

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF MISSISSIPPI  
ABERDEEN DIVISION**

In re:	)	
	)	
GREENWOOD LEFLORE HOSPITAL	)	Case No. 26-_____
	)	Chapter 9
Debtor.	)	
	)	

**STATEMENT OF ELIGIBILITY UNDER § 109(c) OF BANKRUPTCY CODE**

COMES NOW Gary Marchand, former Interim Chief Executive Officer and Executive Consultant to the Board of Commissioners of Greenwood Leflore Hospital, a public community hospital (“GLH” or the “Debtor”) and hereby states as follows in support of this *Statement of Eligibility under § 109(c) of Bankruptcy Code*:

1. GLH is a public community hospital formed and existing under § 41-13-10 of the Mississippi Code. GLH is jointly owned by the City of Greenwood and Leflore County. As such, GLH is recognized under Mississippi law as a stand-alone municipal entity separate and apart from its owners. GLH has historically served the central Mississippi Delta region providing emergency room, inpatient, labor and delivery, intensive care unit, outpatient diagnostics and surgical care of varying types (including general surgery, orthopedic surgery, neurosurgery, vascular surgery, gastroenterology and obstetrics and gynecology).

2. Prior to the COVID-19 pandemic, GLH had sufficient cash reserves and had a strategic plan to invest in new or expanded services and capital projects. When the pandemic arrived, GLH maintained its services and doubled the number of ICU beds allowing it to serve as a Level III facility which authorized GLH provide access to patients from any region of the state.

During this time, GLH utilized existing cash reserves, along with federal and state grants and Medicare Advance Payment (“**MAP**”) loans, to fund operations through the initial, Delta and Omicron waves of the virus.

3. By September 2022, GLH had seriously depleted its cash reserves and were indebted to Centers for Medicare & Medicaid Services (“**CMS**”) under \$16,500,000 in MAP loans obtained during the pandemic.

4. In response, GLH closed its labor and delivery unit due to labor shortage and increased specialized labor costs. GLH sought designation as a Critical Access Hospital which would allow GLH increased reimbursements. CMS denied GLH this status, and its appeal was also unsuccessful. GLH later applied to CMS for designation as a newly formed Rural Community Hospital Demonstration (“**RCHD**”), which request was granted. This designation allowed GLH to begin receiving increased reimbursements in fall of 2025, but a significant portion of higher skilled care payments would not be expected until late in calendar year 2026.

5. During 2023 and 2024, GLH’s owners provided a combined \$11.4 million of capital in the form of cash, utilities and a \$7.5 million working capital line of credit. During State Fiscal Year (“**SFY**”) 2024, GLH received an increase in the annual amount of Medicaid supplemental payments for a total annual amount of \$21.1 million. Without this funding, GLH would have been unable to continue operations. GLH also sold unused capital assets which generated \$3.6 million of proceeds which were also used to support operations. These measures provided much-needed liquidity to sustain GLH and its ability to continue providing the level of care it historically provided to the Delta region. These measures, however, proved to be temporary and non-recurring remedies.

6. The Division of Medicaid (“**DOM**”) reduced the supplemental payments to GLH in SFY 2025 from \$21.1 million to \$17 million and further reduced these payments to \$12 million for SFY 2026. Coupled with worsening reductions in revenues, in June 2025, DOM issued a recoupment demand of \$5.5 million for overpayments made in SFY 2024 which would be repaid as dollar-for-dollar reductions in Medicaid supplemental payments made in the following SFY. DOM advised but has not formally demanded additional recoupments for SFY2025 in the amount of \$1.8 million. These Medicaid supplemental payments constitute a substantial portion of GLH’s annual operating revenues.

7. In June when the SFY 2024 recoupment demand was made, GLH met with DOM and initially agreed to a 90-day stay of recoupments. GLH provided financial information to support GLH’s request to delay recoupments until January 2027 to allow for the increased revenues expected from the RCHD designation to be collected. DOM began recoupments of \$1.1 million later in June. In September, DOM recouped another \$900,000 and announced future scheduled quarterly recoupments of \$900,000 to begin in December. DOM, however, only recouped \$447,000 in December.

