

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
MODIVCARE INC., <i>et al.</i>	§	Case No. 25-90309 (ARP)
Reorganized Debtors. ¹	§	(Jointly Administered)

PROTRANSPORT-1 LLC’S AND PRN AMBULANCE LLC’S APPLICATION FOR ALLOWANCE AND PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM

If you object to the relief requested, you must respond in writing. Unless otherwise directed by the Court, you must file your response electronically at <https://ecf.txsb.uscourts.gov/> within twenty-one days from the date this motion was filed. If you do not have electronic filing privileges, you must file a written objection that is actually received by the clerk within twenty-one days from the date this motion was filed. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

**To the Honorable Alfred R. Pérez,
United States Bankruptcy Judge:**

ProTransport-1 LLC (“*PT-1*”) and PRN Ambulance LLC (“*PRN Ambulance*” and together with PT-1, “*PRN*”) hereby submit this *Application for Allowance and Payment of Administrative Expense Claim* (the “*Application*”) in the estimated total amount of \$830,237.00 pursuant to 11 U.S.C. §§ 503(a) and 503(b)(1)² and respectfully state as follows:

Jurisdiction, Venue, and Constitutional Authority

1. The United States District Court for the Southern District of Texas has jurisdiction

¹ A complete list of each of the reorganized debtors (the “Reorganized Debtors”) in these chapter 11 cases (the “Chapter 11 Cases”) and the last four digits of each Reorganized Debtor’s taxpayer identification number (if applicable) may be obtained on the website of the Reorganized Debtors’ claims and noticing agent at <https://www.veritaglobal.net/ModivCare>. Reorganized Debtor ModivCare Inc.’s principal place of business and the Reorganized Debtors’ service address in these Chapter 11 Cases is 6900 E. Layton Avenue, Suite 1200, Denver, Colorado 80237.

² As set forth in more detail herein, PRN has received some payments since March 9, 2026, which is when the Reorganized Debtors first notified PRN that the executory contracts would be rejected. To the extent PRN receives any additional payments prior this Application being adjudicated, PRN will account for the receipt of those payments in its request for relief.



over this matter pursuant to 28 U.S.C. ¶ 1334 and properly referred this matter to the United States Bankruptcy Court for the Southern District of Texas (the “*Court*”) pursuant to 28 U.S.C. § 157(a).

2. This is a core proceeding under 28 U.S.C. §§ 157(b)(2)(A), (B), and (O). The Court has constitutional authority to enter final orders in this proceeding, and PRN consents to entry of final orders by this Court.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Factual Background

4. Pre-petition, PRN entered into executory contracts with the Debtors to provide out-of-network, non-emergency medical transportation (“*NEMT*”) services to patients. Typically, PRN transported patients at the request of California hospitals to skilled nursing or assisted living facilities. PT-1’s contract for NEMT services with ModivCare became effective on February 24, 2020. PRN Ambulance’s contract became effective on July 11, 2021.

5. Some out-of-network NEMT contracts require pre-authorization from ModivCare before the vendor can pick up a patient for transport. This pre-authorization process could take several hours from the time a hospital calls for a transport to when ModivCare could be reached and authorize it. This multi-hour delay harmed ModivCare’s business. PRN provided a solution: it would provide transports promptly after the hospital ordered it, but PRN required that their contracts with ModivCare provide PRN the ability to obtain post-authorization from ModivCare within two business days after a transport. ModivCare agreed to the post-authorization terms, which are in the two contracts. As a result of faster pickups, hospitals and other medical facilities used ModivCare for more NEMT services, which increased the Debtors’ business.

6. Post-petition, ModivCare continued to use PRN's NEMT services. From the Petition Date until March 9, 2026, PRN provided approximately 3,953 NEMT service calls on behalf of ModivCare patients. ModivCare repeatedly authorized PRN's services.

7. Pre- and post-petition, it took ModivCare up to 90 days or more to process PRN's requests for payment. As of the Petition Date, ModivCare owed PRN about \$700,000, as reflected in its proof of claim filed on September 25, 2025. [*See* Claim No. 789]. Pursuant to Court approval, post-petition, ModivCare paid PT-1 nearly all of its \$700,000 pre-petition claim. ModivCare also paid part of the amounts owed to PRN for its post-petition NEMT services. However, because ModivCare continued to increase the amount of business they sent to PRN, PRN's combined receivable balance for post-petition services grew to over \$1 million.

