

**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 – EDMOND AND MERCY/OKC**

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 AMG Specialty Hospital – Edmond and Mercy/OKC (the "Facility" or "Debtor").

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. 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 – Edmond and Mercy/OKC* (“**First Report**”) detailing site visit review, observations, and analyses of the Debtor's operations for both locations.

TWO LOCATIONS – ONE LTAC LICENSE

The two facilities located in the greater Oklahoma City Metropolitan Area function under one LTAC license with nineteen (19) licensed beds at the Edmond Facility (“**Edmond**”) and eighteen (18) beds at the facility located inside Mercy Hospital in Oklahoma City (“**Mercy**”). The two (2) facilities are approximately thirteen miles (13) apart. Leadership and other key staff members, including but not limited to quality, infection control, dietary, therapy, and facilities/maintenance, cover both facilities. Accordingly, Edmond and Mercy are reported in this single PCO report.

EDMOND SITE VISIT SUMMARY

PCO did not observe patient care decline as contemplated by 11 U.S.C. § 333(b). PCO's main concern at this location is facility-related – lack of air conditioning in the entire central area where nurses and clinicians work and significant plumbing issues that involve the kitchen, where drain back up could stop food preparation for both the LTAC and the skilled nursing facility (“**SNF**”) that rents half of the Edmond building.

The census for Edmond was thirteen (13) on the date of PCO's visit. While staff reported typical census contraction during summer months, their perception was they were being “called off” (low census shift cancellation) more often since the bankruptcy filing, likely exacerbated by the recent policy change to eliminate all extra shifts/overtime. The CEO and chief clinical

officer (“CCO”) leadership recently changed, with the CCO change happening just a few weeks ago. While staff was universally positive regarding the leadership change, communication gaps early in the reorganization process were reported. This early uncertainty, coupled with persistent broken HVAC at the central nurses’ station has added to staff concerns.

On the date of PCO’s visit, staffing was within the staffing matrix, and staff reported similar nurse to patient ratios as typical. In addition to nursing staff, PCO interacted with and observed the interim wound nurse who denied supply concerns related to her role. A third-party vendor was on site to perform an ordered ultrasound, and nurses also reported the continued relationship of an x-ray vendor who had come earlier in the shift. No concerns noted.

Occupational and physical therapist coverage is split between Edmond and Mercy with assistants for each modality typically facility-dedicated. Speech therapy coverage was also confirmed as a shared-facility role. No concerns noted.

Edmond has an in-house pharmacy. The pharmacist also has regional standardization responsibilities. The pharmacist denied supply concerns related to the reorganization. PCO reviewed discrepancy, override, and audit logs. A reverse vendor was in place for expired medication destruction, and the various specific receptacles for proper waste disposal were noted. The continuation of a relationship to obtain blood from a blood bank was confirmed. No concerns noted.

The respiratory therapist (“RT”) staffing the facility the date of PCO’s visit was also certified as the BLS (basic life support) and ACLS (advanced cardiac life support) CPR instructor. PCO reviewed biomedical stickers on critical equipment. The RT denied supply or equipment concerns. Twenty-four (24) RT coverage was concerned. No concerns noted.

PCO met with the quality nurse at Edmond and reviewed summary quality and infection control data for both facilities. Those metrics falling below metric were reviewed and discussed with particularity. No concerns suggesting a decline in patient quality pursuant to the bankruptcy were identified. The nurse in the quality role has a great deal of professional depth

bringing case management and clinical documentation experience in addition to quality experience. No concerns noted.

The facility manager has a limited team of one maintenance technician and two environmental services (“EVS” or “housekeeping”) team members. PCO confirmed EVS processes and adequacy of supplies. The EVS team experienced a housekeeping position reduction unrelated to the bankruptcy prior to the petition date. The floor technician now functions in both roles. PCO reviewed the facility environment of care binder for fire drills, life safety preventative maintenance, generator testing, and kitchen maintenance. In discussing the temperature challenges in the nurses’ station area, the facility manager indicated that three (3) HVAC units were completely non-operational and had been in this condition for at least three (3) months, with replacement delays at least partly attributable to the bankruptcy. The critical replacement was confirmed as the nurses’ area. Additional units would cool two of the three patient hallways. However, functional units to cool all patient rooms were confirmed making the temperature change modest in these patient hallways as compared to the dramatic warming experienced in the central nurses’ station. Facility plumbing challenges were also ongoing, with monies needed to address repeated drain backup in the kitchen area. The CEO described the most immediate need as the need to have the drain “blown out” – understood by PCO to be a high-pressure cleaning process. Last annual generator testing was done August 2016 with current testing due and not scheduled. Kitchen hood cleaning is also reported as overdue with the delay related to the bankruptcy, with an alternative vendor search in process. PCO will look to see that these services get completed before the second site visit.

One supply technician covers both facilities. PCO interacted with her at Edmond, reviewing supply storage/warehouse area as well as the clean supply room accessed by staff. Minor supply challenges, without any negative patient impact were reported early in the reorganization process. Significant challenges were denied. Ongoing shredding vendor support was confirmed. No concerns noted.

PCO toured the kitchen – both food preparation and dish washing areas. Temperature logs were reviewed. Eye wash station functionality confirmed. Dishwashing products and equipment were reviewed and functionality confirmed. The small kitchen team (four individuals) provides all meals to both the LTAC and to the SNF. Food delivery challenges were reported as occurring the first several weeks of the bankruptcy process but resolved by the time of PCO’s visit.

