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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

	X	
In re:	:	Chapter 11
	:	
	:	Case No. 13-22840 (RDD)
SOUND SHORE MEDICAL CENTER OF	:	
WESTCHESTER, et al.,	:	(Jointly Administered)
	:	
Debtors.	:	
	X	

PATIENT CARE OMBUDSMAN'S SECOND REPORT

PLEASE TAKE NOTICE THAT the Second Report of Daniel T. McMurray, as
Patient Care Ombudsman, covering the period of August 20, 2013 through October 18,
2013, was filed on October 21, 2013. A copy is attached.

Dated: New Haven, Connecticut
October 21, 2013

NEUBERT, PEPE & MONTEITH, P.C.

By: /s/ Mark I. Fishman
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In accordance with section 333(b)(2) of Title 11 of the United States Code (the "Bankruptcy Code"), Daniel T. McMurray (the "Ombudsman"), in his capacity as Patient Care Ombudsman appointed by the United States Trustee in the above-captioned Chapter 11 cases commenced by Sound Shore Health System, Inc. and several of its affiliates and subsidiaries (collectively, "SSHS" or the "Debtors"), submits this second report (the "Report") on the status of patient care.

I. Introduction

The Ombudsman was appointed on June 21, 2013 pursuant to an Order of the Court in accordance with Section 333(a) of the Bankruptcy Code. As set forth in the notice of appointment and in Section 333(a)(1) of the Bankruptcy Code, the Ombudsman was appointed to monitor the quality of patient care provided to patients of the Debtors. The Ombudsman filed an application to retain as counsel the law firm of Neubert Pepe & Monteith, P.C. That application has been granted.

The Ombudsman has continued to visit Sound Shore Medical Center of Westchester ("SSMC"), which is SSHS' New Rochelle hospital, The Mount Vernon Hospital, Inc. ("MVH") and the Helen and Michael Schaffer Extended Care Center ("SECC" or "Nursing Home") on a regular basis and observed the operations of all three facilities during the period from August 20, 2013 through October 18, 2013. In addition, numerous telephonic and electronic communications have

been conducted with the Debtors and the Debtors' advisors.

The Debtors' management team ("Management") remained cooperative, making themselves readily available for interviews, facilitating access for the Ombudsman to all SSHS physical facilities and assisting in coordinating meetings with staff and physicians. Management continues to provide all requested information in complete and unedited fashion.

The Ombudsman continues to review the elements of the operation of SSHS with respect to the delivery of care and the necessary support fundamentals to ensure quality of service.

Background and Current Operations Overview.

On May 29, 2013 (the "Petition Date") the Debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors remain in possession of their assets and continue to manage their businesses as debtors-in-possession in a manner consistent with their historical delivery of healthcare services.

On or about May 29, 2013, an asset purchase agreement was executed between affiliates of Montefiore Medical Center (collectively, "Montefiore") and the Debtors, providing for the sale to Montefiore of substantially all of the Debtors' real property and operating assets.

The stated goal of SSHS in pursuing the proposed sale is maintenance of SSHS' not-for-profit mission and the provision of healthcare to the underserved communities it has traditionally served.

Through its combined facilities and programs, SSHS provides a range of medical and related services, including orthopedic surgery, emergency services, wound care, behavioral health, pediatrics, OB/GYN, continuing care facilities and programs, designated inpatient and ambulatory services to various departments of correction, a nursing home and community care clinics providing primary care services. SSHS is affiliated with the New York College of Medicine and provides a teaching environment in multiple disciplines to the community and its patients.

As a large “safety net” provider for southern Westchester County, SSHS serves a significant Medicaid and uninsured population.

Service volumes throughout SSHS were approximately 13,000 discharges, 55,000 emergency department visits and 60,000 clinic visits for calendar 2012.

Approximately 2,000 individuals were employed by SSHS on the Petition Date, and 165 physicians were affiliated with SSHS.

The operating loss in 2012 was \$16.35 million, including extraordinary items, and for 2011 the operating loss was \$9.9 million.

SSHS

SSHS was formed in 1997, joining together three affiliated healthcare institutions to create one of the largest regional healthcare systems between New York City and Albany. SSHS’ umbrella covered SSMC, MVH and the Nursing Home.

SSMC

A significant portion of the Debtors’ core business is centered on SSMC. This is a 242-bed community teaching hospital, offering primary, acute, emergency and long-term care to the residents of southern Westchester County. It is home to a comprehensive orthopedic program and stroke and bariatric centers. SSMC also provides level three perinatal services. SSMC has 1,236 employees.

