

UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

In re: : Chapter 11
: :
Curae Health, Inc., et al.¹ : Case No. 18-05665
: (Jointly Administered)
: :
Debtors. : Judge Walker
: :
: :

PATIENT CARE OMBUDSMAN’S SECOND REPORT

In accordance with Section 333(b)(2) of chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”), Suzanne Koenig (the “**Ombudsman**”), in her capacity as the patient care ombudsman appointed by this Court in the above-captioned Chapter 11 cases commenced by Curae Health, Inc. (“**Curae**”), a Tennessee nonprofit corporation and sole member and sponsoring organization of the other debtors and debtors-in-possession, Amory Regional Medical Center, Inc. (“**Amory**”), Batesville Regional Medical Center, Inc. (“**Batesville**”), Clarksdale Regional Medical Center, Inc. (“**Clarksdale**”), Amory Regional Physicians, LLC (“**Amory Regional**”), Batesville Regional Physicians, LLC (“**Batesville Regional**”) and Clarksdale Regional Physicians, LLC (“**Clarksdale Regional**”, collectively, with Curae, Amory, Batesville, Clarksdale, Amory Regional and Batesville Regional the “**Debtors**”), respectfully submits this second report (the “**Second Report**”) for the time period from November 17, 2018 to the date of this Second Report (the “**Report Period**”). This Second Report supplements the

¹ The “**Debtors**” in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); and Clarksdale Regional Physicians, LLC (5311).

Ombudsman's observations, as set forth in the initial report, which was filed with the Court on November 16, 2018. [Docket No. 471].

I. APPOINTMENT OF THE OMBUDSMAN

On September 6, 2018, this Court entered an order directing the appointment of a patient care ombudsman under Section 333 of the Bankruptcy Code (the "**Appointment Order**") [Docket No. 111]. On September 18, 2018, the Office of the United States Trustee for the Middle District of Tennessee (the "**United States Trustee**") appointed Suzanne Koenig of SAK Management Services, LLC to serve as patient care ombudsman in these cases (the "**Appointment Notice**") [Docket No. 191]. The Ombudsman filed applications to retain the law firm of Greenberg Traurig, LLP as her counsel and SAK Management Services, LLC ("**SAK**") as her medical operations advisor. These applications were approved by the Bankruptcy Court [Docket Nos. 387 and 388].

II. SUMMARY OF OMBUDSMAN'S MONITORING AND OBSERVATIONS

The following summarizes the Ombudsman's observations during this Report Period:

A. Amory Regional Medical Center (d/b/a Gilmore Memorial Hospital)

The Ombudsman made two visits to Amory during the Report Period (on the morning of November 29, 2018 and the afternoon of December 19, 2018) and had a follow-up telephone interview with Amory's chief nursing officer ("**CNO**") on January 9, 2019.

This hospital is located at 1105 Earl Frye Boulevard, Amory, Mississippi. It is licensed for 95 beds. At the time of the Ombudsman's November visit, the census was 32 patients, and at the time of the December visit, census had increased to 37 patients. During the Ombudsman's November visit, the chief financial officer (the "**CFO**") indicated that North Mississippi Health Services planned to purchase the hospital, and the CFO confirmed this purchase during the Ombudsman's December visit. The CFO reported that key staff members were excited about the

sale and viewed the outcome as a positive development for both organizations. All staff members had been informed of the sale, as well as the community at large, and at the time of the Ombudsman's December visit, the CFO had not received any negative feedback or encountered any concerns about the sale. The Ombudsman was informed during the December visit that the new ownership had already begun meeting with Amory's physicians and staff.

The Ombudsman spoke by telephone with the CNO on January 9, 2019 and confirmed that the sale closed on December 31, 2018, with all pertinent patient and staff information transferred to the new ownership on January 1, 2019. The CNO indicated that North Mississippi Health Services had provided extensive administrative resources to the hospital to ensure a smooth closing and transition. The CNO also indicated that the hospital was thriving post-sale, with every patient bed filled and a census of 59. The significant census increase led to moderate staffing difficulties within the units, but all patient needs were continuing to be met according to the CNO. All members of the nursing staff continued to be employed by the purchaser (with one exception), and the hospital has a pool of part time nurses and PRN nurses (nurses who work as needed) to fill any staffing needs. Staffing continued to be reassessed every four hours at the hospital to account for discharges and new admissions. The CNO reported no concerns about the care and safety of the patients during the transaction to the purchaser.

