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# The “unusual” bankruptcy: Univita Health

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Miramar-based Univita Homecare Solutions LLC and 11 of the company’s subsidiaries filed for Chapter 7 bankruptcy on Aug. 28, capping off a month of silence from the home health care provider after it abruptly terminated all of its Florida HMO contracts.

There are several notable things about Univita’s tale: The termination of close to 1,000 employees; its 2014 headquarters relocation from Minnesota to South Florida; a $40 million credit facility taken out by the company in March, and the fact that the home health care provider filed for Chapter 7 bankruptcy instead of Chapter 11, signaling that this would the company’s last act.

Univita and the company’s bankruptcy attorney have not returned requests for comment. “With Chapter 7, it’s a liquidation of the debtor’s assets for the benefit of the creditors,” said Joshua Dobin, an attorney with Miami-based Meland Budwick, P.A. “As a Chapter 7, they are really saying that there is not a chance of restarting any business.”

The home health care provider was bigger than is standard for Chapter 7 bankruptcy. “When we see Chapter 7, it’s the little restaurant that failed, the small business that didn’t have any real value,” said Steven Solomon, an attorney with GrayRobinson’s Miami office.

But Univita was a company with over 1,000 employees, somewhere between $50 million and $100 million in assets according to its bankruptcy filing, and contracts with a number of home health care providers.

“How could a company that was a rising star have cratered so quickly and so definitively? Usually a business of this nature, of this size, of this magnitude, with these relationships, there would have been some aspect of that business which was salvageable,” Solomon said.

In the cases Solomon deals with as a bankruptcy lawyer, there is invariably something to salvage, a going concern that has value and can be sold off. It is quite typical in Chapter 11 bankruptcy for a company to immediately initiate a sales process to determine whether or not there are buyers that are interested in purchasing some part of the business.

“What I find unusual here is that Univita stopped operating weeks before they ever filed for bankruptcy, and to go from 60 to 0 so quickly and then file for bankruptcy is not my experience,” Solomon said. “It is an extremely unusual aspect of this case that a company of this stature would cease business operations and then file Chapter 7 and throw in the towel and liquidate.”

What’s even more striking about the Univita case is that when the home health care provider ceased operations, any health plans plans that had depended on the company and therefore patients that depended on the company were left with a void.

“ still had to deliver the service to their members and now Univita has pulled the plug. The health plan has, in most cases, already provided Unviita with substantial funding,” Solomon said. “Health plans can’t wait 60 or so days to see how the bankruptcy shakes out.”

For Univita to abruptly terminate its health plan contracts means that health plan members would be left without care unless the plan was prepared to cover the gap. Univita was in the business of home health care and home health care equipment.

”Univita has been a subcontractor to some of our MMA health plans,” the Florida Agency for Health Care Administration previously said in a statement. “The Agency is working with the health plans to ensure a smooth transition and that there is no lapse in service or equipment issues for Medicaid enrollees.”

Suits and complaints have also been filed against Univita on behalf of subcontractors, which allege that the health care provider owes them money in addition to a class action complaint filed on behalf of approximately 1,000 terminated employees because of an alleged Worker Adjustment and Retraining Notification Act violation. The Business Journal previously reported on that complaint, here.

If there was indeed a WARN Act violation, the employees would be high up in terms of priority of receiving compensation during a bankruptcy, Solomon said.

The Miramar-based company is seeking to liquidate its remaining assets, estimating both assets and liabilities between $50 million and $100 million each, according to its filing.

“I hate to keep using the word over and over again, but it was just so unusual,” Solomon said. “This was not some little fly-by-night business.”