MVH

MVH is a 176-bed acute general hospital. MVH operates the Dorothea Hopfer School of Nursing, chartered in New York State in 1901. Founded in 1891, MVH provides a full range of diagnostic and therapeutic medical and surgical services. MVH has a broad spectrum of specialty programs, including twenty-five ambulatory clinics providing both primary and specialty care. MVH offers comprehensive inpatient and outpatient behavioral health programs. MVH also offers

comprehensive and advanced wound treatment programs. In addition, MVH provides an active methadone treatment program. MVH employs 590 individuals.

Nursing Home

The Nursing Home is a 150-bed comprehensive facility, offering short-term rehabilitation/sub-acute care and skilled long-term care. It was established in 1971. SECC dedicates 100 beds to long-term skilled care and 50 beds to comprehensive short-term rehabilitation/sub-acute care. It employs 160 people.

Finances

As noted, the Debtors provide significant care to a large Medicaid and uninsured population. SSHS is a designated New York State safety net provider. SSHS provided over \$22.3 million in charitable care in 2011.

SSHS has been faced with financial pressures caused by reductions in Medicare and Medicaid reimbursement, declining indigent pool payments and changing demographics in the patient populations served by it. In addition SSHS has been faced with increasing competition from other regional healthcare providers.

Beginning in 2006 and increasing in each subsequent year, SSHS experienced a decline in patient volumes as well as declines in acuity of case mix. As a result, operating revenues decreased, leading to significant losses over the years preceding the Chapter 11 filings. Cash accounts became negative and payables exceeded 225 days. With a significant portion of its assets liened, SSHS had difficulty securing sufficient working capital financing to support continued operations. The Debtors restructured in 2008, reducing their unsecured indebtedness by more than \$20 million. In 2011 SSHS implemented an electronic medical record and billing system which was hoped would increase revenue. Conversion problems and delays in billing and collections only exacerbated the issues and threatened the viability of SSHS. Solutions to these problems increased costs and resulted in limited improvements. Liquidity became, once again, a major issue. Trade creditors became frustrated, creating problems in acquisition of needed material

and threatening patient services. During this timeframe, volumes continued to decline while the costs of operating increased.

As the financial condition of SSHS continued to deteriorate, SSHS sought a buyer acceptable to the New York State Department of Health. Westchester County Health Care Corporation appeared poised to become the acquirer, but the parties were unable to finalize the transaction. Montefiore was then re-approached and an agreement was reached. In connection with the agreement, the Debtors were to file Chapter 11 petitions.

The Ombudsman has reviewed the cash flow projections for the immediate future through November 15, 2013 with Management and the Debtors' advisors. Based on the cash flow projections, the Ombudsman is concerned, that should the Debtors not be able to complete the sale and transfer of SSHS to Montefiore within the timeframe currently envisioned, SSHS may be faced with a significant liquidity issue which would threaten the provision of care to the populations served by SSHS.

II. The Monitoring Process

Review of the systems and processes currently utilized by the Debtors to measure and monitor quality in their operations.

It remains essential that SSHS' systems currently utilized to monitor and measure quality of care delivered to patients are appropriate and functioning as designed. These systems provide daily indication that the services provided to patients are meeting the standards established by various external agencies as well as those developed by the hospital industry and the institution itself. These systems help to ensure that the entire organization is operating in an integrated and appropriate fashion on a day-to-day basis. If quality of care were to begin to deteriorate and if these systems are functioning properly, they would provide the early warning signs that a problem exists. This would enable everyone responsible for ensuring the quality of care to undertake the necessary actions to protect patients' interests.

Given time and financial constraints, an Ombudsman can test only a limited number of variables at any point in time. Areas covered in such a review include the following:

1. Review of Joint Commission Report on Accreditation;
2. Review of the State of New York Department of Health regulatory findings;
3. Review of the Risk Management process and findings and of occurrence reporting;
4. Review of the Performance Improvement Process to include problem identification, process of review and approval, implementation and measurement of success, benchmarking, reporting and communication, and the use of the JCAHO tracer methodology;
5. Infection control monitoring review;
6. Medication monitoring review;
7. Review of Patient Satisfaction;
8. Review of Health Information Management;
9. Review of Patient Safety
10. An examination of morbidity and mortality reviews;
11. Review of physician and licensed personnel credentialing and re-credentialing.

III. Review of Activities and Findings for the Above Systems and Processes.

1. Review of Joint Commission Report on Accreditation. As noted in the prior Report, the Ombudsman reviewed the most recent findings for SSMC and MVH from the surveys conducted by The Joint Commission at each institution from March 5 through March 7, 2013, as well as the responses. Confirmation of full accreditation was sent by The Joint Commission on June 3 and June 13, 2013.

