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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re: 21ST CENTURY ONCOLOGY HOLDINGS, INC., <i>et al.</i> , Debtors.	Chapter 11 Case No. 17-22770 (RDD) Jointly Administered
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FIRST REPORT OF PATIENT CARE OMBUDSMAN

Melanie L. Cyganowski, the Patient Care Ombudsman (the “PCO”) appointed in the above-captioned chapter 11 cases of 21st Century Oncology Holdings, Inc., *et al.*, (collectively, the “Debtors”), respectfully submits this first report (the “**First Report**”) of the PCO in accordance with the *Order Directing the Appointment of a Patient Care Ombudsman Under 11 U.S.C. § 333*, dated June 19, 2017 (the “PCO Appointment Order”). [Dkt. No. 121].

1. On June 20, 2017, William K. Harrington, United States Trustee for Region 2, appointed Melanie L. Cyganowski as the Patient Care Ombudsman in these cases pursuant to the PCO Appointment Order. [Dkt. No. 124]. In accordance with section 333(b)(2) of chapter 11 of title 11 of the Bankruptcy Code, §§ 101-1532 (the “**Bankruptcy Code**”), a patient care ombudsman shall:

(1) monitor the quality of patient care provided to patients of the debtor, to the extent necessary under the circumstances, including interviewing patients and physicians;

(2) not later than 60 days after the date of this appointment, and not less frequently than at 60 day intervals thereafter, report to the court after notice to the parties in interest, at a hearing or in writing, regarding the quality of patient care provided to patients of the debtor; and

(3) if such ombudsman determines that the quality of patient care provided to patients of the debtor is declining significantly or is otherwise being materially compromised, file with the court a motion or written report, with notice to the parties in interest immediately upon making such determination.

11 U.S.C. § 333(b).

2. Section 333 of the Bankruptcy Code requires that the PCO provide a report to the court regarding the quality of patient care provided to patients of the debtor not later than sixty (60) days after the date of appointment and the PCO Appointment Order provided that the first report be made within thirty (30) days of the date of appointment:

Not later than 30 days after the date of the appointment, and not less frequently than at 60-day intervals thereafter, the Ombudsman shall report to the Court, after notice to parties-in-interest, at a hearing or in writing, regarding the quality of patient care provided to patients of the Debtors.

PCO Appointment Order at 2.

3. The first thirty (30) days of the PCO's appointment have focused on meeting and speaking with the Debtors to discuss operations and formulate a work plan for monitoring patient care that is appropriate for the nature of the Debtors' operations. Consequently, this First Report will outline the process by which the PCO will be monitoring patient care, and the subsequent report will provide more details on the results of her visits to several of the Debtors' locations (as described below).

4. To better understand the nature of the Debtors' facilities and delivery of care, on June 26, 2017, the PCO met in-person with the Debtors, counsel for the Debtors and counsel for the Official Committee of Unsecured Creditors (the "**Committee**"). Unlike a traditional hospital or in-patient health care facility, the Debtors have 179 locations, spread across seventeen U.S. states and seven Latin American countries, none of which provide in-patient treatment, but rather provide treatment on an out-patient basis. As such, it was important to coordinate with the Debtors and the Committee to formulate a plan that efficiently monitors the quality of patient care. This requires a balance of not unnecessarily expending estate resources to visit all of the locations, but still reviewing and monitoring a sufficient number of locations to provide the Court with a report that accurately reflects the quality of patient care being provided by the Debtors. The discussions with the Debtors and the Committee resulted in the proposed work plan that was filed with the Court on July 10, 2017. *See Notice of Proposed Work Plan of Patient Care Ombudsman* (the "**Work Plan**"). [Dkt. No. 191].¹

5. As noted in the Work Plan, given the number and geographical location of the Debtors' facilities, it is impractical and cost prohibitive to visit all of the locations. This, together with the fact that the patients do not stay overnight at any of the facilities, underpins the PCO's decision to take a targeted approach to the locations which she will visit. The vast majority of the Company's facilities are concentrated in Florida and California, with the headquarters located in Fort Myers, Florida. For that reason, at this time (subject to modification if circumstances require), the PCO intends to make a 3-day trip to Florida and another 2-day trip to California. The PCO may also visit certain locations in the Northeast corridor -- up to two during each 60-day reporting period -- that do not require extensive travel.

¹ The Work Plan is subject to the Approval of the Court on 14 days' notice to all parties on the master service list, which was completed on July 10, 2017. *See Affidavit of Service*. [Dkt. No. 202].

6. The PCO believes that it is important to first visit corporate headquarters before visiting any of the individual locations. The PCO plans to make her trip to Florida during the first week in August (August 1–3). During this trip, the PCO will meet with administrative staff at the Company’s headquarters and will additionally visit up to three locations on the west coast of Florida and up to three locations on the east coast of Florida. Subsequent to the Florida visit, likely during the first two weeks of September, the PCO will visit up to four locations in California.

7. During her visit to headquarters, the PCO will meet and speak with management and employees and, in particular, will be focused on the following areas:

- a. Risk Management
- b. Patient Privacy
- c. Compliance

8. During her visits to the facilities, the PCO plans to speak with the office manager and the physicians (and perhaps nursing staff) present during the site visit. Given the nature of the Company’s patients – that they are there to receive cancer treatment and are not in-patient (as you would find in a traditional hospital) – the PCO will use her judgment in determining the appropriate manner, if any, in which to interact directly with the patients that are there to receive treatment.

9. The initial discussions with the Debtors and the Committee have not raised any concerns with the PCO that the delivery of patient care has been adversely impacted by the Debtors’ bankruptcy cases. Of course, the site visits will enable the PCO to better ascertain whether there is any evidence or suggestion that the Debtors’ bankruptcy cases have in fact had an adverse impact on patient care or if there are any issues that if not addressed could potentially

lead to a negative impact on patient care. The PCO's findings will be set forth in her subsequent report to the Court, which will be filed in the next sixty (60) days, following the PCO's site visits.² Should any concerns arise following the PCO's visit to Florida in the next ten days, the PCO will make an earlier report to the Court.

Dated: New York, New York
July 20, 2017

**MELANIE L. CYGANOWSKI, SOLELY IN
HER CAPACITY AS THE COURT
APPOINTED PATIENT CARE OMBUDSMAN**

By: /s/ Melanie L. Cyganowski
Melanie L. Cyganowski

² The first report would ordinarily have been filed by August 18, 2017 – sixty days after the appointment of the PCO. However, the PCO Appointment Order required that an initial report be filed within 30 days of the date of appointment, and not less frequently than at 60 day intervals thereafter, which is September 18, 2017.