1. Dietary Department

One of the Ombudsman's representatives met with the dietary manager during the November visit, toured the kitchen and observed the dietary staff. The dietary staff members were all wearing their nametags and were all dressed appropriately, including proper use of hair covers. The kitchen stockroom was clean and well stocked with enough food in house for three to five days. The kitchen also had adequate freezer reserves. The kitchen was clean and a

cleaning schedule was in place. All cooking equipment and appliances were working and in good repair. The room housing the dishwasher was clean and dishes were stored appropriately. The refrigerator temperature logs were in place and temperatures recorded based upon protocol. The dietary staff members reported no issues in obtaining supplies. During the December visit, the Ombudsman observed the kitchen and found that it was generally in satisfactory condition.

2. Laboratory

The Ombudsman's representative met with the laboratory director and toured the laboratory during the November visit. The laboratory was clean and no environmental issues were noted. The laboratory director reported that staffing in the department was stable, and the staff could meet the hospital's demand for laboratory services. The transition to a new laboratory vendor was successfully completed with no supply shortages or service interruptions. Quality control testing of laboratory equipment had been completed, and one machine was found to be out of calibration. This machine was sent to the manufacturer for repair and test results dependent on that machine were being completed by another laboratory until the hospital's machine was repaired.

3. Radiology

The Ombudsman's representative met with the radiology manager during the November visit. The radiology staff was stable and receptive to the change in ownership. The radiology manager indicated that as of the date of the Ombudsman's representative's visit, the bankruptcy and sale process had not resulted in any resignations. The radiology area was clean and the equipment in good condition. The radiology waiting room was orderly and no HIPAA concerns were identified. Overall, no concerns were noted with the radiology department.

4. October Patient Safety/Quality Improvement Meeting

The Ombudsman's representative reviewed the minutes from the October Patient Safety/Quality meeting. There were 16 staff members in attendance during that meeting. Old business was reviewed and new business was discussed. All issues brought to the attention of the committee were reviewed and plans for improvement were put into place. The Ombudsman's representative's review focused on the 2019 National Patient Safety Goals² and new medication safety guidelines provided to those in attendance:

- **2019 National Patient Safety Goals:** The goals were reviewed by all of the members and each department manager has posted the safety goals in their areas. The goals are incorporated into the daily operations of each department and used in the development of new policies and procedures.

- **Medication Safety:** The hospital has adopted a "No Interruption Zone" to be utilized when preparing and administering medication. The purpose is to improve patient safety and the goals focus on problems and ways to solve them. The pharmacy will implement a "No Interruption Zone" process for the technicians during the time when they are restocking the medication dispensing station so that they are not interrupted when performing this task. The program will also be implemented in the Central Nursing Station for the nurses, and no one else can be in the medication room while nurses are preparing to pass medications to the patients. Nurses will also wear a badge indicating they are giving medications to patients and should not be disturbed. The Ombudsman's representative reviewed the content of the Patient Safety/Quality Improvement Report and identified no major concerns

5. Patient Interview and Medical Discharge Review

a. Patient #1

The Ombudsman's representative interviewed a patient who presented for surgery and had underwent a right hemicolectomy.³ The patient agreed to meet with the Ombudsman's representative and gave consent for the Ombudsman's representative to review the patient's

² Jointcommission.org indicates that the National Patient Safety Goals are provided by the Joint Commission on Accreditation of Healthcare Organizations. Their purpose is to continuously improve the safety and quality of care provided to the public through the provision of health care accreditation and related services that support performance improvement in health care organizations.

³ Mayoclinic.org defines a hemicolectomy as a surgical procedure to remove one side of the colon. A right hemicolectomy involves removing the right side of the colon and attaching the small intestine to the remaining portion of the colon.

medical record. The patient told the Ombudsman's representative that the care received had been excellent and that staff had been responsive to the patient's needs. The patient fasted for the 48 hours prior to admission and had just started on a clear liquid diet at the time of the interview. The patient raised certain concerns and questions with the nurse during the interview, and the nurse addressed those concerns. The Ombudsman's representative did not identify any concerns about the care and services provided to the patient at the time of the interview.

The Ombudsman also reviewed this patient's discharge record. The patient's record indicated that (a) laboratory tests and an EKG were performed before the surgical procedure with physician review, (b) vital signs were stable upon arrival to the pre-operative area and (c) the surgical procedure was uneventful. After a brief stay in the recovery room, the patient was admitted to the Medical/Surgical floor. Care planning began in the surgical department prior to the procedure and continued throughout the hospital stay.