Survey deficiency findings for SSMC were similar to those in many other institutions and reflect no greater prevalence or severity than in other institutions of similar size and service mix. These included credentialing of physicians, both in general and during disaster situations, fire, emergency power and patient safety, hemodialysis pH testing policies and

procedures, maintenance of proper air pressure to reduce cross contamination risk, maintenance of control procedures and documentation to ensure proper infection control, required monitoring of contract services, cleanliness and other environment of care issues, pharmaceutical storage and preparation, reassessment for pain and pain management, and proper medical record documentation and policies and procedures related to timely completion of medical records. It was noted that corrective actions were taken and were accepted by The Joint Commission.

Survey findings for MVH also included credentialing physicians, both in general and during disaster situations, maintenance of proper air pressure to reduce cross contamination risk, environment of care issues such as cleanliness, storage of medical gasses and dietary temperature verification, maintenance of required personnel licenses, maintenance of control procedures and documentation to ensure proper infection control, fire and patient safety, proper medical record documentation and policies and procedures related to timely completion of medical records, including compliance with the standards for delinquent charts, pharmaceutical storage and preparation, nursing care plans and documentation of proper temperature for tissue storage.

The survey deficiency findings for MVH were also similar to those in many other institutions and reflect no greater prevalence or severity than in other institutions of similar size and service mix. It was noted that corrective actions were taken and were accepted by The Joint Commission.

Behavioral Health Care Accreditation for MVH was received on November 6, 2012 and was resurveyed as part of the full survey process conducted from March 5 through March 7, 2013, with notification of accreditation on June 3, 2013. Survey findings included recommended improvements in maintenance of a specific building, credentialing elements, continuing education documentation, the utilization of proper protocols in medical record documentation, care plan and progress note issues, ACT team participation requirements, and medication management. Corrective actions were undertaken and were accepted by The Joint Commission.

The Joint Commission Laboratory Accreditation survey for MVH was conducted on May 30 and 31, 2012 and Accreditation was received on June 1, 2012. Findings from the survey included quality confirmation, proficiency testing, blood gas correlations, policies and procedures for returning blood products, reporting transfusion reactions, verifications and notification of exposure to infectious material. The Joint Commission accepted all of the corrective actions undertaken by MVH.

In addition SSHS received Disease Specific Care Certification on December 20, 2012 in Joint Replacement – Hip and Knee from The Joint Commission. The survey cited no deficiencies

The Ombudsman continues to monitor each of the hospital entities' efforts to continue to meet the requirements of The Joint Commission.

The Nursing Home is not Joint Commission accredited.

Ombudsman Conclusion: In the opinion of the Ombudsman, these issues are being managed appropriately and reflect no specific decline in patient care as of the dates referenced above.

Future Ombudsman Action: The Ombudsman will continue to review the issues noted through The Joint Commission accreditation process to determine whether any of the issues cited pose a threat to the quality of services delivered by SSHS.

2. Review of the State of New York Department of Health regulatory findings. Neither of the hospital entities received reviews from the New York State Department of Health, except for the behavioral health operations, the substance abuse treatment programs and the New York Patient Occurrence Reporting and Tracking System ("NYPORTS") reports.

The annual New York State Department of Health survey of the Nursing Home was conducted on January 9, 2013. SECC submitted its Plan of Correction for the Statement of Deficiencies on February 4, 2013 and acceptance of the Plan of Correction occurred on February 6, 2013. Noted in the survey were issues with environment of care cleanliness, fire,

building, dietary and resident safety, pharmaceutical management, medication administration and emergency power and lighting. The annual New York State Department of Health 2012 survey, Statement of Deficiencies, Plan of Correction and acceptance by the State of New York Department of Health were also reviewed. This survey cited issues in care planning, environment of care housekeeping and general maintenance, nutritional and weight loss management and documentation, dietary operational issues, medication administration, pharmaceutical management, care planning for both nursing and physicians and Quality Assurance planning and activity. The State of New York and the federal government, through CMS, have indicated that SECC must address the lack of sprinklers for fire protection. The deadline for addressing the matter was on or about August 15, 2013. Due to the severe financial distress of SSHS, SECC was unable to address this requirement to install a fire sprinkler system. SSHS has contacted CMS to notify the agency of the issues and to explain that the organization is in Chapter 11 and is about to be acquired by Montefiore.

The Ombudsman continues to monitor the issues addressed in SECC's Plan of Correction for continued compliance.

During this reporting period SECC received no communications regarding its request for an extension to comply with the sprinkler installation requirements cited by CMS.