PCO did not interact with the admissions and liaison staff at this facility, although engaged in brief introductions. Accordingly, PCO will attempt to prioritize checking in with team during the next site visit. PCO did not interact with the dietician, human resources (“**HR**”), infection control, or health information management (“**HIM**” or “**Medical Records**”) at Edmond, but did interact with them at Mercy, as will be described below.

PCO interviewed three physicians at Edmond and observed patient and staff interaction with these team members. All denied concerns related to staffing, equipment, or supplies post-bankruptcy. Of note, one physician team of four physicians provides most of the internist care for both facilities – approximately 60% at Edmond and 100% at Mercy.

PCO patient interviews were limited due to the nature of the LTAC patient population. Interview feedback regarding clinicians and nurses were nearly unanimously positive. Some patients had experience with Edmond both pre- and post-bankruptcy and reported no change in care processes. Operational feedback was provided to the charge nurse and leadership staff.

MERCY SITE VISIT SUMMARY

Mercy is situated on the second floor of Mercy Hospital and close to the Oklahoma Heart Hospital. The census was thirteen (13) when PCO began the visit and rose to sixteen (16). Clinical staffing was within matrix. PCO interacted with nursing staff, therapy staff (physical and occupational), RT staff, social work staff, and the wound nurse. The social worker had resigned and attributed her departure in some measure to the bankruptcy. PCO met the team member training to fill the social work role and will prioritize time with this individual at the next site visit.

Mercy staff reported recent, increased low census shift cancellations, and many expressed significant concerns regarding the combination of these hour/pay reductions with the perceived added bankruptcy uncertainty. Further, others reported that a team member researched bankruptcy success rates online and reported that this rate was only 7-11% overall. Given these various dynamics, PCO was not surprised that Mercy reported losing several nurses since the bankruptcy filing. Yet, staff coverage continues with core staff with agency staff usage denied. PCO spent a great deal of time listening to staff and talking about the PCO role. PCO will continue to monitor census, shift cancellations, and staffing turnover as a strain metric. Like Edmond staff, the Mercy staff spoke positively regarding the recent changes in leadership.

EVS, facility maintenance, and food service are provided contractually by the hospital. PCO observed the single, hospital EVS staff member with significant concern that the services provided were insufficient and poorly delivered. Specifically, the EVS team member did not observe posted infection control precautions. Importantly, PCO noted immediate intervention by the Mercy infection control nurse who later reported on her persistent, numerous attempts to educate and resolve ongoing EVS concerns, along with leadership engagement. Fire extinguisher maintenance dates were checked and current. Fire drill documentation was reviewed at the Edmond location where it is kept.

Mercy provides its own in-house pharmacy. PCO interacted with the pharmacist and pharmacy technician on site. Both denied any bankruptcy-driven supply shortages. Equipment issues were also denied. At least one vendor change, related to bankruptcy issues, was described without adverse patient impact. No concerns noted.

PCO observed the therapy staff in the large, gym space. The PT Assistant also had a wound care background and PCO observed frequent interaction between this team member and the wound nurse, particularly regarding admission skin assessments. Therapy staff denied staffing, supply, or equipment issues. Because the therapy area is so large, it is also used as a location to store clean equipment and supplies. PCO checked biomedical maintenance stickers and found all to be current. Rooms off the gym are utilized for supply storage and offices. PCO

confirmed adequate supplies, with the supply technician denying issues at the Mercy location. The shredding vendor was noted on site and reported picking up shredding every two weeks. The third-party dialysis vendor was also noted on site.

HR records are kept at the Edmond location. Because PCO did not meet with the HR team member at Edmond, random employee competency files were requested for review. No issues noted. The infection control nurse reported compliance with TB testing requirements. HR reported approximate 95% compliance with monthly Medline education, despite PCO noting an extensive list of employees still outstanding for the current month's topic. No concerns noted.

PCO met with the Medical Records professional at the Mercy location only. She reported Edmond keeping approximately one year of records on site with Mercy keeping about half of that. A third-party storage vendor was reported as storing and managing record requests for all other records. Planned destruction was denied, reporting storage of records back to the late 1990's.

PCO met with the registered dietician ("RD"), who answered all PCO's questions regarding kitchen process monitoring. The nutrition room was toured with supplies noted. Like the other AMG facilities, Mercy is in the process of changing over to a different nutrition product as existing stock is used up. This vendor transition, however, was not related to the bankruptcy. No concerns noted.

The wound nurse reported initial supply challenges after the petition date that resolved within weeks. She does not have an official assistant or back-up to her role that is trained on the special wound documentation software program. As mentioned, however, the PT assistant helps with assessment notification to capture all present-on-admission wounds. The wound nurse also reported current assistance from the nursing staff with regular patient turning given her lack of an assistant. PCO will monitor strain in this role along with that of social work.

PCO interviewed the internist clinician who was on site. He denied any changes post bankruptcy or concerns with staffing/supplies. Patient interviews were limited due to the nature of the patient population. Those conducted did not reveal concerns.

SUMMARY AND NEXT STEPS

While neither facility demonstrated patient care decline as contemplated by the bankruptcy code, PCO will monitor staff call-ins and turnover given the uncertainty and nervousness reported by clinical staff. While Edmond has less staff reporting these sorts of concerns, the lack of timely HVAC repair to the nursing area was interpreted by some as an ominous sign regarding continued operation. PCO will work to understand the anticipated timeline for HVAC replacement to this area. Should staffing remain stable with remote monitoring, PCO is comfortable with a sixty-day (60-day) interim to the next site visit.

DATED: September 1, 2017.

MESCH CLARK ROTHSCHILD

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

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CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing *Patient Care Ombudsman's First Interim Report – Edmond and Mercy/OKC* 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: September 1, 2017.

MESCH CLARK ROTHSCHILD

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

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