

Proskauer Profiles in Health Care: Chad Dale

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With more than 30 years of experience in corporate reorganizations and debt restructurings, [Chad](#) represents troubled companies, equity sponsors, creditors' committees, trustees and receivers in complex out-of-court debt restructurings and formal insolvency proceedings. He has counseled clients on a wide range of matters including health care restructurings, intellectual property licensing in bankruptcy, executory contractors, director and officer liability and debtor-in-possession financings.

1. Can you tell us a bit about your practice and client base?

I have been practicing exclusively in the debt restructuring and bankruptcy field for more than 30 years. Since 2019, I have focused on private credit restructuring matters for direct lenders, ad hoc groups and distressed debt investors, and a substantial portion of my work involves businesses across health care. I frequently represent troubled health care businesses in debt restructurings, both in and out of court. More often, however, I represent direct lenders and ad hoc groups in debt restructurings and change of control transactions involving a financially distressed health care borrower.

There has been a substantial growth of health care loans made by direct lenders to businesses in every segment of industry from medical technology to dental and physician practice management businesses. As a result, we are handling a greater volume of debt restructuring matters in the health care field.

2. What are the some of the biggest questions you are hearing from clients?

U.S. businesses, particularly in the middle market, are struggling with inflationary forces that affect everything from wages and raw material costs and to utilities and transportation. In response to these headwinds, clients in health care and other industries want to explore creative ways to improve liquidity, cut costs and, when necessary, to more aggressively restructure liabilities.

3. How has the role of private credit evolved in health care?

The health care industry has never been a comfortable place for traditional lenders, *i.e.* banks, but in the last decade, private credit has aggressively penetrated the health care lending market. We've seen that in the data, and our Private Credit Group has seen it first-hand in the number of health care deals they closed each year as compared to other industries. It remains to be seen, however, how direct lenders react to a downturn in the economy, generally, and in particular, to financial stress in the heavily regulated health care industry.

In more than 30 years as a restructuring lawyer, I have represented every imaginable corporate stakeholder. When the stakes are high, there is simply no substitute for experience.

4. Could the No Surprises Act trigger a wave of distress in the health care sector? What other challenges do your clients face as legislation – and the economy – rapidly changes?

The No Surprises Act is already beginning to have a material impact on health care businesses, especially those with material out-of-network revenue. Somewhat predictably, emergency service providers, rural hospitals and radiology practices (to name a few) have been hard hit by the Act. Other segments of the industry have suffered from decreases in Medicare reimbursement rates. These forces negatively impact top line revenue. The combined impact of revenue loss, inflationary pressures and rising interest rates have already created financial stress among a significant number of health care businesses.

5. What do think are some of the biggest factors that have enabled your success and helped you stand out as a lawyer?

In more than 30 years as a restructuring lawyer, I have represented every imaginable corporate stakeholder, including troubled companies, lenders, ad hoc groups, creditors' committees, boards of directors and distressed investors. As a result, I have learned to develop effective strategies for clients – strategies based on a deep understanding of what my adversaries will do next. When I was a younger lawyer, I thought that I could outsmart my adversaries. I now realize that when the stakes are high, there is simply no substitute for experience.

- **Charles A. Dale**

Partner