8. On October 30, 2025, ModivCare published a "Notice of Potential Assumption of Certain Executory Contracts," [Docket No. 605] (the "*Assumption Notice*"). PRN's two executory contracts were listed in the Assumption Notice. [*See* Docket No. 605, p. 245].

9. The Assumption Notice listed a "cure amount" due from ModivCare of zero to assume PRN's two contracts. Similarly, many other executory contracts listed in the Assumption Notice had a "cure amount" of zero. The "zero cure amount" in ModivCare's Assumption Notice caused several counterparties, including PRN, to file objections thereto. On November 14, 2025, PRN filed its limited objection to the zero cure amount [Docket No. 721], and asserted a combined cure amount of \$1,139,603.57 was due as of November 13, 2025, but did not otherwise object to ModivCare's assumption of PRN's two executory contracts.

10. Since the filing of the Assumption Notice, PRN continued to provide NEMT services to ModivCare in good faith, based upon (a) ModivCare's pre-petition and post-petition history of processing and paying for PRN's services; (b) ModivCare's listing of PRN's contracts

as “potentially assumed” or “deemed assumed” executory contracts in several bankruptcy pleadings and notices; and (c) ModivCare’s assurances in December 2025 and thereafter that it will try to resolve the “cure” amount due to assume PRN’s two executory contracts with PRN, promptly after Plan confirmation. Post-petition, PRN has incurred more than \$980,000.00 in labor costs alone providing services to ModivCare.

11. However, on March 9, 2026, Reorganized Debtors’ counsel disclosed (by telephone) to PRN for the first time that ModivCare had decided to reject PRN’s executory contracts.

12. On March 19, 2026, Reorganized Debtors filed a “Notice Regarding Rejection of Executory Contracts with PRN Ambulance LLC and ProTransport-1 LLC [Docket No. 1376] (the “*Rejection Notice*”).

13. On March 25, 2026, PRN filed a response to the Rejection Notice [Docket No. 1389] (the “*PRN Response*”). Among other things, the PRN Response describes other pleadings Debtors filed and certain terms in the confirmed Plan and the Court’s order confirming the Plan (the “*Confirmation Order*”), regarding a mandatory process Reorganized Debtors were supposed to follow post-confirmation to resolve any disputes they had with counterparties like PT-1 and PRN Ambulance under executory contracts designated as “deemed assumed” under the Plan. The PRN Response asserts Reorganized Debtors failed to follow that mandatory process and did not seek Court authority or approval to reject the executory contracts with PT-1 and PRN Ambulance.

14. Since March 9, 2026, PRN has continued to work with the Reorganized Debtors regarding the outstanding receivables. Since that time, PRN has collected and applied approximately \$275,000.00 to the outstanding accounts receivables. Based on information received prior to the filing of this Application, PRN anticipates it may receive an additional

\$280,000.00, if not more, on or before June 5, 2026. To the extent such payments are received prior to an adjudication of this Application, PRN will apply those payments to the applicable outstanding accounts receivable balance. However, since March 9, 2026, the amount PRN has been paid per transport is approximately half the fee due per transport under the two contracts. As a result, even if PRN receives another \$280,000.00, PRN anticipates there will still be approximately \$568,318.78 outstanding.

Relief Requested

15. Based on the delivery and acceptance of post-petition services, ProTransport-1 LLC seeks an allowed chapter 11 administrative expense priority claim in the estimated amount of \$824,510.00 and PRN Ambulance LLC seeks an allowed chapter 11 administrative expense priority claim in the estimated amount of \$5,727.00 pursuant to 11 U.S.C. § 503(b)(1)(A).

16. PRN also seeks Court authorization as expressly permitted in § 503(b)(1)(A) to file this Application tardily, for cause. Pursuant to the confirmed Plan, the deadline to file a request for payment of administrative claims was February 5, 2026. However, until March 9, 2026, Debtors and Reorganized Debtors led the Court and PRN to believe they would assume PRN's two executory contracts post-confirmation pursuant to 11 U.S.C. § 365, in written notices they filed and served on PRN, express terms in the confirmed Plan and the Court's order confirming the Plan (the "***Confirmation Order***"). Those pleadings along with periodic communication between the parties over the "cure amount" due led PRN to reasonably believe the only issue to resolve as of February 5, 2026 was the amount Reorganized Debtors would pay PRN to cure the monetary defaults under the two executory contracts. But instead, on March 9, 2026, Reorganized Debtors told PRN for the first time they intend to reject the executory contracts.

