



Northern Berkshire Healthcare Chapter 11 Filing: Some Frequently Asked Questions June 14, 2011

1. Why are you filing for bankruptcy protection?

NBH is filing for protection under Chapter 11 of the US Bankruptcy Code, which will allow us to restructure our debts. NBH was in close and positive conversation with our bondholders (the source of the most significant debt, related to the expansion and modernization of North Adams Regional Hospital and the acquisition of Sweet Brook and Sweetwood in Williamstown) about restructuring the debt. After we submitted our most recent plan to the bondholders, it became clear we were not moving to resolution as quickly as we would have liked.

Through a process overseen by the US Bankruptcy Court, we anticipate we will be able to restructure our debt in a way that supports our long-term operation as a key healthcare provider to North Adams and the surrounding towns.

2. Will NARH close as a result of this filing?

No. We are entering this process in a thoughtful, planned way with the goal of restructuring our debt. Doing so is critical to our continued ability to serve the community and operate in a financially sustainable way. Employing the structure and protection the court process offers, we anticipate we will be able to resolve this issue in a way that supports our mission to provide care to North Berkshire communities.

3. Wasn't there any alternative?

Our filing for Chapter 11 protection is part of our well-considered plan to improve NBH's finances. Within the past year, we have taken a number of steps to improve our situation, including:

- Selling Sweet Brook and Sweetwood (complete)
- Reorganizing operations to meet current patient care needs (complete)
- Identifying an affiliate partner (ongoing)
- Restructuring debt (ongoing)

We have made great progress in many areas, but the issue of debt remains critical. The reorganization of our debt, with the support of the court, will also help us move forward in our other efforts (particularly identifying an affiliate partner, which will appreciate the more stable financial picture that will result).

4. How will this impact day-to-day operations?

We believe that we will be able to work through this process with minimal disruption to daily activities. There will likely be some small changes that mainly relate to how we pay vendors and which vendors choose to work with us going forward; otherwise, we expect that this will have a limited impact on day-to-day operations and we believe that it will not impact on our ability to provide care to the local community. Staff will continue to be paid as usual.

5. Will this affect your conversations with potential affiliation partners?

We anticipate this will have a positive impact on any affiliation conversations. Having a formal structure in place for the reorganization of our debts will lend us a degree of fiscal stability that could create a better groundwork for our conversations with potential affiliate partners.

6. Were all of the staffing cuts/changes several months ago necessary, then?

In the past several months, we have seen both an improved financial balance sheet and continued delivery of high quality care to our patients as a result of the staffing changes. The changes were designed to ensure that we are flexible and able to meet the needs of the local community in a cost efficient way and met that goal – we never expected that doing so would eliminate the need to address our debt issues. In fact, the Court is likely to appreciate the thoughtful steps we took to operate more effectively.

7. What impact will this have on local vendors?

Though we have made every effort to pay our bills in a timely manner; NBH has been struggling with a cash flow issue and has had to prioritize. Payroll, expenses directly related to patient care, etc. are typically our first priorities. As a result, among those who will be impacted by the filing will be some of the local vendors we work with for goods and services; payments on past due invoices will be frozen until a plan is agreed upon by the court

8. How long until this is resolved?

At this point, the timeframe is not certain; however, the positive news is that there will be a clear resolution. The court makes every effort to move this process along quickly, but it could be several months before there is a final agreement. In the interim, however, we want the community to feel very confident that we remain fully able to meet their healthcare needs.

Questions? Please email info@nbhealth.org. Thank you for your support.