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**UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

In the Matter of:

THE BUCKTAIL MEDICAL CENTER

Debtor

(Hon. John J. Thomas)

Chapter 11

Case No. 15-04297 (JJT)

**NINTH INTERIM REPORT OF LAURA W. PATT,
PATIENT CARE OMBUDSMAN TO THE DEBTOR
FOR THE PERIOD OF MARCH 21, 2017 THROUGH MAY 20, 2017**

In accordance with 11 U.S.C. §333(b)(2), Laura W. Patt, the Patient Care Ombudsman (“Ombudsman”) hereby files her Ninth Report to the Court, as to the quality of patient care at the Debtors’ facilities for which the Ombudsman was appointed pursuant to this Court’s October 28, 2015 Order (Docket No. 55).

BACKGROUND

1. On October 2, 2015 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor continues to operate its business and manage its property and assets as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtor designated itself as a “health care business” in its petition for relief.

2. The Debtor’s principal place of business and offices located at 1001 Pine St, Renovo, Pennsylvania 17764. The Debtor operates a twenty-one bed Critical Access Hospital (“Hospital”), a forty-three bed skilled nursing care facility (“Nursing Facility”), a basic life-support ambulance, and a community health clinic (“Clinic”).

3. On November 20, 2015, the U.S. Trustee appointed Laura W. Patt to serve as Patient Care Ombudsman (“PCO”) in these cases pursuant to section 333 of the Bankruptcy Code, Federal Rule of Bankruptcy Procedure 2015.1, and the Order of the Bankruptcy Court (the “Court”)[Docket No. 79].

4. Section 333 of the Bankruptcy Code provides that the PCO shall:

- a. Monitor the quality of patient care provided to patients of the Debtor, to the extent necessary under the circumstances, including interviewing patients and physicians;
- b. File the report with 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 as per the Consent Order Authorizing the United States Trustee to Appoint a Patient Care Ombudsman pursuant to 11 U.S.C. section 333 of the Bankruptcy Code dated October 31, 2007;

- c. If such Ombudsman determines that the quality of patient care provided to patients of the Debtors is declining significantly or is otherwise being materially compromised, file with the Court a motion or a written report, with notice to the parties in interest immediately upon making such determination; and
 - d. Shall maintain any information obtained by such Ombudsman under section 333 of the Bankruptcy Code that relates to patients (including information relating to patient records) as confidential information.
5. The Court granted the PCO and her Representatives access to confidential patient information on December 17, 2015 [Docket No. 83].
6. Pursuant to Federal Rule of Bankruptcy Procedure 2015.1:
- a. Directs the PCO to give notice that a report will be made to the Court at least 10 days before making a report under section 333(b)(2) of the Code.
 - b. On December 17, 2015, the Court approved limited notice of PCO Reports [Docket 83]. The PCO shall provide notice of any report under section 333(b)(2) of the Code directly to patients by posting notice of such report in two central locations of the Debtor's Facility, substantially in the form attached to the Motion.
7. On January 4, 2016, an Application was filed with the Court seeking the retention of Drinker Biddle and Reath, LLP as Counsel to the PCO, *nunc pro tunc* to November 20, 2015 [Docket 87]. On January 4, 2016, an Application was filed with the Court seeking the retention and employment of Vernon Consulting, Inc. as Medical Operations Advisor, *nunc pro tunc* to November 20, 2015 pursuant to sections 105 and 333 of the Bankruptcy Code [Docket 88].

8. On February 26, 2016, the Court ordered the retention and employment of Drinker Biddle and Reath, LLP as Counsel to the PCO [Docket 122] and of Vernon Consulting [Docket 123] as of January 4, 2016. On April 1, 2016, the Court Ordered employment applications of Drinker, Buddle and Reath, LLP and Vernon Consulting, Inc. to be made *nunc pro tunc* to November 20, 2015 [Docket 146 & 147].

