

SILLS CUMMIS & GROSS, P.C.
Jack M. Zackin (JZ-2540)
Simon Kimmelman (SK-3654)
Valerie Hamilton (VH-5697)
One Riverfront Plaza
Newark, New Jersey 07102
(973) 643-7000
www.sillscummis.com
Attorneys for Debtor and Debtor-in-Possession

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

PASCACK VALLEY HOSPITAL
SSOCIATION, INC.,

Debtor.

Hon. Rosemary Gambardella

Case No. 07-23686 (RG)

Chapter 11

**APPLICATION FOR AN ORDER, PURSUANT TO FED.R. BANKR. P. 9006(c)(1),
SHORTENING TIME FOR NOTICE OF HEARING ON DEBTOR'S MOTION
FOR ENTRY OF AN ORDER AUTHORIZING AMENDMENT AND
ASSUMPTION OF AGREEMENT FOR ACCOUNTS RECEIVABLE SERVICES**

TO: HONORABLE ROSEMARY GAMBARDELLA,
UNITED STATES BANKRUPTCY JUDGE

Pascack Valley Hospital Association, Inc., the debtor and debtor-in-possession ("PVH" or the "Debtor"), by and through its attorneys, Sills Cummis & Gross, P.C., submits this application (the "Application") for an order (the "Order Shortening Time"), pursuant to Rule 9006(c)(1) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), shortening time for notice of the hearing on the Debtor's motion (the "Motion") seeking the entry of an order, pursuant to sections 365 and 105(a) of chapter 11, Title 11 of the United States Code (the "Bankruptcy Code") and Bankruptcy Rule 6006, authorizing the amendment and assumption of a

certain Agreement for Accounts Receivable Services (the “Agreement”) by and between the Debtor and MD-X Strategies, Inc. (“MD-X”) and the Debtor. In support of this Application the Debtor respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter under 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A), (B) and (D).

2. The statutory bases for the relief requested in the Motion are sections 365 and 105(a) of the Bankruptcy Code and Bankruptcy Rule 6006. Venue is proper in this Court pursuant to 28 U.S.C. § 1409(a).

BACKGROUND

3. On September 24, 2007 (the “Petition Date”), the Debtor filed a voluntary petition for relief pursuant to chapter 11 of title 11, United States Code (the “Bankruptcy Code”).

4. Since the Petition Date, the Debtor has remained in possession of its assets and has continued the management of its business as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

5. The Debtor is a licensed 280-bed acute care hospital located in Bergen County, New Jersey that provides in-patient, out-patient, and related health care services to the general public. A detailed description of the Debtor’s business and the facts precipitating the filing of the Debtor’s Chapter 11 proceeding is set forth in the Affidavit of Leonard Weil submitted in support of the Debtor’s various “first day” motions (the “First Day Affidavit”). Those facts are incorporated herein by reference.

The Agreement and First Amendment Thereto

6. Prior to the Filing Date, PVH and MD-X entered into an agreement pursuant to which MD-X provides accounts receivable outsourcing services to PVH. Under the Agreement, MD-X submits all new bills and re-bills to the appropriate payers, including Medicare, Medicaid, commercial insurance, managed care and self-payers. In order to maximize PVH's collection of open accounts, MD-X also performs all follow up billing and collection functions. MD-X also performs certain non-billing and follow up functions, including remittance and adjustment posting, and processing of third party payer remittance advices to facilitate secondary billing, patient billing, accounts receivable reclassification and denial and underpayment identification.

7. The Motion seeks the entry of an Order authorizing the Debtor to amend and assume the Agreement. In summary, under the amendments: (a) MD-X will be paid a flat fee of six percent (6%) of all funds collected by PVH; (b) the Agreement will expire upon the earlier of (i) March 31, 2008 or (ii) the liquidation of \$20 million of accounts receivable; and (c) MD-X may terminate the Agreement on five (5) days' written notice if the Debtor defaults in making a payment to MD-X or fails to cure a non-monetary breach of the Agreement within fifteen (15) days.

8. Currently, the Debtor is in default in payments to MD-X under the Agreement. As of the Petition Date, the Debtor owed MD-X approximately \$1,800,000. In connection with the assumption of the Agreement, MD-X has agreed to accept \$500,000 in full and final satisfaction of the Debtor's cure obligations to MD-X.

RELIEF REQUESTED AND BASIS THEREFOR

9. Rule 9006(c)(1) of the Federal Rules of Bankruptcy Procedure authorizes the Court, for cause shown, to reduce the normal twenty (20) day notice period for a motion

provided for in D.N.J. LBR 9013-1(c). The Debtor respectfully submits that in this case cause exists to reduce the time period for notice of the hearing on the Motion.

10. Under the terms of the Loan and Security Agreement with HFG Healthco-IV, LLC (“HFG”), the Debtor is required to have a backup servicer for accounts receivable. The retention of MD-X will fulfill this condition to obtaining post-petition financing from HFG.

