

**UNITED STATES BANKRUPTCY COURT
Eastern DISTRICT OF Tennessee
At Chattanooga**

IN RE: : CHAPTER 11
New Beginnings Care, LLC., : Jointly Administered Under
et al., : CASE NO. 1:16-bk-10272-NWW
: :
Debtors. : :

FIFTH REPORT OF THE PATIENT CARE OMBUDSMAN

COMES NOW the duly appointed Patient Care Ombudsman in this case, Laura E. Brown, Esq. (the “Ombudsman”), and respectfully files this Fifth Patient Care Ombudsman report (“Fifth Report”) pursuant to 11 U.S.C. § 333(b)(2).

I. Introduction

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (“BAPCPA”) requires the Court to consider authorizing the appointment of a Patient Care Ombudsman whenever a health care business files for bankruptcy protection. Further, this Act notes the Patient Care Ombudsman should be appointed in the state where the bankruptcy is pending. However, in long-term care facilities, federal law has provided for ombudsman services to residents since 1978 through the Older Americans Act of 1965 and subsequent reauthorizations of that Act. 42 U.S.C. §§ 3058f, 3058g. Long-Term Care Ombudsman services include the identification, investigation, and resolution of complaints made by or on behalf of, residents that relate to the health, safety, welfare, or rights of residents of long-term care facilities. *Id.*

The Tennessee Long-Term Care Ombudsman Program consists of the Office of the State Long-Term Care Ombudsman (the “Office”), which is located within the Tennessee Commission

on Aging and Disability, the Tennessee governmental agency designated as the State Unit on Aging. There are a total of ten (10) representatives of the Office located in nine (9) Area Agencies on Aging and Disability districts across Tennessee. The Tennessee Commission on Aging and Disability contracts with the nine Area Agencies on Aging and Disability (AAADs) who either provide this service directly or subcontract with a service provider to provide the direct service to long-term care facility residents. The Tennessee Ombudsman Program visits residents in licensed nursing homes, assisted care living facilities, and residential homes for the aged on at least a quarterly basis, with increased visits in response to complaints or as needed based on the conditions of the facility. The Tennessee Department of Health, Office of Health Care Facilities, is responsible for the licensure and regulation of health care facilities, nursing homes, assisted care living facilities and residential homes for the aged.

The Debtor in question in this bankruptcy, New Beginnings Care, LLC. (“New Beginnings”), a company based in Hixson, Tennessee, is primarily involved in the operation and management of nursing homes in at least four states.

On February 3, 2016 I was appointed to serve as the Patient Care Ombudsman for the residents who live in the facilities of the Debtor. As this bankruptcy involves facilities in Georgia, Ohio, Oklahoma, and Tennessee, I am coordinating with the State Long-Term Care Ombudsmen in each state to monitor the quality of patient care and to represent the interests of the facility residents.

II. Facilities Involved

When New Beginnings filed for Chapter 11 protection on January 22, 2016, its bankruptcy petition included the following thirteen (13) facilities located in Georgia, Ohio, Oklahoma, and Tennessee:

- 1. Abbeville Healthcare and Rehab, LLC**
- 2. Campus Healthcare and Rehab, LLC**
- 3. Cedar creek Healthcare and Rehab, LLC**
- 4. Eastman Healthcare and Rehab, LLC**
- 5. Edwards Redeemer Healthcare and Rehab, LLC**
- 6. Goodwill Healthcare and Rehab, LLC**
- 7. Jeffersonville Healthcare and Rehab, LLC**
- 8. Mt. Pleasant Healthcare and Rehab, LLC**
- 9. Oceanside Healthcare and Rehab, LLC**
- 10. Pinewood Healthcare and Rehab, LLC**
- 11. Rockmart Healthcare and Rehab, LLC**
- 12. Savannah Beach Healthcare and Rehab, LLC**
- 13. Woodlands Healthcare and Rehab, LLC**

III. Summary of Interviews and Visits to Facility

1. Abbeville Healthcare and Rehab, LLC

Abbeville Healthcare and Rehab, LLC is located in Abbeville, Georgia. It had one hundred and one (101) certified beds. Abbeville's last regular survey was completed on August 13, 2015 and deficiencies were noted. On or about February 6, 2016, the Centers for Medicare and Medicaid notified the facility that its Medicare and Medicaid provider agreements would be terminated. Inspection reports are available on the Medicare.gov website.