9. On March 16, 2016, the Court ordered the claims bar date to be set requiring proof of claims to be filed by April 29, 2016 [Docket 133]. As of May 5, 2016, there were 47 Proof of Claims filed totaling \$6,258,666.95; of which, secured claims total \$2,445,305.17, priority claims total \$67,117.26, and Administrative claims total \$5,051.09. Unsecured claims amount to \$3,741,193.43; the largest unsecured claim is \$3,000,000 [Claim # 44] and is unliquidated .

10. On March 23, 2016, the Court granted a final order authorizing the use of cash collateral and providing adequate protection [Docket 136].

11. On July 25, 2016, the Debtor filed a Declaration stating that it should no longer be treated as a “Small Business Debtor” since its aggregate noncontingent liquidated secured and unsecured debts exceeded the threshold as of the petition date.

12. On July 25, 2016, the Debtor filed a Motion to extend the time to file its Plan of Reorganization and Disclosure Statement [Docket 161].

13. On August 12, 2016, the Court Granting Motion to Extend Time to File a Plan and Disclosure Statement until October 23, 2016 [Docket 169].

14. On September 26, 2016, a Stipulation and Consent Order was approved by the Court, resolving the Motion for Relief from Automatic Stay and Violation of Automatic Stay regarding the Complaint filed on May 9, 2016 in the Court of Common Pleas [Docket 177].

15. On February 24, 2017, Santander Bank, N.A., the Secured Lender, filed a motion seeking an order by the Court to set a deadline for the Debtor to file its Plan of Reorganization and Disclosure Statement [Docket 192].

16. On March 9, 2017, the Court Ordered the Debtor to file its Plan of Reorganization and Disclosure Statement within 30 days and scheduling a conference to be held on April 19, 2017 at 9:30 am.

17. On April 17, 2017, the Debtor filed its Disclosure Statement and Plan of Reorganization [Dockets 203 and 204, respectively].

18. On April 18, 2017, a Hearing was held setting May 26 2017 as the objections deadline and the hearing date on the disclosure statement to be held on June 1, 2017.

19. On May 26, 2017, objections were filed by Heartland, Inc. and Jersey Shore Hospital [Dockets 220 and 221, respectively].

20. On May 30, 2017, the Debtor filed an Amended Disclosure Statement [Docket 223].

OVERVIEW OF REGULATORY REQUIREMENTS

21. The Debtor is organized as a Pennsylvania Not-For-Profit Corporation and is licensed by the State of Pennsylvania as a Skilled Nursing Facility (“Nursing Facility”) and a Critical Access Hospital (“Hospital”), together referred to as the “Facilities.”

22. The Nursing Facility provides 24-hour-a-day nursing care, nutritional monitoring and planning, medication management and personal care for the long-term residents¹. Additionally, it offers sub-acute short-term services for cardiac, orthopedic, stroke, and other rehabilitation needs. The Nursing Facility provides physical, occupational and speech therapy, rehabilitative nursing and physician directed rehabilitation plans, IV therapy, wound care and other services.

23. The State of Pennsylvania requires each Nursing Facility to be managed by a licensed Administrator. A Medical Director must oversee the delivery of care to Residents at the Nursing Facility. The Director of Nursing Services (“DNS”) supervises the nursing staff at the Nursing Facility.

24. The Medicare and/or Medicaid-certified nursing homes are mandated to have at least one licensed Registered Nurse (“RN”) for at least 8 hours per day, 7 days a week, and other nursing staff, such as an RN or Licensed Practical Nurse (“LPN”), on duty 24 hours per day. Certified Nursing Assistants (“CNA”) are on staff 24 hours per day. They work under the supervision of a licensed nurse to help residents with activities of daily living, such as eating, bathing, dressing, transferring, and toileting.

25. Residents pay for their care using the following methods: private pay, private insurance coverage, Medicare, and Medicaid. The primary source of the Debtor’s Nursing

¹ The use of the term: “resident” is synonymous with the term: “patient” in this Report.

Facility revenue is Medicaid and is highly dependent on the census, and the related reimbursement rates. Federal law requires all Medicare and/or Medicaid-certified nursing homes provide enough staff to provide care for each resident based on their needs, but there is no current Federal or Pennsylvania State standard for the best staffing levels.

