

NewsRoom

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MCR HEALTH: To Sell Huntington Health Practice to Ace Health

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MCR Health, Inc. and its affiliate, AllCare Options, LLC, seek approval from the U.S. Bankruptcy Court for the Middle District of Florida, Tampa Division, to sell behavioral health practice, free and clear of liens, interests, and encumbrances.

To stem its losses arising from the Debtor's operation of Huntingdon Behavioral Health practice, the Debtor determined that it would be in the best interests of the estate to take steps to explore a potential sale of Huntingdon to Ace Health Consultant, LLC.

The Debtor, as a reorganized debtor in the above-captioned Chapter 11 case, is a nonprofit organization, incorporated as a not-for-profit corporation (501(c)(3)) in the State of Florida and operates as a Federally Qualified Health Center which provides health care services, including medical, behavioral, dental and vision, to all patients, including, the underserved and underinsured communities of southwest Florida. Additionally, the Debtor provides behavioral health services to skilled nursing facilities and assisted living facilities throughout the state of Florida.

The Debtors have agreed to a sale by MCR to Ace for all of MCR's claim, title, interest or right in the Huntingdon assets and have memorialized the terms of the proposal of Huntingdon Sale to Ace.

Ace will pay the Debtor approximately \$2,500,000.00 as purchase price for Huntingdon payable earn-out over 5 years.

The following is a summary of the terms of the Proposal between MCR and Ace, with the full terms being set forth more fully in the Agreement:

- a. The Targeted Purchase Price is \$2,500,000.00;
- i. Annual payments for five years
 1. 15% of Earnings Before Interest, Taxes, Depreciation, and Amortization at the end of every 12 months;
 2. \$500,000.00 annual cap;
 3. No rollover;
- b. Repayment of initial shortfall Feb-June 2025 (capped at \$500,00.00); i. Shortfall to be paid if/when EBITDA surpasses \$4,000,000.00 in any given year out of the 5 observed;
- c. Up to 180-day Transition Services Agreement (TSA), during which billing continues under MCR TIN while Ace assumes ALL financial risks and responsibilities and begins payer credentialing;
- d. The Debtor's Huntingdon employees become Ace employees immediately; i. All employees and IC contracts to be rejected by the Debtor in Bankruptcy Court ii. Ace to sign new contracts with employees and IC's
- e. MCR and Ace agree that: i. EBITDA to be considered for HBH service line only and not for other ACE business entities or service lines; ii. Agreement terminates if Ace/HBH fails (needs to add "change in control" language in case service line gets sold)

The Debtor proposes that the Huntingdon assets will be sold free and clear of all liens, claims, interests, and encumbrances, with all valid liens, claims, interests, and encumbrances.

About MCR Health, Inc.

MCR Health, Inc. and AllCare Options, LLC filed Chapter 11 petitions (Bankr. M.D. Fla. Lead Case No. 24-06604) on November 8, 2024. At the time of the filing, MCR Health reported \$10 million to \$50 million in assets and liabilities while AllCare Options reported as much as \$50,000 in assets and liabilities. Judge Roberta A. Colton oversees the cases.

Steven M. Berman, Esq., at **Shumaker, Loop** & Kendrick, LLP, represents the Debtors as legal counsel. Joseph J. Tomaino is the patient care ombudsman appointed in the Debtors' cases.

---- Index References ----

Company: ACE CONSULTANT KK; AllCare Options, LLC; MCR HEALTH, INC.; **SHUMAKER, LOOP** & KENDRICK, LLP

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Other Indexing: (Huntington; U.S. Bankruptcy Court; Ace Health Consultant, LLC; AllCare Options, LLC; MCR Health, Inc.; **Shumaker, Loop** & Kendrick, LLP) (North America; United States)

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