

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

IN RE:

ACADIANA MANAGEMENT GROUP, L.L.C., ET AL.¹

CASE NO. 17-50799

DEBTORS

CHAPTER 11

PATIENT CARE OMBUDSMAN’S FIRST INTERIM REPORT – DENHAM SPRINGS

Pursuant to 11 U.S.C. §333 of the Bankruptcy Code and the Court’s Order Directing United States Trustee to Appoint a Patient Care Ombudsman [Docket No. 118], the United States Trustee provided notice of appointment of Susan N. Goodman, RN JD as the Patient Care Ombudsman (“**PCO**”) [Docket No. 131]. PCO was directed to submit her report of her evaluation regarding the quality of patient care provided at LTAC Hospital of Denham Springs (the “**Facility**” or “**Debtor**” or “**Denham**”).

PCO is a Registered Nurse and an attorney with work experience in clinical/operational health care and health regulatory compliance law. In compliance with the federal privacy requirements, the PCO cannot disclose any individually identifiable health information that could distinguish a patient directly or could provide a reasonable basis to do so. *See* 45 CFR §160.103. *See also* 42 C.F.R. Part 2 as it relates to additional protections afforded to behavioral health patients. Accordingly, specific site visit and patient interview dates are not provided although PCO’s observations, audits, and interviews occurred between the date of appointment and the filing of this report.

¹ AMG Hospital Company, L.L.C., Case No. 17-50800; AMG Hospital Company II, L.L.C., Case No. 17-50801; Albuquerque – AMG Specialty Hospital, L.L.C., Case No. 17-50802; Central Indiana – AMG Specialty Hospital, L.L.C., Case No. 17-50803; Tulsa – AMG Specialty Hospital, L.L.C., Case No. 17-50804; LTAC Hospital of Louisiana – Denham Springs, L.L.C., Case No. 17-50805; Las Vegas – AMG Specialty Hospital, L.L.C., Case No. 17-50806; LTAC Hospital of Greenwood, L.L.C., Case No. 17-50807; LTAC of Louisiana, L.L.C., Case No. 17-50808; Houma – AMG Specialty Hospital, L.L.C., Case No. 17-50809; LTAC Hospital of Edmond, L.L.C., Case No. 17-50810; LTAC Hospital of Wichita, L.L.C., Case No. 17-50811; AMG Realty I, L.L.C., Case No. 17-50812; CHFG Albuquerque, L.L.C., Case No. 17-50813; and, AMG Realty Youngsville, L.L.C., Case No. 17-50814.

Further, although PCO reviews Debtor's care processes relative to federal and state licensing and quality regulations, PCO does not assume liability for Debtor's compliance obligations under state and federal law and any and all proposed or implementing regulations. Moreover, while PCO may use the auditing tools and guidelines employed by certification agencies and auditors; PCO does not certify the Debtor's compliance with any regulatory standards.

PCO comes now and submits this *Patient Care Ombudsman's First Interim Report – Denham Springs* (“**First Report**”) detailing site visit review, observations, and analyses of the Debtor's facility operations.

SITE VISIT DISCUSSION

The 59-bed long term acute care facility (“**LTAC**”) included a 43-bed traditional LTAC unit (“**Acute Unit**”) that closed prior to PCO's visit and a 16-bed, secure psychiatric unit (“**Psych Unit**”) at the back of the facility. Although the Psych Unit relationship to the Acute Unit was initially reported as lessee relationship, PCO reviewed the Psych Unit after understanding that Psych Unit care was provided under the same CMS license as the Acute Unit.

At the time of PCO's visit, one room of the 16-bed Psych Unit was closed because of a plumbing issue, and the census was 14. Staff reported Psych Unit census numbers that consistently ran near capacity. The patient populations served by the Psych Unit are often gravely or persistently disabled individuals who either voluntarily commit to treatment or are committed through a physician-centric certification process. PCO interacted with all remaining Acute Unit staff and Psych Unit staff available at the facility, including food service, facility, executive leadership, case management, nursing, mental health technician (“**MHT**”), and medical record staff. The Psych Unit team consistently conveyed a keen, unifying dedication to serve their patient population which often had limited inpatient treatment options available to them. Because the patient population was not one that could understand the PCO's role, PCO interviewed only one patient who had experience with the facility both pre- and post-bankruptcy and denied care differences between visit cycles. PCO also interviewed both medical and

psychiatric physicians and their mid-level providers who echoed the limited patient feedback that care delivery processes were consistent with those provided pre-bankruptcy.

While unchanged from pre-bankruptcy, the condition of the facility, the lack of strong infection control procedures, and the gaps in auditing processes left PCO with significant concerns that, if unaddressed, could quickly impact patient care and safety. While these deficiencies did not appear to be worsened by the bankruptcy process, the Psych Unit should be better integrated in to the corporate quality processes, support, and oversight.