8. In early October 2025, GLH filed a request with DOM for administrative hearing which was denied. In November, GLH filed an action in Chancery Court for the First Judicial District of Hinds County seeking review of the denial of its request for administrative hearing and a stay of recoupments pending a decision. In early December, DOM advised GLH that it would delay the scheduled recoupments but promptly reversed that decision shortly thereafter. GLH was forced to pursue the Chancery Court matter to survive. The Chancellor granted GLH’s request and ordered that all recoupments be stayed pending further decision as to whether or not DOM properly denied GLH’s request for the administrative hearing.

9. The impact of DOM's reduction in payments and its recoupment activities has left GLH with insufficient operating cash to sustain long-term viability.

10. GLH submits that it is eligible for relief under Chapter 9 because it satisfies the requisite requirements under § 109(c) of the Bankruptcy Code. Specifically,

- a. GLH, as a community hospital jointly owned by a city and county of the State of Mississippi, is a municipality as required under § 109(c)(1);
- b. GLH is specifically authorized to be a debtor under the law of the State of Mississippi, *see Exhibit "A"* to this Statement, and is likewise authorized to seek relief under Chapter 9 by its Board of Commissioners, the Leflore County Board of Supervisors, and the Greenwood City Council, *see Exhibits "B" "C" and "D"*, respectively, to this Statement, as required under § 109(c)(2);
- c. GLH is insolvent as required under § 109(c)(3);
- d. GLH desires to effect a plan of adjustment of its debts via strategic alternatives only available through the relief available hereunder, as required under § 109(c)(4); and
- e. GLH is unable to negotiate with creditors because such negotiation is impracticable, as provided under § 109(c)(5)(C).

11. With respect to ¶ 10.c. above, GLH is insolvent as required in this context. GLH has been and is currently unable to pay its debts as they come due, which conditions were brought on near the end of the pandemic period and have continued since that time.

12. GLH has only remained viable since that time due to extraordinary, one-time infusions of cash. *See* ¶ 5, above. Furthermore, GLH's revenues have continued to dramatically decrease. *See* ¶¶ 6-7, above. As described more fully below, GLH has no means to pay its debts as they come due prospectively. This is true even with imposition of an automatic stay and accounting for the continued stay of recoupments by DOM.

13. GLH needs the relief provided by Chapter 9 to effectuate a plan to rearrange its debts and repay its creditors. GLH has been engaged in negotiations with University of

Mississippi Medical Center (“**UMMC**”) to acquire certain of GLH’s assets to ensure continued healthcare to the residents of Leflore County and the Delta region. In order for this transaction to occur, GLH needs the time, protections and processes provided under Chapter 9 to effectuate the transaction as a foundation for its plan of arrangement. It is also a certainty that GLH will face a liquidity shortfall in the near-term. No matter the outcome of these proceedings, GLH still needs bankruptcy protection to implement a plan of arrangement that maximizes recoveries to creditors.

14. With specific regard to ¶ 10.e. above, GLH exhausted its efforts to negotiate a solution with DOM over its recoupment demands and was forced to litigate to obtain relief. Attempts at negotiation have already proven futile.

15. Management and the board of GLH have tried diligently to stem operational losses and address the economic and regulatory headwinds that have caused them. Due to such significant reductions in revenues from DOM, it was determined that doing so was not possible. GLH has no available source of funding to permit operations to continue for a reasonably predictable period of time, and both the City of Greenwood and Leflore County have neither the means nor the desire to allocate more funding when doing so provides no certainty of long-term viability for GLH. Implementing a plan of arrangement and obtaining temporary relief under Chapter 9 presents the best available alternative to reach the best outcome under these circumstances.

16. The deliberations and efforts to address these difficult conditions have been undertaken in good faith, with due consideration of the best interests of hospital patients, its creditors and the citizens of our community.

THIS the 15th day of April, 2026.

Respectfully submitted,

**GREENWOOD LEFLORE HOSPITAL**

By: /s/ Gary Marchand

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**CERTIFICATE OF SERVICE**

I do hereby certify that the foregoing pleading was filed electronically through the Court's CM/ECF system and served electronically on all parties enlisted to receive service electronically.

SO CERTIFIED, this the 15th day of April, 2026.

/s/ Douglas C. Noble