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**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
LOS ANGELES DIVISION**

In re: ) Lead Case No.: 2:18-bk-20151-ER

**VERITY HEALTH SYSTEM OF  
CALIFORNIA, INC. *et al.*,**

Debtor(s).

- ☐ Affects All Debtors  
☒ Affects Verity Health System of  
California, Inc.  
☒ Affects O'Connor Hospital  
☒ Affects Saint Louise Regional Hospital  
☒ Affects St. Francis Medical Center  
☒ Affects St. Vincent Medical Center  
☒ Affects Seton Medical Center  
☐ Affects O'Connor Hospital Foundation  
☐ Affects Saint Louise Regional Hospital  
Foundation  
☐ Affects St. Francis Medical Center of  
Lynwood Foundation  
☐ Affects St. Vincent Foundation  
☒ Affects St. Vincent Dialysis Center, Inc.  
☐ Affects Seton Medical Center  
Foundation  
☐ Affects Verity Business Services  
☒ Affects Verity Medical Foundation  
☐ Affects Verity Holdings, LLC  
☐ Affects De Paul Ventures, LLC  
☒ Affects De Paul Ventures – San Jose  
Dialysis, LLC

Debtors and Debtors In Possession

) Jointly Administered With:  
) Case No.: 2:18-bk-20162-ER;  
) Case No.: 2:18-bk-20163-ER;  
) Case No.: 2:18-bk-20164-ER;  
) Case No.: 2:18-bk-20165-ER;  
) Case No.: 2:18-bk-20167-ER;  
) Case No.: 2:18-bk-20168-ER;  
) Case No.: 2:18-bk-20169-ER;  
) Case No.: 2:18-bk-20171-ER;  
) Case No.: 2:18-bk-20172-ER;  
) Case No.: 2:18-bk-20173-ER;  
) Case No.: 2:18-bk-20175-ER;  
) Case No.: 2:18-bk-20176-ER;  
) Case No.: 2:18-bk-20178-ER;  
) Case No.: 2:18-bk-20179-ER;  
) Case No.: 2:18-bk-20180-ER;  
) Case No.: 2:18-bk-20181-ER  
  
) Chapter 11 Cases  
  
) **SUBMISSION OF FIRST REPORT BY  
PATIENT CARE OMBUDSMAN, JACOB  
NATHAN RUBIN, MD, FACC,  
PURSUANT TO 11 U.S.C. § 333(b)(2)**

[NO HEARING REQUIRED]



1 Jacob Nathan Rubin, MD, FAAC, the Patient Care Ombudsman (“PCO”) appointed under  
2 11 U.S.C. § 333 in the above-referenced chapter 11 bankruptcy cases of the affected debtors and  
3 debtors in possession (collectively, “Debtors”), hereby submits his first report (“Report”) to the  
4 Court pursuant to 11 U.S.C. § 333(b) regarding the quality of patient care provided to patients of  
5 the affected Debtors. The Report is hereby attached as Exhibit A.

6 Submitted by:

7 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.  
8

9 By: /s/ Ron Bender

10 RON BENDER

11 MONICA Y. KIM

Attorneys for Patient Care Ombudsman  
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OMBUDSMAN PURSUANT TO 11 U.S.C. § 333**

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**EXHIBIT A**

**IN RE VERITY HEALTH SYSTEMS, INC.**

**FIRST REPORT OF PATIENT CARE OMBUDSMAN**

**PURSUANT TO 11 U.S.C. § 333**

**I. PCO's APPOINTMENT AND SCOPE OF REVIEW**

The Debtors are health care businesses as defined under § 101(27)(A). The Court ordered the appointment of a PCO pursuant to 11 U.S.C. § 333 (a)(1) to monitor, and report to the Court, the quality of patient care provided by the Debtors. The PCO, whose appointment by the U.S. Trustee was approved by the Court, performed the duties described in 11 U.S.C. §333(b) and (c). The PCO performed these duties with the assistance of a Court approved, qualified employed expert, Dr. Timothy Stacy. Additionally, the Court approved counsel, Levene, Neale, Bender, Yoo & Brill L.L.P., to provide legal guidance to the PCO regarding the performance of his duties under the bankruptcy code.

The Report consists of the PCO's in-depth evaluation of each of the Debtors' health care facilities' (listed in Section II), ability to adhere to, and compliance with, the applicable medical standard of patient care as defined by the Institute of Medicine (IOM) (Medicare & Lohr, 1990b) during the bankruptcy proceedings. The Report includes a section that describes the specific medical standards and review criteria applied by the PCO to conduct his review (Section III). The Report thereafter describes in detail the results of the PCO's review for each specific facility (Section IV), and identifies global issues (Section V).