The Department of Health has continued to communicate with SECC over a number of complaint reviews, but SECC has received no documentation of any findings related to these reviews.

Ombudsman Conclusion: The Ombudsman's review of the Department of Health survey results indicated that SSHS was taking those actions necessary to address cited issues, recognizing the financial constraints faced by the organization and its consequent inability to install a sprinkler system.

Future Ombudsman Action: The Ombudsman will continue to review compliance with various governmental standards and requirements of the New York State Department of Health.

3. Review of Risk Management. During this second reporting cycle, Risk Management was again reviewed by the Ombudsman, including interviews with those responsible for the risk management for each institution. In addition, the Ombudsman received an overview of potential professional liability exposure in relation to the crafting of the proposed mandatory claims management process. The process for identifying and ranking risks was again reviewed, as were the tracking notification and integration with the performance improvement/quality improvement processes. Risk management was also reviewed as a function of the regulatory review, Infection Control review, Quality Assurance/Performance Improvement and governance process review. NYPORTS reports for 2013 were reviewed. All findings identified were addressed appropriately. The Ombudsman has also reviewed with Debtors' counsel the universe of potential risk events as part of the review process conducted in determining the proposed mandatory claims processing process.

Ombudsman Conclusion: The materials reviewed and interviews conducted appear to demonstrate a thorough approach to the management of areas in which information utilized in risk management originates.

Future Ombudsman Action: The Ombudsman will continue to review the SSHS risk management process during future reporting periods.

4. Review of the Performance Improvement Process. The Ombudsman, during this second reporting period, continued to review the quality monitoring and management for SSMC, MVH and SECC.

As part of this process, Quality Improvement data through July 2013 was reviewed by the Ombudsman for SECC, SSMC and MVH. The review continued to provide a thorough overview of reportable incidents, external evaluations, departmental quality improvement initiatives, medical staff quality and infection control.

Quality Improvement findings reviewed for SSMC included the Emergency Department, Medical Staff, Anesthesia Services, the Department of Surgery and Infection Control.

For SECC Quality Improvement review included participation in the regularly scheduled Pharmacy QI meeting.

The review of Quality Improvement for MVH focused on the response to the A/C problem, reviewed under Patient Safety, problems with a computer server crash in the Methadone treatment program and equipment problems in the ACT program. The organization response to these problems was reviewed as a measure of quality management and demonstrated that Management handles such issues in a satisfactory manner. None of these specific problems, based on the information reviewed by the Ombudsman, were a direct result of the bankruptcy, although deferred maintenance and the financial restrictions created by SSHS's problems may well have contributed to the difficulties.

SECC Resident Council minutes of the meeting in July 2013 were reviewed with Management for issues of quality. The Ombudsman reviewed the Management Scorecard for July 2013. The Ombudsman also reviewed the SECC events and complaints since the last Report. All issues were managed appropriately.

Ombudsman Conclusion: As noted in the prior Report, the Quality Assurance/Performance Improvement Plan and Program demonstrates a thorough and well-structured process. SSHS appears to have an appropriate approach for identifying issues, gathering information, formulating plans to address needed improvements, implementing those plans and reviewing and monitoring results. As noted previously, certain pre-existing issues, however, have not been fully addressed because of SSHS' financial condition and bankruptcy filings.

Future Ombudsman Action: The Ombudsman will continue to review the Quality Assurance/Performance Improvement process to ensure continued maintenance of that effort.

5. Infection Control. Each of the entities, SSMC, MVH and SECC, appear to have well-structured, functioning infection control programs.

Infection rates for SSMC were reviewed for 2012 and for the first and second quarter of 2013. The data is reported monthly. Nosocomial (i.e., hospital-acquired) infection, including surgical infection rates, remain low, below New York State averages. The Performance Im-

provement process had identified some issues, as noted. The record reflects that the identified issues continue to be addressed appropriately.

Infection control for MVH was again reviewed. As with SSMC, infection rates were below anticipated benchmarks and New York State averages. This continues to include Central Line Infections and C-difficile.

The Infection Control program for SECC was also reviewed. Data for July 2013 was reviewed. The rate of infections remains quite low at 2.2%. No new C-difficile infections were identified. The Nursing Home did experience a norovirus outbreak in 2013. There were a total of only 14 residents involved as a result of the swift action by nursing and other staff. There have been no new outbreaks. SECC continues to deal with the standard infection issues faced by all nursing homes, including upper respiratory, skin/wound and urinary tract infections. Weekly wound infection reviews were conducted during the Ombudsman's most recent site visit. SECC's reports and efforts such as weekly review of wound infections appear to indicate timely and thorough intervention.