26. All Medicare and/or Medicaid participating long-term care facilities and hospitals must be certified as meeting certain Federal requirements. This certification is achieved through routine facility surveys within 9-to-15 month intervals, which the Centers for Medicare and Medicaid Services contracts with the State to perform. The “Survey” includes a health inspection, quality measurement ratings, and staffing information.

27. Onsite health inspections are conducted by the Pennsylvania State Department of Health to ensure that the Facilities meet Medicare’s minimum requirements.

28. Surveyors also rate the Facilities on quality measures, which are tools that measure and track the quality of health care services provided. These measurements are driven by many aspects of resident care including: health outcomes, clinical processes, patient safety, efficient use of health care resources, care coordination, patient engagements, adherence to clinical guidelines, and population and public health

29. Fire safety inspections are conducted to ensure compliance with Life Safety Code (“LSC”) standards. The LSC is a set of fire protection requirements designed to provide a reasonable degree of safety from fire.

30. The Surveyor will report any failure to meet a specified requirement as a “deficiency.” The Department of Public Health can also issue citations and fines for certain violations of the Health Code. For certain deficiencies, the Administrator must file a plan of correction.

31. The Pennsylvania Long Term Care Ombudsman Program was established to protect and promote the rights and quality of life for residents of long-term care facilities. Regional Ombudsman and volunteer residential advocates regularly visit the Nursing Facility to individually consult with residents and resolve any complaints

32. The Hospital and Nursing Facility are regulated, and assessed as separate entities under State and Federal Law. As such, they operate independently of each other even though both are housed under one roof.

33. The Hospital has additional requirements in order to meet and maintain its status as a Pennsylvania Critical Access Hospital, including:

- a. Be located in a rural area or be treated as rural²;
- b. Furnish 24-hour emergency care services 7 days a week, using either on-site or on-call staff, with specific on-site response timeframes for on-call staff;
- c. Maintain no more than 25 inpatient beds that may also be used for swing bed services. It may also operate a distinct part rehabilitation and/or psychiatric unit, each with up to 10 beds;
- d. Have an annual average length of stay of 96 hours or less per patient for acute care (excluding swing beds).

34. The Hospital is licensed and inspected at least annually by the Pennsylvania Department of Health Services. This inspection is also used for Medicare and Medicaid certification purposes.

² Specifically be: located more than a 35-mile drive from any hospital or other CAH; or located more than a 15-mile drive from any hospital or other CAH in an area with mountainous terrain or only secondary roads; or Certified as a CAH prior to January 1, 2006, based on State designation as a “necessary provider” of health care services to residents in the area.

35. The limited number of beds and length of stay requirements are meant to encourage a focus on providing care for common conditions and outpatient care. Other more serious conditions are typically referred to larger hospitals. Certification allows CAHs to receive cost-based reimbursement from Medicare, instead of standard fixed rates.

36. The State of Pennsylvania requires each Hospital to have a governing body and to be managed by an administrator/ chief executive officer

- a. The chief executive officer is the official representative of the governing body.
- b. The chief executive officer should be responsible for:
 - i. designation of an individual to act for him in his absence;
 - ii. management of the hospital, commensurate with the authority conferred on him by the governing body and consonant with its expressed aims and policies;
 - iii. attending all meetings of the governing body and appropriate meetings of the medical staff;
 - iv. organizing the administrative functions of the hospital, delegating duties, and establishing formal means of accountability;
 - v. establishing such hospital departments as are indicated, providing for departmental and interdepartmental meetings and attending or being represented at such meetings, and appointing hospital departmental representatives to medical staff committees where appropriate or when requested to do so by the medical staff;
 - vi. appointing the heads of administrative departments;

- vii. reporting to the governing body and to the medical staff on the overall activities of the hospital as well as on appropriate Federal, State, and local developments that affect health care in the hospital;
- viii. reviewing the annual audit of the financial operations of the hospital;
- ix. fiscal planning and financial management of the hospital;
- x. developing, in cooperation with the departmental heads and other appropriate staff, an overall organizational plan for the hospital which will coordinate the functions, services, and departments of the hospital, when possible; and
- xi. ensuring that the agreements with service providers—that is, such as laundry, laboratory, and X-ray—specifically indicate that compliance will be maintained with applicable State regulations as would apply to the same services if provided directly by the hospital.