Subsequent to the PCO's initial evaluation as identified in the Report, the PCO will continue to perform contemporaneous monitoring of any issues identified pertaining to a specific Debtor entity and the global issues identified requiring Debtors' immediate attention, and as required by 11 U.S.C. § 333(b) and (c).

**II. VERITY SITES REVIEWED BY THE PCO**

Debtors operate six acute care hospital centers, three urgent care centers, one hemodialysis center, and 29 healthcare clinics with numerous service lines that serve multiple communities. Debtors' facilities are in multiple geographic areas in Northern, Central and Southern California. These include the following:

**A. HOSPITALS (6)**

St. Vincent's Medical Center

St. Francis Medical Center

O'Connor Hospital

St. Louise Regional Hospital

Seton Coastside

Seton Medical Center

**B. URGENT CARE CENTERS (3)**

Willow Glen urgent care

Santa Clara urgent care

De Paul urgent care

**C. DIALYSIS CENTER (1)**

St. Vincent's Dialysis Center

**D. VERITY MEDICAL FOUNDATION CLINICS (29)**

ACMG All Care Clinic

Center for Life, Children's Medical Associates

SJMG (San Jose Medical Group)

Good Samaritan Clinic

McKee Clinic

1 Morgan Hill Medical Associates  
2 Morgan Hill Pediatrics  
3 O'Connor General Surgery  
4 Willow Glen Clinic  
5 SOAR  
6 -Redwood Main campus  
7 -San Francisco  
8 -San Jose  
9  
10 1800 Sullivan Primary Care  
11 Gilroy Primary Care  
12 O'Connor Primary Care Clinic  
13 Samaritan ENT  
14 Santa Clara Family Medicine  
15 Seton Multispecialty Clinic  
16 Seton Oncology Daly City  
17 Seton Oncology San Francisco  
18 Seton Primary Care  
19 Breastlink  
20 -Laguna Hills  
21 -Newport Beach  
22 -Orange  
23 -Temecula Valley  
24 Comprehensive Surgical Associates  
25 South Gate OB GYN  
26  
27  
28



St. Vincent's Multispecialty

St. Vincent's Transplant SVT

### III. METHODOLOGY AND MEDICAL STANDARD APPLIED BY THE PCO

#### A. Quality of Care.

It is the responsibility of the PCO to evaluate the quality of care of Debtors' patients. As defined by the Institute of Medicine Committee,

**quality of care is the degree to which health services for individuals and populations increase the likelihood of desired health outcomes and are consistent with current professional knowledge.**<sup>2</sup> (Medicare, I. of M. (US) C. to D. a S. for Q. R. and A. in, & Lohr, K. N. (1990a). *Critical Attributes of Quality-of-Care Criteria and Standards*. National Academies Press (US). Retrieved from <https://www.ncbi.nlm.nih.gov/books/NBK235456/>) ("Medicare and Lohr")

Quality healthcare delivery requires technical proficiency, the means to deliver services correctly, the cognitive and communication skills necessary to elicit and evaluate needed information, and the ability to decide which mix of available services is most likely to achieve desired health outcome for patients. When these requirements are not met patients are at risk.

In order to evaluate the processes of the Debtors, the PCO surveyed and evaluated the critical systems in place to assess the Debtors' ability to provide the standard of care during the bankruptcy process. Elements of care delivery were evaluated against criteria that reflect professional standards of good quality care (and, increasingly, patient-oriented measures of satisfaction.)

Data about processes can be obtained in numerous ways. These include patient reports of care rendered, direct observation of care, review of medical records (or abstracts of records) and similar

---

<sup>2</sup> This definition has the following properties. It includes a measure of scale (...degree to which...); Encompasses a wide range of elements of care (...health services...); Identifies both individuals and populations as proper targets for quality assurance efforts; Is goal-oriented (...increase...desired health outcomes...); Recognizes a stochastic (random or probability) attribute of outcome but values the expected net benefit (...increase the likelihood of...); Underscores the importance of outcomes and links the process of health care with outcomes (health services...increase...outcomes). Highlights the importance of individual patients' and society's preferences and values and implies that those have been elicited (or acknowledged) and considered in health care decision making and policymaking (...desired health outcomes...); and Underscores the constraints placed on professional performance by the state of technical, medical, and scientific knowledge, implies that that state is dynamic, and implies that the health care provider is responsible for using the best knowledge base available consistent with current professional knowledge Medicare & Lohr, 1990b.

1 documents, and analysis of accreditation and monitoring agencies claims or other utilization data.