The facility was scheduled to close on April 1, 2016; however, representatives of the Georgia Office of the Long-Term Care Ombudsman report that all residents were transferred to new facilities on or before April 1, 2016 and the facility actually closed on or about March 17, 2016.

Representatives of the Georgia Office of the State-Long-Term Care Ombudsman have continued to follow up with the former Abbeville residents in their new facilities to ensure that the residents did not suffer ill effects as a result of moving to a new facility.

2. Campus Healthcare and Rehab, LLC

Campus Healthcare and Rehab, LLC is located in Youngstown, Ohio. This facility had ninety-nine (99) certified beds. The facility's last regular survey was completed on December 30, 2015 and complaint surveys/investigations were completed on November 18, 2015; October 23, 2015; June 10, 2015; March 19, 2015; and March 16, 2015. Inspection reports are available on the Medicare.gov website.

The Ohio Department of Health issued a letter to Campus Healthcare and Rehab on January 28, 2016 notifying the facility that an Order to revoke its license to operate had been proposed. The Ohio Department of Health based its decision on an investigation into a complaint that was completed on January 28, 2016. The Ohio Department of Health determined that this investigation revealed licensure violation(s). Inspection reports are available on the Medicare.gov website.

On January 29, 2016 representatives of the Ohio Office of the State Ombudsman acted quickly and assisted with resident relocation. By 6:00 PM on January 29, 2016, the more than forty (40) Campus Healthcare and Rehab residents had been successfully relocated to new facilities of their choice. Representatives of the Ohio Office of the State-Long-Term Care Ombudsman have continued to follow up with the former Campus Healthcare and Rehab residents to ensure that the residents did not suffer any ill effects from the transfer.

3. Cedar creek Healthcare and Rehab, LLC

Cedar creek Healthcare and Rehab is located in Warren, Ohio. This facility is certified for seventy-one (71) beds. The Ohio Department of Health conducted a survey at Cedar creek Healthcare and Rehab on February 3, 2016 and noted several concerns, including a finding that the health and safety of the residents was in "immediate jeopardy". Inspection reports are available on the Medicare.gov website.

Based on the findings from the Ohio Department of Health, the Centers for Medicare and Medicaid terminated Cedar creek Healthcare and Rehab's Medicare and Medicaid provider agreements, effective February 18, 2016. Cedar creek Healthcare and Rehab closed on or about February 20, 2016. Representatives of the Ohio Office of the State-Long-Term Care

Ombudsman have continued to follow up with the former Cedar Creek Healthcare and Rehab residents to ensure that the residents did not suffer any ill effects from transferring facilities.

4. Eastman Healthcare and Rehab, LLC

Eastman Healthcare and Rehab is located in Eastman, Georgia and it has 100 certified beds. This facility's last regular inspection occurred on October 15, 2015 and deficiencies were noted. Inspection reports are available on the Medicare.gov website.

Representatives of the Georgia Office of the State Long-Term Care Ombudsman have been, and will continue to be, a regular presence in this facility. Representatives of the Georgia Office of the State Long-Term Care Ombudsman visited this facility on October 11, 2016. The Ombudsman representatives visited with twenty-four (24) residents as well as number of nursing facility staff members. A new case was brought to the attention of the Ombudsman representative with complaints regarding resident care and staffing. These complaints were immediately brought to the attention of the facility nursing staff. The Ombudsman representative will continue to make follow-up visits to ensure that the issues found on the October 11, 2016 visit are completely addressed.

5. Edwards Redeemer Healthcare and Rehab, LLC

Edwards Redeemer Healthcare and Rehab, LLC is located in Oklahoma City, OK. It is certified for 106 beds. The facility's last regular survey was completed on September 30, 2015 and during this survey, deficiencies were noted. Complaint surveys/inspections were completed on January 4, 2016; October 19, 2015; September 30, 2015; and June 19, 2015. Inspection reports are available on the Medicare.gov website.

Representatives of the Oklahoma Office of the State Long-Term Care Ombudsman visited Edwards Redeemer Healthcare and Rehab during this reporting period.