OVERVIEW OF THE DEBTORS' BUSINESS ENVIRONMENT

37. The Facilities are located in Renovo Pennsylvania, in rural northwest Clinton County. Renovo and its immediate surrounding area have a population of 1,667 people (2010 census); Clinton County's total population was 39,238, where 16.1% of the County was living below the poverty level for years 2009-2013.

38. Revenues for long-term care are predominately received from Medicaid, and acute care is largely received from Medicare.

39. On January 24, 2016, Pennsylvania Governor Tom Wolf, exercised his line-item veto regarding critical access hospital funding amounting to \$17.5 million in direct funding from the state, and another \$18.5 million in federal matching funds, according to the Pittsburgh Post-Gazette. This negatively impacted the Debtor's other operating income in its approved proposed Budget for the month of April 2016.

40. Governor Wolf allowed the budget to go forward without his signature on March 23, 2016. The remainder of the funds held for 2014 were released to the Debtor during the previous reporting period, and should no longer have a negative impact on the Debtor's ability to reorganize.

41. The Debtor continues to streamline expenses and has implemented several successful initiatives to enhance revenue and presence within the community. These initiatives and the implementation of each are described in more detail under the Critical Access Hospital or Skilled Nursing Facility sections below.

42. The Nursing Facility has forty-three licensed beds (fifteen semi-private, three quad-bed suites, and one private room) to provide long-term skilled nursing care and short-term rehabilitative care.

43. The Hospital has an emergency room, which is open and staffed with a physician twenty-four hours a day. There were twenty-one licensed acute care beds; all of which are dual certified for swing beds. The Hospital has received approval to decrease this number of beds by two to reconfigure the rooms to accommodate the proposed CT Scan Machine. A physicians' suite was added to provide space for visiting specialists for patient consultation and treatment. The Hospital has a medical lab on-site which is staffed fourteen hours a day Monday through Friday and for four hours in the morning on Saturdays; an on-site radiology department, which is staffed sixteen hours a day Monday through Friday, and technicians are on call during off hours to provide 24-hours per day service. X-Rays are digitally sent to a Pennsylvania Board certified radiologist, who reads and evaluates the images and returns a written report in a short timeframe. Many lab tests are performed on-site, some are couriered to the nearest hospital with testing facilities. There is a helicopter pad to air-evacuate persons with urgent medical needs, and a basic life-support ambulance used for transport into the emergency room and transfer to other hospital.

44. The Clinic is located in a building adjacent to the Hospital and Nursing Facility. It provides physician services Monday through Friday for appointments and walk-ins. The Debtor had 3,678 Clinic Visits in Fiscal Year Ended June 30, 2015

45. The Average Patient Days for Acute Care and Long-Term Care are also trending upward this year, along with Emergency room visits, surpassing the previous two fiscal years.

46. The Debtor employs approximately 101 employees in total.

47. Neither of the Facilities are accredited or certified by the Joint Commission³; verified by the Joint Commission's website's Quality Check® Search.

³ Joint Commission and JCAHO (Joint Commission are used interchangeably

EVALUATION OF QUALITY OF CARE

48. This Report includes initial observations and preliminary findings of the level of patient and resident care currently being provided by the Debtor during the bankruptcy, and is based on:

- a. Analysis of public and internal information,
- b. Observations during facility visits,
- c. Interviews with management, staff, and residents,
- d. Information from regulatory agencies and advocacy organizations,
- e. Review of physician services and licensing,
- f. Review of nursing services,
- g. Review of laboratory services and licensing,
- h. Review of radiology services and licensing,
- i. Review of equipment testing and certification,
- j. Report changes in personnel,
- k. Review of food preparation and storage,
- l. Assessment of resident safety and security,
- m. Monitor resident rights,
- n. Monitor quality of life,
- o. Report of facility related issues,
- p. Evaluation of medicine administration,
- q. Review of medical records,
- r. Review of Accident and Incident (“A&I”) Reports and Logs,

- s. Detailed evaluation and continued monitoring of the administration's responsiveness to survey deficiencies and other noted issues,
- t. A discussion regarding the Debtor's history and quality of care was held including the President of the Board of Directors,
- u. Review of Monthly Operating Reports, and
- v. Other factors that could potentially impact the quality of care provided to the facility's residents.