11. Since the Debtor cannot close on its financing arrangement with HFG until the Debtor has a backup servicer in place, the Debtor respectfully requests that the time period for notice of the hearing on the Motion be shortened and that the Motion be scheduled for expedited hearing during the week of December 3, 2007, subject to the Court’s availability.

12. Reduction of the time period in question is not prohibited under Fed. R. Bankr. P. 9006(c)(2) and the rules listed therein.

13. No prior request for the relief sought herein has been made to this or any other court.

WHEREFORE, the Debtor respectfully requests that the Court enter the accompanying Order Shortening Time and grant such other and further relief as the Court deems just and proper.

SILLS CUMMIS & GROSS, P.C.
Attorneys for Debtor and Debtor-in-Possession
Pascack Valley Hospital Association, Inc.

By: /s/ Valerie A. Hamilton
Jack M. Zackin
Valerie A. Hamilton

Dated: November 19, 2007

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR 9004-2(c)
SILLS CUMMIS & GROSS P.C.
Jack M. Zackin (JZ-2540)
Simon Kimmelman (SK-3654)
Valerie Hamilton (VH-5697)
One Riverfront Plaza
Newark, New Jersey 07102
(973) 643-7000
Attorneys for the Debtor and Debtor-in-Possession

In re:

PASCACK VALLEY HOSPITAL ASSOCIATION,
INC.,

Debtor.

Case No. 07-23686

Chapter 11

Honorable Rosemary Gambardella

**ORDER SHORTENING TIME FOR NOTICE OF HEARING ON
DEBTOR'S MOTION FOR AN ORDER PURSUANT TO 11 U.S.C. §§ 365
AND 105(a) AND FED. R. BANKR. P. 6006 AUTHORIZING
AMENDMENT AND ASSUMPTION OF AGREEMENT FOR ACCOUNTS
RECEIVABLE SERVICES**

The relief set forth on the following pages, numbered two (2) through three (3) is
hereby **ORDERED**.

Debtor: Pascack Valley Hospital Association, Inc.
Case No.: 07-23686 (RG)
Caption of Order: Order Shortening Time Period for Notice of Hearing on Debtor's Motion for an Order Pursuant to 11 U.S.C. §§ 365 and 105(a) and Fed. R. Bankr. P. 6006 Authorizing Amendment and Assumption of Agreement for Accounts Receivable Services

Upon consideration of the application of Pascack Valley Hospital Association, Inc., the debtor and debtor-in-possession herein ("Debtor"), for an order, pursuant to Rule 9006(c)(1) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), shortening the time period for notice of the hearing (the "Hearing") on the Debtor's motion (the "Motion") seeking the entry of an order, pursuant to sections 365 and 105(a) of chapter 11, Title 11 of the United States Code (the "Bankruptcy Code") and Bankruptcy Rule 6006, authorizing the Debtor to amend and assume a certain Agreement for Accounts Receivable Services (the "Agreement") by and between the Debtor and MD-X Strategies, Inc. ("MD-X"); and for good cause shown, it is hereby

ORDERED, that the time period required by D.N.J. LBR 9013-1(c) for notice of the Hearing be, and hereby is, shortened as set forth herein; and it is further

ORDERED, that the Hearing shall be conducted on December _____, 2007 at _____ .m., before the Honorable Rosemary Gambardella, United States Bankruptcy Judge, in Courtroom 3E of the United States Bankruptcy Court, 50 Walnut Street, Newark, New Jersey; and it is further

ORDERED, that true copies of this Order, the application seeking the entry thereof, and the Motion papers shall be served upon (i) the United States Trustee for Region 3, Newark, New Jersey; (ii) counsel for HFG Healthco-IV, LLC; (iii) counsel for Bank of New York, as Master Trustee; (iv) counsel for the Creditors' Committee; (v) counsel for Health Professionals and Allied Employees, ATL/AFL-CIO Local 5029; (vi) MD-X Strategies, Inc., 725 Darlington

Debtor: Pascack Valley Hospital Association, Inc.
Case No.: 07-23686 (RG)
Caption of Order: Order Shortening Time Period for Notice of Hearing on Debtor's Motion for an Order Pursuant to 11 U.S.C. §§ 365 and 105(a) and Fed. R. Bankr. P. 6006 Authorizing Amendment and Assumption of Agreement for Accounts Receivable Services

Avenue, Mahwah, New Jersey 07430 Attn: Joseph Davi, and (vii) all parties requesting notice pursuant to Fed. R. Bankr. P. 2002, via ECF electronic notice, email, fax or overnight delivery by November _____, 2007, which shall constitute good and sufficient notice of the relief requested in the Motion; and it is further

ORDERED, that any objection to the relief requested in the Motion must be in writing, setting forth the legal and factual bases for the objection, and shall be filed with the Court and served upon the Movant so as to be received no later than _____, 2007, or may be presented at the Hearing; and it is further

ORDERED, that the Court will require appearances of counsel to prosecute the Motion and any objections thereto.