

Q1 Distress Levels Climb Across Chapter 11 and Health Care Sectors

(May 20, 2026) The latest Polsinelli-TrBK Distress Indices Report shows increased distress activity across Chapter 11 and health care sectors during the first quarter of 2026, while real estate distress levels continued a more moderate upward trend. Overall Chapter 11 filings increased meaningfully quarter over quarter, and health care distress rebounded sharply following a temporary decline at the end of 2025.

“What we’re seeing is not a broad-based economic collapse, but a growing concentration of distress in sectors facing structural pressure,” said Jeremy R. Johnson, a restructuring attorney at Polsinelli and co-author of the report. “Health care in particular continues to operate in a fundamentally different distress environment than the broader economy, with large-system restructuring driving a significant share of filing activity.”

Released quarterly by Polsinelli, the Polsinelli-TrBK Distress Indices track business bankruptcy filings as a measure of economic distress across the broader economy and key sectors.

Key findings from the first quarter 2026 report include:

- The **Chapter 11 Distress Research Index** increased to 91.25 for the first quarter of 2026, rising more than 7 points from the prior quarter. Compared with the same period one year ago, the Index declined over 9 points and remains more than 8 points below the benchmark period of the fourth quarter of 2010.
- The **Real Estate Distress Research Index** increased to 52.78 during the first quarter of 2026, rising modestly from the prior quarter and slightly more than the same period one year ago. Compared with the benchmark period of the fourth quarter of 2010, the Index remains down more than 47 points.
- The **Health Care Services Distress Research Index** increased to 1,246.67 during the first quarter of 2026, rising more than 208 points from the prior quarter. Compared with the same period one year ago, the Index declined by 25 points, but remains more than 1,146 points above the benchmark period of the fourth quarter of 2010.
- On a trailing four-quarter average, the percentage of real estate filings among all index Chapter 11 filings declined from **12.18%** to **11.49%** during the quarter, while the percentage of health care filings increased from **13.85%** to **15.35%**.

The reports also highlight continued concentration of large health care restructurings, with filings involving debtors exceeding \$1 billion in assets accounting for more than 61% of health care index filings during the quarter. In addition, Southeast venues continued to account for the largest share of overall Chapter 11 and health care filings.

The Polsinelli-TrBK Distress Indices are research indices based on Chapter 11 bankruptcy filing data. The Chapter 11 Distress Research Index serves as the primary index and is based on filings by entities with assets scheduled at greater than \$1 million as represented on initial Chapter 11 petitions.

About Polsinelli

Polsinelli is an Am Law 100 firm with more than 1,200 attorneys in over 25 offices nationwide. Recognized as one of the top firms for excellent client service and client relationships, Polsinelli is committed to meeting our clients' expectations of what a law firm should be. Our attorneys provide value through practical legal counsel infused with business insight, offering comprehensive corporate, transactional, litigation and regulatory services with a focus on health care, real estate, finance, technology, private equity and life sciences. Polsinelli PC, Polsinelli LLP in California, Polsinelli PC (Inc) in Florida.