49. The PCO intends on fulfilling her responsibility by observing, evaluating and reporting on clinical and non-clinical areas, including but not limited to key patient/resident care, the availability of critical supplies, vendor relations, wound care management and changes in reportable events, changes in census and applicable lengths of stay, staffing changes, employee turnover rates, and patient payor mix changes.

50. The PCO uses a collaborative approach, by discussing potential issues identified during the reporting period with the Debtor's Administration, thereby allowing them ample time to appropriately respond.

51. The PCO will continually try to foster a working relationship with residents to develop an understanding of the residents' level of satisfaction with their respective Facility.

52. The PCO will also ensure that complaints, previous reports of deficiencies, and other potential threats, have been addressed appropriately and will continue to monitor throughout her Appointment.

53. The Medical Operations Advisor's Team for this reporting period included Maureen A. Canil ("MAC").

54. The PCO will continue to use information made available through the Centers for Medicare & Medicaid Services ("CMS") and the Pennsylvania State Department of Health. The CMS provides a reporting website available to the public to compare nursing homes using a set of quality ratings for each nursing home that participates in Medicare or Medicaid. The CMS website also provides sanitized versions of deficiency reports received by the Nursing Facility.

55. CMS' Five-Star quality ratings for the health inspection domain are based on the relative performance of facilities within a State. Facility ratings are determined using these criteria:

- a. The top 10 percent (lowest 10 percent in terms of health inspection deficiency score) in each State receives a five-star rating.
- b. The middle 70 percent of facilities receives a rating of two, three, or four stars, with an equal number (approximately 23.33 percent) in each rating category.
- c. The bottom 20 percent receives a one-star rating.

BUCKTAIL MEDICAL CENTER – NURSING FACILITY

56. The Nursing Facility Administrator is Timothy Reeves who has been with the facility since August 2014. The Director of Nursing Services is Susan Mills who has been the nursing supervisor since 2008.

57. Facility visits were made on:

- a. March 28, 2017, unannounced visit, census: 34
- b. April 28, 2017, unannounced visit, census: 37

58. The Nursing Facility was inspected/surveyed during this reporting period and was completed September 9, 2016. It should be noted that since the current Administrator and his Administration have been with the Facility, the overall Medicare rating had increased from a two-star rating in 2014 to a three-star rating in 2015, and then increased again to a four-star rating in 2016.

- a. Overall Rating: ★★★★★
- b. Health Inspection: ★★★
- c. Staffing: ★★★★★
- d. Quality: ★★★

59. The Ombudsman and her Advisor discussed the State’s Survey findings and corrections with the Administrator, CFO, and Director of Nursing Services. There were nine deficiencies noted (all below F-Level); the average number of deficiencies in Pennsylvania is seven and one-half.

60. On October 26, 2016 the Pennsylvania State Department of Health Survey Agency determined that substantial compliance had been achieved.

61. These deficiencies are summarized under the following Center for Medicare and Medicaid headings, as follows:

- a. Mistreatment: 1
- b. Quality Care: 1
- c. Resident Assessment: 1
- d. Resident Rights: 1
- e. Pharmacy Services: 3
- f. Environmental: 1
- g. Administration: 1

62. All issues were addressed by the Administration with new procedures, which provides for the tracking and random audits, and education.

63. The Ombudsman will continue to monitor these items and will an extra level of scrutiny to the evaluation criteria of the categories where the deficiencies were found.

64. Staffing – Staffing plans are appropriate and consistent with the required ratios. The Administration feels that staffing is stable and is providing consistent care.

- a. Review of Physician Services – The medical care of each resident is supervised by a physician and is within the specified required frequency.
- b. Review of Nursing Services - The nursing staff (RN, LPN & CNA) is available and has a duty to provide for the initial and ongoing resident assessments, resident care plans, resident training and appropriate documentation of all resident care. Nursing care has not varied due to the bankruptcy. Residents and Administration both stated that the level of care was good throughout.