Ombudsman Conclusion: The general infection rate is similar to, or better than, that found in similar institutions and is a good indicator that quality care is provided by the Debtors.

Future Ombudsman Action: The Ombudsman will continue to monitor the Infection Control process.

6. Medication Administration and Pharmacy Review. The pharmacy operations and medication administration processes at MVH were reviewed during this reporting cycle in addition to an examination of medication administration and pharmacy conducted through the review of the Quality Improvement/Performance Improvement process.

The SSMC pharmacy was reviewed in depth with the Director, Assistant Director and Pharmacy Purchasing Director during the prior reporting period. Additional pharmacy staff participated in that review during the tour of the operation. All required licenses and certifications were current. Noted were a number of issues related to shortages of certain pharmaceuticals, including the routine screening test for tuberculosis. These shortages are not a function of the financial condition of SSHS or a result of the bankruptcy. Rather, they are re-

flective of the problems at the national level with shortages of available medicines and testing kits. Noted too were reviews of medication errors and medication administration process problems. The SSMC Quality Improvement program also reflected a specific in-depth review of the use of antibiotics through the organization's Antibiotic Stewardship Program, which is designed to maximize the use of the proper antibiotic in the proper manner. The matters reviewed appeared to have been addressed in an appropriate manner. Review during this reporting cycle included examination of the medication storage areas on various nursing units and review of documentation in patients' records.

SSMC pharmacy and medication administration were also reviewed through the review of the Quality Improvement process, the tours of the medication storage and process, the tours of nursing units and the review of medical records.

The SECC medication administration process was again reviewed by the Ombudsman through a combination of medical record review and unit tours, including medication storage and dispensary locations on the nursing units. The Ombudsman attended the monthly Pharmacy Quality Improvement for the month of September 2013. Utilization of the appropriate antibiotic, identified infections and treatments, and the formulary were reviewed.

Ombudsman Conclusion: There were no quality issues that did not appear to be appropriately addressed.

Future Ombudsman Action: The Ombudsman will continue to review medication administration and pharmacy operations.

7. Review of Health Information Management. Health Information Management and the management of patient records are consolidated within the organizational structure of SSHS. Each of the facilities, SSMC, MVH and SECC, faces the normal medical records issues addressed by most healthcare institutions, such as timely completion, compliance with documentation requirements, and signatures. There is adequate evidence that, through the Quality Improvement/Performance Improvement Process, the issues identified are being addressed in an appropriate manner.

As noted in the prior report, of greater concern for the Ombudsman is that there are varying approaches to medical records in SSMC and MVH. In addition, there are certain programs housed within the facilities that are independent corporate entities. These programs maintain their own separate medical records for certain types of care. A number of departmental operations of SSMC and MVH maintain separate medical records that, based on the information provided to the Ombudsman, are never consolidated into the organization's master medical record for each patient. In certain cases, medical record information in the form of images is not preserved and maintained in an organized fashion. SSHS also stores records at remote locations with approximately six different vendors. Lastly, SSHS has various electronic records, some of which are consolidated in the SSHS electronic health record and some of which are maintained separately.

Partly because of the complexity of SSHS's health information maintenance systems, the parameters of the types and amount of patient information being acquired by Montefiore have changed on more than one occasion subsequent to execution of the asset purchase agreement.

Most recently, on October 18, 2013, the Ombudsman was informed of new parameters which may bifurcate patients' information so that a single patient's information, after the closing, may be owned by separate entities (i.e., SSHS and Montefiore) and will be maintained in different locations. As the Ombudsman understands it, the bifurcation would apply even to the patient information of very recent patients. Because obtaining access to a patient's complete record may, as a result, be slow and cumbersome, the Ombudsman may have some concerns. He intends to seek clarification of the proposed arrangements during his visit to SSHS on or about October 22, 2013.

Ombudsman Conclusion: The possible bifurcation of medical records could pose problems for patients and their physicians. In any event, SSHS must continue as quickly as possible its concerted effort to formulate and implement its processes for the orderly disposition of medical records.

Future Ombudsman Action: The Ombudsman must obtain clarification and

amplification of the new patient record parameters of which he was informed on October 18, 2013. He will monitor and work with the Debtors to confirm that this issue has been thoroughly addressed and resolved in an adequate manner for patients.

8. Review of Patient Safety. The Ombudsman again reviewed patient safety for each of the organizations through a combination of the examination of external reviewing agency reports, the review of the Quality Improvement Program process and documentation, and tours of SSMC, MVH and SECC. The NYPORTS reports were reviewed at each of the organizations.