17. Since March 9, 2026, PRN has attempted in good faith to resolve with Reorganized Debtors the amount and treatment of PRN's claims. But the parties have been unable to agree on any such terms. As a result, PRN is requesting the Court to approve this Application.

Basis for Relief Requested

17. Section 507 of the Bankruptcy Code provides administrative expenses allowed under section 503(b)(1) are entitled too priority. *See* 11 U.S.C. U.S.C. § 507(a)(2). Section 503(b), of the Bankruptcy Code provides in relevant part:

(b) After notice and a hearing, there shall be allowed administrative expenses, other than claims allowed under section 502(f) of this title, including—

(1)(A) the actual, necessary costs and expenses of preserving the estate.

18. Whether a specific expense is an “actual [and] necessary cost” is a question of fact to be determined “after notice and hearing.” 11 U.S.C. § 503(b)(1).

19. The purpose behind allowing administrative expenses as a priority is to incentivize creditors and vendors to continue doing business with the debtor in possession. *Nabors Offshore Corp. v. Whistler Energy II, L.L.C. (Matter of Whistler Energy II, L.L.C.)*, 931 F.3d 432, 441–42 (5th Cir. 2019). “One of the main policies underlying section 503(b)(1)(A) is to provide an incentive for creditors and other to continue or commence doing business with an insolvent entity.” *In re Summit Metals, Inc.*, 379 B.R. 40, 56–577 (Bankr. D. Del. 2007). By continuing to do business with the debtor, the debtor may continue to operate its business, “thus generating funds from which prepetition creditors can be paid.” *Whistler Energy II, L.L.C.*, 931 F.3d at 442 (quoting *In re TransAmerican Nat. Gas Corp.*, 978 F.2d 1409, 1420 (5th Cir. 1992)).

20. Where post-petition a debtor continues to accept and receive the benefit of a counterparty's performance under a pre-petition executory contract, the counterparty may have

administrative expense claims for its performance post-petition even if the contract is ultimately rejected. *N.L.R.B. v Bildisco and Bildisco*, 465 U.S. 513 (1984) (holding that if a debtor in possession “elects to continue to receive benefits from the other party to an executory contract pending a decision to reject or assume the contract, the debtor-in-possession is obligated to pay for the reasonable value of those services . . .”).

21. The party asserting its claim for administrative expense priority has the burden to prove the claim was for an actual, necessary costs and expense of preserving the estate. “[T]o qualify as ‘actual and necessary cost’ under Section 502(b)(1)(A), a claim against the estate must have arisen post-petition as a result of actions taken by the [debtor-in-possession] that benefited the estate.” *In re Jack/Wade Drilling, Inc.*, 258 F.3d 385, 387 (5th Cir. 2001) (alteration in original). “[I]n the context of the commercial transactions for goods and services, a creditor must show some inducement by the debtor-in-possession.” *In re Whistler Energy*, 931 F.3d at 442. In the Fifth Circuit, the “knowing and voluntary post-petition acceptance of desired goods and services” is sufficient to show inducement. *Id.* at 443; *see also In re Adelpia Bus. Sols., Inc.*, 296 B.R. 656, 665 (Bankr. S.D.N.Y. 2003) (reasoning that administrative priority is appropriate where “the post-petition benefit is knowingly accepted and desired, post-petition, by the post-petition debtor-in-possession.”).

22. “A creditor can establish that its expenses are attributable to the action of the bankruptcy estate through evidence of either a direct request from the debtor-in-possession or other inducement via knowing and voluntary post-petition acceptance of desired goods or services.” *Id.* at 443.

23. In this case, PRN provided post-petition NEMT services at the Debtors’ request. Such services were necessary to preserve Debtors’ estates. PRN’s claims are entitled to

administrative priority because the Debtors led PRN to believe their executory contracts were being assumed, PRN continued to provide post-petition transport services and such services benefitted and preserved the Debtors' estates by allowing the Debtors to continue operations and generate post-petition revenues. *See* 11 U.S.C. § 503(b)(1)(A).

