

Bankruptcy Law

Health Care Faces a Wave of Restructuring Next Year

By Lauren Coleman-Lochner

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All the money that flowed to health-care operators during the pandemic isn't likely to stave off restructuring. Look for more activity next year, panelists said at an event taking place in Nashville this week. They spoke at the American Bankruptcy Institute's health-care conference on Monday.

- While distress is low now, “at the best of times, you’re looking at a day-to-day kind of existence at a distressed hospital,” said **Jim Porter**, managing director at **ToneyKorf Partners LLC**. Troubled hospitals need to make operational changes, but during the pandemic, “you have nobody thinking about tomorrow.”
- Look for a wave of restructuring in senior living facilities next year as they adjust to lower occupancy and higher costs, said **Naomi O’Dell** of RBC Capital Markets. Higher leverage and looser covenants will take their toll, and restructurings will require creditors to take a haircut and the injection of new money.
- **M. Benjamin Jones** of Ankura Consulting Group said the skilled nursing industry was stable in late 2019 and early 2020. But the sector is now burning cash, meaning restructurings are likely. “I think that time has led to new issues, new problems” including wage inflation.

To contact the reporter on this story:

Lauren Coleman-Lochner in New York at llochner@bloomberg.net

To contact the editors responsible for this story:

Claire Boston at cboston6@bloomberg.net