SSMC continues regularly to review fall prevention, use of restraints, medication administration, infection control, accidents and events, and fire and life safety requirements. The tour of SSMC revealed a number of minor facility issues, which were discussed with Management.

Of special note has been inadequate environmental control in the Nuclear Medicine Imaging area. The inability to control the temperature on days when the temperature is high has resulted in the nuclear cameras not being functional, thereby requiring any patient needing a nuclear scan to have the procedure delayed until the camera is able to function or, in the alternative, to be transferred to another facility providing nuclear imaging, generally MVH. This problem preceded the bankruptcy and had not been addressed because of lack of funds. Since the Petition Date, the funds availability issue remained the primary reason for the delay in addressing the problem. During the most recent site visit, however, the Ombudsman verified that the environmental control problem in Nuclear Medicine had been corrected. A problem with adequate environmental control persists in the space adjacent to the actual diagnostic camera suites but does not directly inhibit the utilization of the gamma camera. Management has indicated that it is working on a solution to this problem. A number of minor fire safety matters were addressed with Management.

MVH reviews potential patient safety issues in the same manner as SSMC, including safety/fire drills and environmental rounds. The tour of the facility revealed a number of safety/security issues. Because of reductions in the volume of business and deferred maintenance at MVH, there are a number of areas in the facility which are no longer utilized. These

areas pose specific hazards for patients, visitors and staff. Discussions were held with management regarding various approaches to improve security and safety in these areas of the facility. Management has initiated a program to develop an approach to address the Ombudsman's concerns. These matters were again reviewed with Management. Certain areas still require additional attention.

MVH is an older facility, with parts of its building constructed of wood. Management is aware that the sprinkler system requires updating and expansion to address this risk exposure. The difficult financial situation and bankruptcy have prevented SSHS from taking action. Management, with the approval of the Department of Health, has taken specific interim steps to mitigate the risk.

Management is also aware that there are a number of roofing problems at MVH, which result in leaks. As with the sprinkler matter, because of SSHS' financial problems, only limited remedial steps have been taken to address the problem. These efforts have enjoyed only limited success.

It was also noted that the three refrigeration units in the Dietary Department of MVH were out of service. This is not creating a direct risk for patients. However, as a result, food is being stored in conditions that are not ideal. Two of the refrigeration units have been repaired, providing for adequate separation of food types.

During the Ombudsman's most recent visit, MVH experienced a partial failure in its air conditioning system. This emergency demonstrated the effectiveness of MVH's disaster preparedness programs. Immediate steps were undertaken to limit the impact on patients and on the hospital's routine functions. A temporary A/C system was installed and became operational in less than 24 hours and cooling returned to all affected parts of the MVH buildings. This entire problem and resulting approach to address the issue were well managed.

Within the Nursing Home, a review of falls, events and life safety was again conducted. The Ombudsman toured the facility. Many of the identified minor fire safety issues noted in the prior report had been addressed. Certain issues, including wooden doors which can be difficult to open and close, and, as noted, certain areas that are in need of sprinklers will re-

quire substantial capital commitments and have been deferred pending the closing of the sale and transfer of operations to Montefiore. All the issues were discussed with Management. Noted above is the sprinkler issue for SECC, which cannot be resolved at this time.

Ombudsman Conclusion: SSHS remains aware of each of the issues noted and is preparing to take steps to mitigate any potential threat to the safety of patients, visitors and staff. Neither issue individually nor in the aggregate poses, in the opinion of the Ombudsman based on his review, an immediate jeopardy.

Future Ombudsman Action: Patient Safety will continue to be monitored.

9. Morbidity and Mortality Reviews. The Ombudsman reviewed the Morbidity and Mortality review process and findings for through the second calendar quarter of 2013 (i.e., internal reviews of “bad outcomes”) as well as the credentialing and re-credentialing of licensed providers. For SSMC, this included 11 cases. Morbidity and Mortality issues were also reviewed through review of the Minutes of the Boards of Trustees, of The Joint Conference Committees and of the Quality Improvement Committees for each of the organizations. No areas of significant concern were uncovered.

Future Ombudsman Action: Morbidity and Mortality reviews at the medical service level and credentialing and re-credentialing of licensed providers will be conducted during the next reporting period.

IV. Review of Departmental Operations

Laboratory – The laboratory at SSMC is reviewed and certified by the College of American Pathologists (CAP). Certification under CAP is the most rigorous of the certification processes. SSMC’s CAP certification is current. This laboratory was reviewed for the prior Report.