Based on the medical record, the patient's vital signs remained stable throughout the stay and pain assessment was completed in accordance with hospital protocols. The pain assessment, as set forth in the medical record, revealed no complaints of pain throughout the hospital stay, and the patient did not require any pain medication. The medical record indicated that the incision site was assessed at every shift and revealed no redness or drainage. Further, the record indicated that the patient could ambulate without any problems or assistance. The discharge plan was documented throughout the patient's stay, with a plan to discharge the patient to the care of one of her children's home for seven to ten days before returning to home independently. The Ombudsman had no concerns about the patient's care or discharge plan based upon the medical record review.

b. Patient #2

The Ombudsman's representatives reviewed the medical record of a patient who presented to the emergency room (the "ER") with complaints of diarrhea and abdominal pain. The comments regarding the patient and the patient's care are based solely upon this medical record review. The patient was seen by the ER physician who ordered laboratory tests and a CT scan of the abdomen. Results of these tests led to a diagnosis of colitis due to *Clostridium difficile* (*C. diff.*) infection⁴. The patient began receiving intravenous fluids and antibiotics prior to admission to the medical/surgical floor and all required assessments were completed including care plan, fall risk, and sepsis protocol screening. Throughout the stay, the patient was treated with intravenous fluids and intravenous antibiotics, and did not receive any medication or food by mouth until the abdominal pain and diarrhea had resolved. The patient's diet was advanced as the patient became able to tolerate food. Laboratory results indicated an electrolyte imbalance of potassium, and the patient received potassium replacement therapy and the imbalance was resolved as confirmed by further laboratory testing. Vital signs remained within the normal range throughout the patient's stay. The patient's oxygen saturation was also monitored due to a history of asbestosis⁵, and remained within the normal range during the stay. The patient's weight was also monitored due to diarrhea, and remained stable throughout the patient's stay.

The plan of care was initiated upon arrival to the ER, and was updated throughout the patient's stay. Discharge planning was initiated upon admission, and the patient stated that no home care services were needed at the time of discharge. Hospital staff scheduled a follow-up appointment for the patient with the patient's primary care physician. The nurse reviewed the

⁴ Webmd.com defines *Clostridium difficile* as a bacterium that can be life-threatening and requires treatment with antibiotics.

⁵ Mayoclinic.org defines Asbestosis as a chronic lung disease caused by inhaling asbestos fibers. Prolonged exposure to these fibers can cause lung tissue scarring and shortness of breath.

discharge instructions with the patient and the patient indicated that they understood these discharge instructions. No concerns were identified with the patient's hospital stay or the discharge from the hospital based upon this record review.

B. Batesville Regional Medical Center, Inc. (d/b/a Panola Medical Center)

The Ombudsman visited Batesville on November 28, 2018 and December 19, 2018. This hospital is located at 303 Medical Center Drive, Batesville Mississippi.

The Ombudsman and her representative met with the hospital's chief executive officer ("CEO") and CNO during both visits. The hospital is a general acute care hospital licensed for 112 medical beds. On November 28, 2018, the census was nine patients and on December 19, 2018, the census was 12 patients. The CEO said that outpatient surgeries and ER visits have remained stable during the bankruptcy case.

The CEO and the Ombudsman discussed the pending sale of the hospital during the visits. The CEO indicated that some key staff members had elected to take positions at other locations due to the uncertainty of the hospital's future. The CEO was informed that the sale of the hospital likely will close on January 19, 2019.

1. Management Interview

The CNO reported that during the bankruptcy filing, the nursing staff has remained stable with minimal resignations, but that the nurses are anxious about the future of the hospital. The CNO and the Ombudsman discussed the pending sale of the hospital and the upcoming implementation of a new electronic medical records system by the purchaser. Pending the sale closing, the CNO is trying to keep the daily routines of the hospital in place. During the visits, the CNO reported that adequate supplies are available and that staffing ratios are appropriate.

2. Environmental Assessment

During the visits, the hospital was clean, no odors were detected, no safety concerns were noted, and the hallways were free from clutter and equipment. No HIPAA infractions were observed or identified during the visits, the staff was friendly, and the staff's name tags were easily recognized. During the visits, the Ombudsman observed a few interactions between staff and patients that were appropriate. The CEO stated that he was not aware of any major physical plant concerns.

3. Departmental Review

a. Emergency Room

The Ombudsman toured the ER during the December visit. The area was clean and no safety concerns were observed. All patient information was properly secured and no HIPAA concerns were noted. The ER had five patients at the time of the visit and was staffed by three registered nurses ("RNs"), one technician who provides assistance and one nurse practitioner, who was serving patients in the "Fast Track" area (an area in which patients with simple medical issues can be seen within a short time). The director of the ER department stated that the bankruptcy had not impacted the ER's census or ER's ability to obtain medications and supplies. 36 patients were seen in the ER on the prior day. Of those patients, three patients were admitted to the hospital, two patients were transferred to a higher level of care facility and 31 patients were discharged home. The Ombudsman interviewed a family member whose parent had been sent to the ER from a local nursing home. The family member reported no concerns about the patient's care and noted that the staff was friendly and had kept the family member informed regarding the patient's care.