24. Pursuant to 11 U.S.C. § 503(b)(1)(A), ProTransport-1 LLC is entitled to a chapter 11 administrative expense claim in the estimated amount of \$824,510.00; and PRN Ambulance LLC is entitled to a chapter 11 administrative expense claim in the estimated amount of \$5,727.00.³

25. PRN does not seek to be paid ahead of similarly situated chapter 11 administrative expense claimants. PRN seeks payment of its administrative priority expense claim in accordance with the priorities set forth in 11 U.S.C. § 507.

Reservation of Rights

26. PRN reserves the right to amend, modify, or supplement this Application and to assert any other rights, claims, or remedies it may have against the Reorganized Debtors.

Conclusion

For the above reasons, ProTransport-1 LLC and PRN Ambulance LLC respectfully requests that the Court grant the proposed order attached hereto, allow ProTransport-1 LLC and PRN Ambulance LLC's administrative priority expense claim in the estimated total amount of \$830,237.00, require the Reorganized Debtors to promptly pay the allowed administrative claim, and for all other relief that is just and proper.

³ PRN has received some payments on its accounts receivables since the Debtor notified it that the executory contracts would be rejected. To the extent PRN receives any additional payments prior this Application being adjudicated, PRN will account for the receipt of those payments in its request for relief.

Dated: April 29, 2026

Respectfully submitted,

/s/ Simon R. Mayer

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***Counsel for ProTransport-1 LLC and
PRN Ambulance LLC***

Certificate of Service

I hereby certify that a true and complete copy of the foregoing pleading was served on the parties registered for electronic service in this Bankruptcy Case through the Court's ECF/PACER system on April 29, 2026.

/s/ Simon R. Mayer

Simon R. Mayer

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	
	§	Chapter 11
	§	
MODIVCARE INC., et al.	§	Case No. 25-90309 (ARP)
	§	
Reorganized Debtors.⁴	§	(Jointly Administered)
	§	

**ORDER GRANTING PROTRANSPORT-1 LLC'S AND
PRN AMBULANCE LLC'S APPLICATION FOR
ALLOWANCE AND PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM**

Upon consideration of ProTransport-1 LLC's and PRN Ambulance LLC's *Application for Allowance and Payment of Administrative Expense Claim* (the "**Application**"); and the Court having jurisdiction to consider the Application and relief requested therein; and consideration of the application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), and (O); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided and no further notice required; and upon the Court's review of the Application and any responses or objections thereto; and upon the Court's determination that the legal and factual bases set forth in the Application establish cause for the relief requested therein; it is hereby **ORDERED** that:

1. The Application is **GRANTED**;
2. ProTransport-1 LLC is hereby granted an administrative expense claim in the amount of \$824,510.00 (the "**Allowed ProTransport-1 Admin Claim**") under 11 U.S.C. § 503.

⁴ A complete list of each of the reorganized debtors (the "Reorganized Debtors") in these chapter 11 cases (the "Chapter 11 Cases") and the last four digits of each Reorganized Debtor's taxpayer identification number (if applicable) may be obtained on the website of the Reorganized Debtors' claims and noticing agent at <https://www.veritaglobal.net/ModivCare>. Reorganized Debtor ModivCare Inc.'s principal place of business and the Reorganized Debtors' service address in these Chapter 11 Cases is 6900 E. Layton Avenue, Suite 1200, Denver, Colorado 80237.

3. PRN Ambulance LLC is hereby granted an administrative expense claim in the amount of \$5,727.00 (the “*Allowed PRN Ambulance Admin Claim*”) under 11 U.S.C. § 503.

4. The Reorganized Debtors are hereby directed to pay ProTransport-1 LLC the full amount of the Allowed ProTransport-1 Admin Claim within seven (7) days of entry of this Order.

5. The Reorganized Debtors are hereby directed to pay PRN Ambulance LLC the full amount of the Allowed PRN Ambulance Admin Claim within seven (7) days of entry of this Order.

6. Notwithstanding anything herein or in the Federal Rules of Bankruptcy Procedure, this Order shall become effective immediately upon its entry.

7. This Court retains jurisdiction over all matters arising from or related to the interpretation, implementation, and enforcement of this Order.

Alfredo R. Pérez
United States Bankruptcy Judge