- c. Review of Therapeutic Services - Physical, occupational, and speech therapy services are available as indicated by resident need. No issues identified.
- d. Recreation Programs - This Facility's recreation programs are well attended, and received by residents. Resident participation rates are always high, as observed during the PCO's visits, ranging between 25% to 65% of the current census. Enhancements have been made to the facilities recreation programming. Two activities now run concurrently; one for the alert residents and one for the more cognitively impaired.
- e. Report Changes in Key Personnel – None

65. Assessment of Resident Safety and Security - Residents are provided safety and security through a plan that ensures that residents are prevented from unauthorized individuals entering the Facility, as well as alerting the staff if residents attempt to elope. Residents also are assessed for the risks of falling. Food, linen and medicine carts in use, but the halls were not cluttered and there was always appropriate entry/egress throughout.

66. Dietary Services – There were no recurrent deficiencies. The Facility has added fresh locally sourced food and introduced new nutritional balanced meals. The change has created the need to hire a new Dietary services Manager. The Administration has interviewed three highly qualified candidates to fill this position and planned on extending an offer. The Facility has been certified to provide meals for the Meals on Wheels program in the area, which provides a nominal return. Added intrinsic value is achieved through positive community outreach and the ability to keep dietary staffing constant. The Administration reported delivering over 1000 meals in each February and March 2017.

67. Mistreatment - There was one deficiency related to the facility failing to investigate the potential for neglect related to one resident who rang to be placed on a bedpan, but was found to be already on a bedpan. No recurrences have been reported. The Ombudsman will continue to monitor.

68. Environmental – The Facility received a deficiency for failing to investigate and initiate appropriate interventions to prevent the potential for resident accidents; in one case a resident’s bed alarm was not sounding, but failed to investigate why; the second resident was found unharmed in front of his/her recliner, but the Facility failed to investigate why. The Ombudsman will continue to monitor.

69. Administration – The Facility failed to update a resident’s medical record to indicate why a resident’s bed and chair alarm were discontinued. The Ombudsman will continue to monitor.

70. Report of Facility Related Issues - The Facility was built in 1979, and expanded in 2001. The Facility recently installed a new hot water heating system, which has been thoroughly tested prior to implementation. There are no current urgent issues that have not been addressed.

71. Evaluation of Medicine Administration and Pharmacy – Medications are secure in medication carts and medication room. In addition, an independent pharmacy consultant, Omnicare, reviews medications, storage and administration monthly. There were three deficiencies reported in this category during the last survey period: medication - failed to document a Resident’s specific behavior evidencing a need for the prescribed antipsychotic medication and dosage ordered by the physician; failed to keep medication errors below 5%, and failed to ensure appropriate physician’s response to consultant pharmacists

recommendations. No complaints have been received during this reporting period. The PCO did not observe any recurrence.

72. Review of Medical Records – Medical records will continue to be randomly reviewed to ensure each is complete and thorough.

73. Resident Assessments - The Facility received one deficiency for failing to complete significant change MDS assessment for two residents who had declined as determined by their quarterly assessments. No recurrences have been reported. The Ombudsman will continue to monitor.

74. Review of Accident and Incident (“A&I”) Reports and Logs – The most recent A&I Reports were reviewed and there are no incidents, which require further investigation noted by the PCO. The PCO will continue to monitor.

75. Infection Control – The Facility has an appropriate infection control plan.

76. Quality Care – The Facility received one deficiency for failing to get complete physician’s orders for inserting a Foley catheter. There was no indication on the physician’s order as to the size of the Foley balloon to use. No recurrences have been reported.

77. Residents’ Rights – One deficiency was received by the Facility for failing to ensure the adequacy of the surety bond covering the amount of the resident fund balance. The highest resident fund balance during 2016 was \$58,116.16; the surety bond was \$50,000.00. The Administration had requested an increase in surety bond, but never received the binder for the higher bond amount. This was remedied in September 2016.