As noted in the prior Report, in conversations with the Laboratory Administrative Director and senior management staff, the Ombudsman noted that the slides and paraffin blocks currently storage by the laboratory must be addressed as part of the medical records transfer and retention

process required as a byproduct of the sale to Montefiore. The group addressing the entire medical records custody process has been made aware of the issues related to the storage, retrieval and custody of the material in the laboratories of both hospitals, and this group is addressing these matters.

The laboratory operation at MVH was not specifically reviewed for this Report. MVH laboratory operations were examined during this reporting cycle through the institution's QI/PI process and the review of patient records.

Radiology – The Ombudsman reviewed the Department of Radiology at SSMC again with the Administrative Director of Radiology. As noted in the Patient Safety section of this Report, the Nuclear Medicine Imaging services were not in operation at the time of the Ombudsman's tour of the Department because of difficulties with control temperature at the required levels to support equipment function. This issue had been causing delays in serving patients or, as the case may be, the transfer of patients, primarily to MVH, to facilitate their examinations. As noted, this problem has been addressed. The adjacent space continues to experience problems with heat during periods of high ambient temperatures, but this is not impeding the care of SSMC patients.

Since radiological films (records) are retained for storage by the Radiology Department and, in certain cases in other areas such as the Breast Center and Surgical Departments, and not as part of the main medical record storage program, the Ombudsman reviewed the impending issues regarding retention and access to patient-specific medical information and records. It was noted that images obtained in Surgery and in the Special Procedures suite are not retained. During this review period it was also noted that examinations conducted in the special procedures suites also have issues with image retention. The Administrative Director of Radiology indicated that Montefiore has been made aware of these matters as part of the due diligence process. The Administrative Director also noted that the group working on the issues related to medical records custody has been briefed on the issues.

The Ombudsman met with the Administrative Director of the Radiology Department at MVH. Although the Ombudsman was informed that all images are ultimately stored in the Radi-

ology Department, images obtained utilizing a C-arm are initially stored in Surgery and in certain case, are not printed or retained. This information has been provided to Montefiore and to the group working on the medical records custody issues.

The Ombudsman became aware of an additional issue within the Radiology Department at MVH. The Ombudsman was informed that only one ultrasound machine is currently functioning at MVH. This machine is quite old and is not capable producing diagnostic quality images for breast, kidneys and certain vascular problems. MVH has explored upgrading this machine but, given its age, that is not an alternative. This does present a quality problem for MVH.

Dietary/Food Services – Food service management is contracted with the same vendor for SSMC/SECC and MVH.

During the prior reporting period, the Ombudsman noted issues with fire safety and refrigeration at both the SSMC and MVH facilities. These matters have been addressed.

The issues with refrigeration and safety were addressed above.

Nursing – The Ombudsman reviewed nursing services in SSMC, MVH and SECC. The reviews consisted of tours of various nursing units and a review of medical records.

The review of nursing operations and issues demonstrated no retention issues or other problems in meeting staffing needs at any of the facilities.

There was no new information received regarding the status of the School of Nursing at the time of the Ombudsman's last visit.

Dialysis and Hyperbaric Medicine - Dialysis and hyperbaric medicine are provided through independent contractors. The dialysis services were reviewed through the Quality Improvement review process to determine if those items cited by The Joint Commission remain at or above required standards. No negative findings were noted. The medical records matters are being coordinated through the group working on these issues.

Methadone Clinic – The Methadone clinic operation was reviewed with the Clinic Director.

Certain minor problems were identified that predate the filing of the Chapter 11 but which have not been addressed post-petition. The AVP for Quality Improvement/Risk Management was to address the matters in conjunction with the Clinic Director. These issues have now been addressed. As noted above, the Methadone clinic suffered a computer server failure. Staff utilized their disaster preparedness preparation and training to deal with the problem with no interruption of service.

Assertive Community Treatment ("ACT") Clinic – The ACT Clinic, a division of the behavioral medicine program serving outpatients, was reviewed with the Interim Medical Director. The program has gone through considerable transition since receiving The Joint Commission survey findings. SSHS recruited a full-time Medical Director for the program. The program continues to have some minor issues related to support equipment, which the MVH Chief Executive Officer and AVP for Quality Improvement/Risk Management are addressing.

SECC - The Ombudsman also toured and reviewed the Nursing Home. This tour and review included each of the resident care units, both long-term and short-term rehabilitation. In addition, the inspection included the pharmacy, as noted previously in the Report, as well as physical and occupation therapy. The therapeutic recreational program was also reviewed.

Human Resources - In SSMC, SECC and MVH, the human resource function was reviewed. There were no changes as a result of the bankruptcy.