4. Dietary Department

The Ombudsman's representative toured the dietary department during the November visit, and the Ombudsman toured the kitchen during the December visit. During these visits, the equipment appeared to be in good repair. The staff wore nametags, and those working with food had their hair covered appropriately. The food inventory was sufficient, with one week of dry goods and freezer items in stock. Three days of fresh produce was available, and the staff reported no current issues with obtaining supplies. The steam tables were clean and in good repair, holding proper temperatures. Cleaning schedules were posted and completed with sign-off initials. The freezer was clean, stocked and dated as required, and the refrigerator temperatures logs were current. The cafeteria area was clean and the juice machine, coffee pots and soda machines were clean and working properly.

5. Quality Department

The CEO and CNO reported that there have been no sentinel events⁶ since the filing of the bankruptcy. They agreed to immediately inform the Ombudsman should a sentinel event occur. The hospital has had no visits from any regulatory body since the bankruptcy filing. The Joint Commission's 2018 National Patient Safety Goals (NPSGs)⁷ were posted in several areas of the hospital.

The Ombudsman reviewed the hospital's policy for reporting quality concerns. Employees, physicians or other individuals who provide care, treatment or services are required to report any concerns about the safety or quality of care for patients. The policy is comprehensive and serves as a guide for the staff and professionals providing care and service.

⁶ A sentinel event is an unexpected occurrence involving death or serious physical or psychological injury, or the risk thereof.

⁷ Jointcommission.org indicates that in 2002 The Joint Commission established its National Patient Safety Goals (NPSGs) program. The first set of NPSGs was effective January 1, 2003. The NPSGs were established to help accredited organizations address specific areas of concern in regard to patient safety.

Under the policy, any concerns can be reported to a member of the administrative staff, and the director of the quality department follows up on all reports. The CEO and the CNO voiced no concerns about the ability to provide appropriate care according to clinical standards for their patients.

6. Record Review

a. **Patient #1**

The Ombudsman reviewed the record of a patient who came to the ER with complaints of right lower quadrant pain and fever. The patient was seen by the ER physician, who ordered lab tests and a CT scan. The patient was diagnosed with prostatitis⁸ and urinary tract infection.⁹ Pain medication and intravenous antibiotic therapy was initiated in the ER. The patient was admitted to the medical/surgical floor on the same day. The treatment regime included the continuation of intravenous antibiotics and pain control. Vital signs were monitored throughout the patient's stay. The discharge plan indicated that the patient would return home upon discharge from the hospital. No concerns were identified regarding the patient's care or safety based upon the record review.

b. **Patient #2**

The Ombudsman reviewed the record of a patient who came to the ER with complaints of right lower quadrant pain and nausea. The patient was seen by the triage nurse and the patient's vitals were taken. The medical history and current medications were documented. The patient was seen by a physician on the same day. Laboratory tests and a CT scan of the abdomen were ordered and results obtained. An intravenous line was established and intravenous fluids

⁸ Medicinenet.com defines prostatitis as an inflammation of the prostate gland. The inflammation can be due to an infection as well as other various causes.

⁹ Medicinenet.com defines a urinary tract infection is an infection involving the kidneys, ureters, bladder, or urethra.

administered. The patient received medication for pain control and nausea. The care documentation indicated that the patient experienced relief from the nausea and pain. The patient was admitted to a medical unit with a diagnosis of right lower quadrant pain and constipation. Treatment for the patient included administration of a laxative and intravenous fluids. The patient experienced improvement overnight and was discharged to home the next day. The patient denied any need for home assistance. The patient signed the discharge instructions and documentation indicating that the nursing staff had reviewed the discharge plan with the patient and that the patient had verbalized an understanding of the discharge instructions. The Ombudsman did not identify any concerns about the care and safety of the patient based upon the record review.

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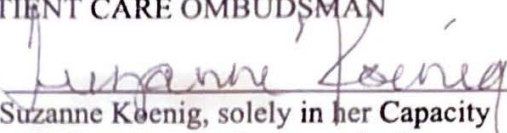
III. CONCLUSION

The Ombudsman did not observe any significant concerns with respect to patient care during this Report Period. The Ombudsman will submit her next report within sixty (60) days and will inform the Court if there are any critical patient care issues discovered prior to that time, as necessary.

Dated: January 16, 2019

PATIENT CARE OMBUDSMAN

By:



Suzanne Koenig, solely in her Capacity
as Patient Care Ombudsman in the
Above-Captioned Cases