78. The PCO reviewed all key quality markers for the Nursing Facility during this reporting period. The results indicated that the Facility continued to maintain the standard of care consistent with the care provided prior to the bankruptcy.

BUCKTAIL MEDICAL CENTER – CRITICAL ACCESS HOSPITAL

79. The Chief Executive Officer is Timothy Reeves who has been with the facility since August 2014. The Chief Nursing Officer (“CNO”) is Correne Stone; she has been with the Hospital since 1979.

80. The CNO is currently out on disability from an injury sustained in early January. Adequate coverage has been maintained and will be monitored.

81. Facility visits were made on:

- a. March 28, 2017, unannounced visit, census: 3 swing
- b. April 28, 2017, unannounced visit, census: 3 acute; 1 swing

82. The Hospital was inspected/surveyed on June 18, 2015. The Plan of correction was completed on July 9, 2015. The Hospital Recertification revisit was on December 15, 2015 and found the Hospital to be in compliance with the requirements of the Pennsylvania Department of Health’s Rules and Regulations for Hospitals, 28 PA Code, Part IV, Subparts A and B, November 1987, as amended June 1998.

83. There were ten deficiencies relating to:

- a. Pediatric Advance Life Support Certification was not current for one Physician;
- b. Hospital failed to follow its policy on restraints;
- c. Expired medications among the drugs available for patient use;
- d. Observed unsanitary practices in the dietary department;
- e. Temperature of a refrigerator and freezer was not in compliance with dietary guidelines;

- f. Consent forms only contained date, not the time it was signed by patient or representative;
- g. The contracted Pharmacy failed to report on Swing Beds;
- h. Swing Beds were not provided an appropriate recreational activities program (Note: this is a correction to the Ombudsman's initial report).
- i. They failed to provide comprehensive care plans for those in swing beds; and
- j. Discharge summaries were not completed timely on patients in swing beds.

84. A Life Safety Survey was performed; a Revisit completed on October 14, 2015 finding that the Hospital was not in compliance with three deficiencies. On December 17, 2015, a revisit was performed and found two deficiencies still not corrected. On December 22, 2015, the Pennsylvania State Department of Health sent a letter requiring action. On January 11, 2016, a revisit was performed finding the Hospital in substantial compliance.

85. The Facility has passed the required blood bank proficiencies and is certified to provide all previous specialty/sub-specialty lab testing and procedures; thus correcting a self-reported event and the related voluntarily suspension of one certified specialty/sub-specialty lab test/procedure during the previous reporting period, which did not impact their ability to render service and perform necessary lab tests.

86. The permanent Lab Manager and Assistant Manager are doing well in their new positions with the Facility. A new Medical Lab Technologist with more enriched credentials has started during this reporting period.

87. The Hospital put in place all necessary policy and procedure changes, education, recertification, and audits.

88. The Hospital's emergency room doctors are contracted for through an outside Vendor. Although the Administration verifies licensing and certification initially; they had relied on the Vendor to ensure all certification and licensing of their physicians were current. The Administration now has systems in place to ensure this deficiency will not recur.

89. The Hospital and the Nursing Facility use the same pharmacy Consultant, Omnicare, and was not aware that they were not monitoring the swing beds, along with the medication supply room. The Hospital has been diligent to ensure these errors will not recur by instituting a new procedure and performing rigorous audits.

90. The PCO has reviewed all items and found no subsequent issues.

91. The PCO has reviewed all physicians' licenses, and certifications, and found all to be current and maintained in an orderly manner.

92. The PCO has reviewed the laboratory license, and radiology equipment certifications and found all to be current. The lab is now fully staffed.

93. The lab received an i-STAT portable blood analyzer last reporting period and has received training for its use. This analyzer provides real-time, lab-quality results within minutes for many blood tests to provide emergency room professionals necessary data to make informed decisions quickly. The i-STAT is working out well. The Debtors hope to perform quick result-pregnancy tests, Strep Test, and others in the future.

94. The Facility, under the direction of the Medical Director Dr. Edwards, has implemented a community education program.