V. Staff Interviews

Staff interviews were conducted by utilizing an informal approach throughout each of the institutions during the tours of the various facilities. No staff or supervisory personnel interviewed indicated they were having difficulty obtaining supplies or needed support. Staff and supervisors indicated that any specific staffing problems were not related to the bankruptcy. Staffing concerns which were expressed related to specific issues and to certain specific categories of per-

sonnel for whom shortages exist on a national or regional level. Staff concerns continue to be centered on the impact of the acquisition of SSHS by Montefiore, including ramifications for their department and themselves. During this most recent site visit to each of the facilities, concerns continued to be expressed by staff regarding the need for additional information about elements of the bankruptcy process which are perceived to impact staff. In addition, some employees continued to indicate that they thought SSHS was beginning to experience increased requests for use of Paid Time Off and call-ins by employees in order to reduce their banks of vacation. The Ombudsman was still unable to confirm this.

VI. Medical Staff Interviews

The Ombudsman met with the medical directors for each of the institutions. The Medical Director for SSMC noted no significant changes in medical staff activity since the Ombudsman's last visit. Certain physicians remain uncertain as to the impact on their practice of the acquisition by Montefiore. Discussed also was the standard for confirming signatures for certain entries in the patients' medical records by physicians in training. Lastly, the issues contained in a motion regarding existing contracts filed by one of the medical groups providing care at SSMC were reviewed. The Medical Director felt it had no immediate impact on SSMC and that the issues would be resolved prior to the sale and transfer.

The Medical Director for MVH expressed questions similar to the matters of interest for staff in general regarding what changes might occur as a result of Montefiore's acquisition of SSHS. This conversation also included a review of required attending physician confirmation of services provided by physicians in training.

The Medical Director for SECC again reviewed at some length what could happen as Montefiore assumed control of SSHS, since Montefiore does not have a long-term care component to its current operation. He and others are still not sure of the commitment Montefiore will have regarding of long-term care as a component of the services Montefiore will offer to the communities it serves.

Various other medical staff members from SSMC and MVH were interviewed informally

during the tours and expressed positive feeling regarding the sale, questions as to how Montefiore would handle existing Medical Staff relationships and general questions regarding the bankruptcy process.

VII. Patient/Resident Interviews

Formal patient interviews were conducted during this reporting cycle with patients/residents at each of the facilities. The Ombudsman explored each interviewee's feelings regarding the care and service they received. The Ombudsman elicited the perception of each patient regarding the information and communications he received about his care and the existence of any issues. Only positive responses were received.

VIII. Chart Review The Ombudsman conducted chart reviews of 3 patients' records at SSMC during his most recent site visit. The patient records at SSMC are in electronic format. Certain elements of the records such as the consent and actual advance directives are maintained as paper in addition to any reports or consultations provided by outside providers. The charts were selected from active records to enable the Ombudsman to develop an understanding of the electronic health record currently utilized at SSMC. There were no adverse findings.

Four SECC records were reviewed during this reporting cycle. The records were thorough and reflected good documentation. There were no negative findings.

Two records from MVH were reviewed during the most recent site visit. These records, as with those at SSMC were electronic in format and rely on paper copies for the same record elements noted above. The records were well documented and very thorough. No issues were identified.

Future Ombudsman Action: Chart review will continue to be conducted during the next reporting period.

IX. Conclusion

This second Report is a summary of numerous interviews and document reviews conducted with SSHS' management at all levels and interviews with physicians, staff and patients. Management, physicians and staff remained cooperative in providing information, producing data and reports and responding to questions in an honest and open fashion. The Ombudsman has made a best effort, within the time constraints, to conduct a comprehensive review and assessment of the quality of care at SSHS.

Management at various levels of SSHS was provided with oral summations of the Ombudsman's site visits as part of the site visit process.

As noted both in the prior Report and again in this Report, the Ombudsman determined that there are some issues, as described above, with patient safety and security in the unoccupied units at MVH which could pose a hazardous condition for patients, visitors and staff. Deferred maintenance at SSMC, MVH and SECC potentially impacts adversely the quality of care and patient safety and security. There are certain equipment issues which may negatively impact the quality of care provided by SSHS. These issues as well as the preparation for the ultimate disposition of medical records cause the Ombudsman concern. These issues have all been discussed with the Debtors' Management and their advisors.

It is the opinion of the Ombudsman, after careful and thorough review and a weighing of all considerations, that the quality of care provided by SSHS within the areas reviewed is adequate and appropriate.

/s/ Daniel T. McMurray
Daniel T. McMurray, as Patient Care Ombudsman in the Above-Captioned Cases.