any of the agreements, documents, or instruments described in the foregoing Resolutions shall in no manner derogate from the authority of the Authorized Persons to take all actions necessary, desirable, advisable, or appropriate to consummate, effectuate, carry out, or further the transactions contemplated by, and the intent and purposes of, the foregoing Resolutions.

**RESOLVED FURTHER**, that all lawful acts, actions, and transactions relating to the matters contemplated by the foregoing Resolutions done by any Authorized Person or any director, employee, legal counsel, or other representative of or advisor to the Corporation, in the name and on behalf of the Corporation, which acts would have been approved by the foregoing Resolutions except that such acts were taken before these Resolutions were certified, are hereby in all respects approved and ratified.

**RESOLVED FURTHER**, that in connection with the transactions contemplated by the foregoing Resolutions, the Secretary of the Corporation is hereby is, authorized in the name and on behalf of the Corporation, to certify any more formal or detailed resolutions as such Authorized Person may deem necessary, appropriate, or desirable to effectuate the intent of the foregoing Resolutions; and that thereupon such resolutions shall be deemed adopted as and for the resolutions of the Board as if set forth at length herein.