95. The Facility is continuing to develop nursing standards that complement new medical standards that Medical Director is establishing. The practitioners are focusing on the same 6 clinical events that will have basic procedural steps established when patients are

triaged by the ER staff. Clinical protocols are being developed for patients presenting with chest pain, abdominal pain, infections, head trauma, stroke, and congestive heart failure.

96. These standard protocols will direct the steps that ER nurses and doctors should take within the first 5 minutes of patient contact. The Team has worked first on chest pain since that was the topic for the public's presentation. One of the ARPN's in the ER was instrumental in preparing a key portion of the presentation to the public on chest pain.

97. The Hospital is continuing with their plans to integrate their electronic medical records.

98. The Facility has received sufficient restricted donations to go forward with the preparation of the site to house the computed tomography scanning machine (CT scan). The engineering schematics have been prepared and are under review of a physicist. The Administration plans on completing this project once they have emerged from bankruptcy.

99. The Facility and clinic are certified to participate in the Public Health Service Act section 340B program, which should reduce out-patient medication costs by receiving statutorily specified discounts from pharmaceutical manufacturers.

100. Interviews were held with Department Managers, Physicians, and staff members, all stated that things have been improving since the current Administration, CEO Timothy Reeves, and Controller/CFO, George Gerber have been in place. All stated that the quality of care has been improving and that the bankruptcy has had no impact on the delivery of service. All stated that they are well informed about the bankruptcy proceedings and felt that the Administration has continued to work towards resolving the financial constraints brought about by prior Administrators.

BUCKTAIL MEDICAL CENTER – THE FACILITIES

101. Review of Monthly Operating Reports and Analysis Based Upon Review of Weekly Key Performance Measures – The review noted no immediate concerns around the financial capability of the Facilities to render adequate resident care.

102. The PCO reviewed the Debtor’s internal 2014 reorganizational plan, which adequately addressed the economic outlook of the Hospital and Nursing Facility, and detailed initiatives to drive more revenue and decrease expenses. Through the efforts of the current Administration, it appears that the Facilities have embraced this plan and are now seeing positive results. Many of these initiatives are currently being put in place have increased revenue with little or no cost to the Debtor estate.

103. In September 2015, the Facilities was recognized by iVantage Health Analytics and the National Organization of the State Office of Rural Health for overall excellence in Outcomes, reflecting top quartile performance among all acute care hospitals in the nation.

104. A 2001 model year ambulance with low miles in very good repair has been gifted to the Medical Center by the local Fire Department. They are very excited to have this donation and plan to make good use of the vehicle now that the title has been transferred.

105. The Facility was selected by Penn State University Engineering Department to receive free engineering services and has a class assigned to work on a project to improve workflow in the Emergency Department. They hope to implement the first phase

106. Bucktail Medical Center was awarded \$15,000.00 in grant money to purchase an automatic respirator with portable oxygen for the emergency room. The facility was very pleased to have received this money from the Clinton County Foundation.

REPORTING PERIOD SUMMARY

107. The Debtor's Administration and Staff were open and cooperative during each on-site visit. Personnel were fully transparent in discussing their roles and responsibilities as well as providing any and all requested information and data. Further, management embraced the process of having a PCO on site and encouraged exchange between the PCO and management, which enabled the PCO to efficiently discharge her responsibilities.

108. A strong sense of teamwork between the administration and staff was observed. The residents, staff, and administration have each expressed that they feel like a "family" and there is a genuine concern for the residents.

109. The PCO has noted that the stable and steady leadership of this Facility has strengthened staff unity; all staff interviewed express faith in the management team and their resolve to continually improve.

110. The Administrator Tim Reeves and CFO George Gerber have recently been recognized by the Renovo Rotary and received Citizens of the Year Awards for their hard work and commitment to the Facility and community.

111. In summary, the PCO did not note any circumstances or issues that would impact resident care at any of the Facilities as a result of the bankruptcy during this reporting period.

112. If the Debtor has not emerged from bankruptcy, the next report will be issued no later than July 31, 2017, and will cover the tenth reporting period of May 21, 2017 through July 20, 2017.

Submitted by:

/s/ Laura W. Patt
Laura W. Patt
Patient Care Ombudsman of The Bucktail Medical Center