The Ombudsman noted the facility has a new interim administrator. In previous reports, it was noted that the Ombudsman representative noticed some physical plant improvement in the facility. However, the latest report indicated that improvements to the facility have come to a halt. The Ombudsman reported that odors in the facility were better for a short period of time but currently, the smell upon entering the building is not pleasant.

The most recent complaint brought to the attention of the Ombudsman representative involved resident trust accounts. The Ombudsman reported that some residents are not receiving the funds that they request from their accounts when they request the funds. In addition, the Ombudsman has received complaints regarding the food portion sizes residents are served at meal times and that the food is served on paper plates. The Ombudsman representative will continue to monitor the facility to ensure that these complaints are resolved and that residents do not experience any disruption in care. No decline in the quality of resident care was noted.

6. Goodwill Healthcare and Rehab, LLC

Goodwill Healthcare and Rehab is located in Macon, Georgia. According to the Centers for Medicare and Medicaid, this facility was certified for 172 beds. On June 11, 2015, the facility went through its regular, standard facility survey and both health and fire safety deficiencies were noted. A follow-up survey was completed in August 2015. Due to deficiencies noted in both surveys, the Centers for Medicare and Medicaid terminated the facility's Medicare and Medicaid provider agreement. Inspection reports are available on the Medicare.gov website.

It should be noted that this facility may have closed just before or at the same time that New Beginnings Care, LLC filed for Chapter 11 bankruptcy protection. Representatives of the Georgia Office of the State-Long-Term Care Ombudsman will continue to follow up with the former Goodwill Healthcare and Rehab residents to ensure that the residents are settling in at their new facilities and do not suffer any ill effects from the transfer.

7. Jeffersonville Healthcare and Rehab, LLC

Jeffersonville Healthcare and Rehab, LLC is located in Jeffersonville, Georgia. This facility was certified for 131 beds. During a survey on January 13, 2016, surveyors from the State of Georgia noted some issues in the facility, including problems with some plumbing fixtures and resident trust accounts. Inspection reports are available on the Medicare.gov website.

After the January 13, 2016 survey, the Centers for Medicare and Medicaid issued notice that the facility's Medicare and Medicaid provider agreements would be terminated. All residents have been transitioned to other facilities and it is believed that this facility closed in early March 2016. The current status of this facility is reported to be empty and locked. Representatives of the Georgia Office of the State-Long-Term Care Ombudsman will continue to follow up with the former Jeffersonville Healthcare and Rehab residents to ensure that the residents are adjusting to new facilities.

8. Mt. Pleasant Healthcare and Rehab, LLC

Mt. Pleasant Healthcare and Rehab, LLC is located in Columbia, Tennessee. This facility has seventy-two (72) certified beds. Mt. Pleasant's last regular survey was completed on February 4, 2016 and deficiencies were noted during this survey. Inspection reports are available on the Medicare.gov website.

Andrea Morrow, representative of the Tennessee Office of the Long-Term Care Ombudsman, visited and continues to visit Mt. Pleasant very frequently. Ms. Morrow conducted facility visits on October 14, 2016, October 25, 2016, November 3, 2016, and November 10, 2016. During her visits, Ms. Morrow visited with residents and families and she spoke with facility staff members. During the visits, Ms. Morrow observed resident needs being met; no interruptions in services or supplies; and no shortages of food. No complaints were brought to her attention during any of the visits.

The Ombudsman representative will continue to monitor the facility to ensure that the residents do not experience any disruption in care. No decline in the quality of resident care was noted.

9. Oceanside Healthcare and Rehab, LLC

Oceanside Healthcare and Rehab is located in Tybee Island, Georgia. This facility has eighty-five (85) certified beds. The facility underwent a regular survey on February 26, 2015 and during that survey, deficiencies were noted and a complaint survey on November 5, 2015. Inspection reports are available on the Medicare.gov website.

Due to continued issues, the Centers for Medicare and Medicaid made the decision to terminate Oceanside's provider agreement. Ms. Pam Lipsitz and Ms. Jeanne O'Brien,

representatives of the Georgia Office of the Long-Term Care Ombudsman visited this facility on June 2, 2016, the day that the facility abruptly closed.