For example, the Psych Unit patient rooms did not have air conditioning or heat. Instead, air handlers circulated outside temperature air in the patient rooms supplemented by four, portable, 1-ton air conditioning units blowing air in to the patient hallways adjacent to the patient rooms. The patient dining area and in the Psych Unit nurses' station were both warm with only air handler and fan circulation. While no patient complaints have been received, the nature of the patient population makes a complaint metric less useful.

Additionally, the Facility was not hooked to city sewer. The facility manager reported ongoing challenges with periodic sewer backup with increased system pressure from rain or line obstruction due to the limited horsepower on the pump (3 horsepower) compared to recommendation (two 7.5 horsepower motors were recommended). The last significant sewer backup problems were reported as occurring early in the year. While patients were temporarily moved to rooms that did not appear to be affected by the backup, the facility lacked documentary support of the cleaning processes employed on the affected rooms to ensure infection control standards were met prior to returning patients to those rooms. Leadership stated the rooms had been cleaned with bleach. Further potential infection control concerns were noted in the environmental services area related to appropriate disinfection of mop heads and cleaning of the community patient shower/bath area between individual patient uses. Further, while patient laundry was reported as completed daily, on the night shift, with individual load runs per patient, the patient census and the lack of documentation surrounding load runs makes the assertion difficult to confirm.

Additional environment of care issues noted included antiquated electrical wiring, numerous areas of ceiling tile damage suggesting chronic roof issues, non-functioning light fixtures due to ballast issues, absence of an eye wash station in the kitchen, and a small number of non-functional PTAC units on the Acute Unit. Fire extinguisher tags were found to be current. The annual fire inspection was reported as occurring within the last month, grease trap service within the last several months, and air gas service was also reported as current. Fire drill documentation was current through June. The vacuum system annual maintenance was reported as due and not yet scheduled. The current team member providing facilities support has resigned with a reported last day of August 22, 2017. Leadership indicated facility coverage would be provided part-time from the facility team member located in Zachary, LA. Given the condition of the facility, part-time coverage would not be ideal.

Clinical staff caring for patients on the date of PCO's visit included two licensed nurses, two MHTs, two social workers, one recreational therapist, and one executive-level administrator. The social workers and the recreational therapist interacted with patients both individually and in structured group settings. All clinical staff denied supply issues and/or recent changes in staffing levels. Reportedly, the entire Psych Unit staff numbers twenty-three (23) individuals. PCO reviewed social work, recreational therapist, and nursing documentation with no concerns noted. Medication reconciliation processes were reviewed, also with no concerns.

The nurse dedicated to quality role left the organization in July 2017 with the Acute Unit closure. While the quality role has technically been reassigned to the former, chief clinical officer (“CCO”) of the Acute Unit, consistent quality oversight to the Psych Unit did not appear to be in place historically.

The health information management (“**HIM**” or “**Medical Records**”) team member was relatively new to her position. Limited review of the quality/risk database was accomplished. While certain metrics require improvement, deficiency trends could not be attributed to the bankruptcy filing.

Pharmacy, laboratory, linen services, and coffee services are all contracted. Vendor challenges were denied. Shredding bins and the outside, roll-off trash bin appeared to have been emptied recently. Biohazard waste awaiting pick-up was reported as located in a small shed behind the hospital; however, PCO did not find the EVS team member to gain key access to this area during the site visit. The last biohazard pickup was reported as within the week. Also behind the facility is an additional, large shed used for storage. PCO noted patient and employee records in this area, and reported the need for follow-up to secure these documents to leadership.

Given the amount of time necessary to evaluate the facility issues, PCO did not tour the kitchen area. PCO was told that food items were not dated because they were “used up quickly after opening”. However, best practice is to mark open/made dates on all food, listing the expiration date of the item consistent with hospital policy (typically 48 – 72 hours from opening). Should the sale order not be approved and/or a second site visit necessary, PCO will further analyze the kitchen processes along with further focus on EVS practices and procedures and additional quality metrics.

The Acute Unit still has pharmaceuticals and fluids on site that will need to be appropriately destroyed. PCO recommended that other, high risk supplies (i.e. needles/syringes) be secured. Final shredding and biohazard pickup were also reported as still outstanding.

SUMMARY AND NEXT STEPS

PCO is engaged with the Psych Unit, Acute Unit, and Regional leadership to understand how significant deficiencies will be addressed. This team is reporting an active bid process to explore options to correct HVAC deficiencies. If the Court requires continued PCO oversight for this facility, PCO would recommend a second site visit in 30-45 days to confirm forward progress on infection control and facility concerns.

DATED: August 25, 2017.

MESCH CLARK ROTHSCHILD

By: /s/ Susan N. Goodman, AZ Bar #019483
Susan N. Goodman
259 North Meyer Avenue

Tucson, Arizona 85701
 Phone: (800) 467-8886 ext 141
 Fax: (520) 798-1037
sgoodman@mcrazlaw.com

CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing *Patient Care Ombudsman's First Interim Report – Denham Springs* has been electronically filed with the Clerk of Court using the CM/ECF filing system and a true and correct copy of this pleading has been sent to the following parties or counsel of record who have registered to receive electronic service.