The current status of this facility is reported as closed. Representatives of the Georgia Office of the State-Long-Term Care Ombudsman will continue to follow up with the former Oceanside Healthcare and Rehab residents to ensure that the residents are adjusting to new facilities.

10. Pinewood Healthcare and Rehab, LLC

Pinewood Healthcare and Rehab is located in Whigham, Georgia. This facility has one hundred and forty-two (142) certified beds. The facility's last regular survey was completed on August 13, 2015 and during this survey deficiencies were noted. Inspection reports are available on the Medicare.gov website.

Ms. Elaine Wilson, a representative of the Georgia Office of the Long-Term Care Ombudsman visited this facility on September 12, 2016, October 20, 2016, and November 8, 2016. During her September visit, Ms. Wilson noted that the resident census was seventy (70) and she visited with a total of fifteen (15) residents. In addition, Ms. Wilson visited with the administrator, maintenance staff and other important facility staff members.

On the September visit, Ms. Wilson reported that the staff members were not very observant in looking attending to resident needs. Ms. Wilson noted several maintenance issues that she has brought and continues to bring to the attention of the facility management for corrective action. Some of the issues, such as a non-functioning toilet, were brought to the attention of facility management a year ago and to date, these issues have not been repaired or corrected.

On the October and November visits, Ms. Wilson observed that all of the staff members she saw were attending to resident needs. Ms. Wilson noted that several maintenance issues had not been corrected and she reported an issue with open trash cans that were accessible to residents.

11. Rockmart Healthcare and Rehab, LLC

Rockmart Healthcare and Rehab is located in Rockmart, Georgia. This facility had seventy-three (73) certified beds. Rockmart's regular survey was conducted on May 28, 2015 and in this survey deficiencies were noted. Complaint surveys were completed on December 16, 2015 and September 11, 2015. Inspection reports are available on the Medicare.gov website.

Due to issues with facility inspections, on January 8, 2016, the Centers for Medicare and Medicaid notified the facility that its Medicare and Medicaid provider agreements would be terminated as of February 8, 2016. However, on January 20, 2016, due to concerns about staffing and payroll, officials issued an order for an emergency closure of the facility. Representatives of the Georgia Office of the Long-Term Care Ombudsman promptly assisted over thirty (30) residents to relocate on January 20, 2016. This facility closed on January 20, 2016, just prior to the New Beginnings Healthcare, LLC Chapter 11 bankruptcy filing.

12. Savannah Beach Healthcare and Rehab, LLC

Savannah Beach Healthcare and Rehab is located on Tybee Island, Georgia. This facility has fifty (50) certified beds. The last regular survey was conducted on February 27, 2015 and during this survey, health deficiencies were noted. Inspection reports are available on the Medicare.gov website.

This portion of the report will be updated as soon as possible.

13. Woodlands Healthcare and Rehab, LLC

Woodlands Healthcare and Rehab is located in Midway, Georgia. This facility has one hundred-sixty nine (169) certified beds. The last regular survey was conducted on May 15, 2015 and during this survey, both health and fire safety deficiencies were noted. Inspection reports are available on the Medicare.gov website.

Ms. Jeanne O'Brien, representative of the Georgia Office of the Long-Term Care Ombudsman, visited this facility on September 14, 2016, and October 5, 2016. On the September visit, the census was one hundred and twenty (120) and Ms. O'Brien visited with fifty (50) residents. On this visit, Ms. O'Brien did not receive any new complaints; however, two complaints related to involuntary discharge were brought to the attention of the Ombudsman Program during the month of September. The Ombudsman representative met with the administrator, direct care staff, and activities staff during this visit. No indication of decline in resident care was noted.

During the October visit, Ms. O'Brien met with the administrator and visited with forty (40) residents. Ms. O'Brien did not receive any new complaints during this visit and she noted no decline in resident care in October.

IV. Conclusion

WHEREFORE, having complied with the requirements of 11 U.S.C. § 333(b)(2), the Ombudsman, Laura E. Brown, Esq., concludes her Fifth Report.

This 12th day of December, 2016.

Respectfully submitted,

s/n LEB
Laura E. Brown, Esq.
Tennessee State Long-Term Care Ombudsman

PLEASE ADDRESS ALL
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