DATED: August 25, 2017.

MESCH CLARK ROTHSCHILD

By: /s/ Susan N. Goodman, AZ Bar #019483
 Susan N. Goodman

Bradley L. Drell Heather M. Mathews B. Gene Taylor, III Chelsea Tanner Gold, Weems, Bruser, Sues & Rundell 2001 MacArthur Drive P.O. Box 6118 Alexandria, LA 71307-6118 bdrell@goldweems.com hmathews@goldweems.com gtaylor@goldweems.com ctanner@goldweems.com <i>Attorneys for Debtors</i>	Gail Bowen McCulloch Office of the U.S. Trustee 300 Fannin, Suite 3196 Shreveport, LA 71101 gail.mcculloch@usdoj.gov <i>U.S. Trustee</i>
Timothy M. Lupinacci Baker, Donelson, Bearman, Caldwell & Berkowitz, PC 420 20 th Street North, Suite 1400 Birmingham, AL 35203 tlupinacci@bakerdonelson.com <i>Attorneys for CHCT Louisiana LLC</i>	Lacey E. Rochester Jan M. Hayden Baker, Donelson, Bearman, Caldwell & Berkowitz, PC 201 St. Charles Avenue, Suite 3600 New Orleans, LA 70170 lrochester@bakerdonelson.com jhayden@bakerdonelson.com <i>Attorneys for CHCT Louisiana LLC</i>
Rudy J. Cerone Sarah Edwards McGlinchey Stafford, PLLC 601 Poydras Street, 12 th Floor New Orleans, LA 70130 rcerone@mcglinchey.com sedwards@mcglinchey.com <i>Attorneys for Bank of Oklahoma</i>	Robert M. Hirsh Jordana L. Renert Arent Fox LLP 1675 Broadway New York, NY 10019 robert.hirsh@arentfox.com jordana.renert@arentfox.com <i>Attorneys for Medline Industries, Inc.</i>

<p>Samuel S. Ory Frederic Dorwart, Lawyers PLLC 124 East Fourth Street Tulsa, OK 74103-5010 sory@fdlaw.com <i>Attorneys for Bank of Oklahoma</i></p>	<p>Michael F. Holbein Frank N. White Arnall Golden Gregory LLP 171 17th Street, NW, Suite 2100 Atlanta, Georgia 30363-1031 michael.holbein@agg.com frank.white@agg.com <i>Attorneys for Sysco Oklahoma, Sysco New Mexico, and Sysco Las Vegas</i></p>
<p>Darryl T. Landwehr Landwehr Law Firm 1010 Common Street, Suite 1710 New Orleans, LA 70112 dtlandwehr@cox.net <i>Attorneys for Gifted Nurses, LLC d/b/a Gifted Healthcare</i></p>	<p>Matthew D. McConnell McConnell Law Offices 1021 Coolidge Blvd. Lafayette, LA 70503 matt@mcconnelllawoffices.com <i>Attorneys for Rader Solutions, LTD</i></p>
<p>Bartley P. Bourgeois 10754 Linkwood Court Baton Rouge, LA 70810 bartley@thecohnlawfirm.com contact@thecohnlawfirm.com <i>Attorneys for Amite Psychiatric Services, LLC</i></p>	<p>Alan H. Goodman Breazeale, Sachse & Wilson, LLP 909 Poydras St., Suite 1500 New Orleans, LA 70112 alan.goodman@bswllp.com <i>Attorneys for Mercy Hospital Oklahoma City, Inc.</i></p>
<p>Amy P. Williams Troutman Sanders LLP 301 S. College Street, Suite 3400 Charlotte, NC 28202 amy.williams@troutmansanders.com <i>Attorneys for Flagship Keystone Covington, LLC</i></p>	<p>Tristan Manthey Cherie Dessauer Nobles William H. Patrick, III Heller, Draper, Patrick, Horn & Dabney, L.L.C. 650 Poydras Street, Suite 2500 New Orleans, LA 70130 tmanthey@hellerdraper.com cnobles@hellerdraper.com wpatrick@hellerdraper.com <i>Attorneys for Unsecured Creditors Committee</i></p>
<p>Joseph P. Herbert Liskow & Lewis 822 Harding Street Lafayette, LA 70503 P.O. Box 52008 Lafayette, LA 70505-2008 jpherbert@liskow.com <i>Attorneys for Wells Fargo Equipment Finance, Inc.</i></p>	<p>Patrick Johnson, Jr. Brent C. Wyatt Akerman LLP Pan-American Life Center 601 Poydras Street, Suite 2200 New Orleans, LA 70130 patrick.johnson@akerman.com brent.wyatt@akerman.com <i>Attorneys for Sierra Home Medical Products, Inc.</i></p>
<p>Christopher T. Caplinger Lugenbuhl, Wheaton, Peck, Rankin & Hubbard 601 Poydras St., Suite 2775 New Orleans, LA 70130 ccaplinger@lawla.com <i>Attorneys for First American Commercial Bancorp, Inc.</i></p>	

24J6503.DOCX