2 This review was conducted by the PCO.

3 The advantages of process-of-care evaluation are several. It has great appeal to practitioners  
4 because it is directly relates to what they do. It is easy to explain and to interpret the approach and  
5 its findings. Reliable, valid criteria and methods are available. In some cases, review of care against  
6 process criteria can be nearly “real time,” meaning that corrective actions can be very timely. Thus,  
7 process measurement can point directly to specific areas needing performance improvement, which  
8 is a fundamental aim of quality assurance. The PCO reviewed issues in real time with the Debtors  
9 to allow rapid discussion and problem solving as required.  
10

11 Hospitals are typically divided into services, each with clinical directors or department chiefs.  
12 Each department will have policies and procedures in addition to general hospital policies and  
13 procedures regarding professional and staff obligations and responsibilities. Policies and  
14 procedures are designed to protect hospital patients from medication errors, misidentification, and  
15 numerous other potentially adverse events. There are well-developed systems for documenting the  
16 course of patient care in medical records, for instance, nurses' notes, attending physicians' notes,  
17 operative notes, admission and discharge summaries, results, and interpretations of clinical tests,  
18 procedures, and examinations. Key leaders were interviewed by the PCO, and policies and  
19 procedures and resulting documentation were reviewed by the PCO.  
20

21 **B. Detection of Quality of Care.**

22 Quality assessment was accomplished through the PCO's review of governmental agency  
23 reports, along with the Debtors' own quality assurance program results.  
24

25 **C. Retrospective Evaluation of Process of Care.**

26 Retrospective review of records using explicit criteria is the classic approach to assessing  
27 quality in acute care settings using validated generic screening tools in retrospective review of  
28

1 processes and medical records. Medicare & Lohr, 1990c. The PCO examined old records to  
2 understand past concerns as an initial starting point.

3 **D. Case-Finding Screens.**

4 Real time case-finding screens include the evaluation of medical records as a starting point to  
5 identify potential quality-of-care problems that warrant further evaluation. These screens are  
6 objective, and often related to outcomes such as surgical complications. The PCO evaluated the  
7 charts of hospitalized patients.  
8

9 **E. Review for Urgent Care Facilities and Clinics.**

10 The urgent care facilities and the numerous clinics were reviewed with the following  
11 questions asked of the personnel, physicians and patients to determine the quality of current care,  
12 along with current and future patient safety:

- 13 1. Has the bankruptcy affected your ability to deliver quality care?  
14 2. What are the demographics of your patient population and their vulnerability?  
15 3. Where will patients be going and is their continuity of care protected?  
16 4. "Simply put, will your patients be okay?"  
17

18 **F. Documents Reviewed in Data Room (One Drive) and at Debtors' Locations.**

19 The following documents were included in the evaluation process:

20 BOARD of DIRECTORS MEETING

21 CALL PANEL

22 CDPH-California Department of Public Health reports

23 CMS-deemed status report

24 JOINT COMMISSION SURVEY

25 MEDICAL EXECUTIVE COMMITTEE (MEC)

26 MEDICAL STAFF BYLAWS  
27  
28

1 PHARMACY SHORTAGE

2 PROFESSIONAL LIABILITY (settled and pending)

3 QUALITY ASSURANCE PERFORMANCE IMPROVEMENT COMMITTEE

4 MINUTES

5 RISK MANAGEMENT DATA

6 VENDORS

7 LEAPFROG DATA

8  
9 These data room documents listed above were requested from Debtors and could only be  
10 reviewed in read-only format. Should any party or the Court wish to review the documents listed,  
11 this request must be made directly to the Debtors (other than CDPH and Leapfrog which are in the  
12 public domain).

13 **IV. REVIEW OF DEBTORS BY INDIVIDUAL LOCATION**

14 **A. HOSPITALS**

15 **1. St. Vincent's Medical Center**

16  
17 St. Vincent Medical Center is a 381-bed hospital in downtown Los Angeles, California. The  
18 hospital has multiple service lines including renal/pancreatic transplant with plans to start a liver  
19 transplant program soon. The Emergency Room opened three years ago to paramedic and walk in  
20 traffic serving mainly a vulnerable population of patients in the geographic catchment area. The  
21 Emergency Room admits approximately 930 patients per month. The average census of the hospital  
22 has dropped since the bankruptcy from on average of 200 to approximately 130 daily. The loss of  
23 patients was multifactorial. The loss of a high risk infected joint orthopedic specialist who stopped  
24 his practice to move to a professorship position at a local university based tertiary center was a  
25 large component of the decline in the census. In addition, the transitional care unit was destroyed by  
26 a flood that occurred in May 2018. Those patients were moved to local facilities. The Acute  
27  
28

1 Rehabilitation Unit (ARU) lost patients to a local hospital competitor which started a new ARU on  
2 site. This competitor historically sent qualified ARU patients to St. Vincent's ARU.

3 St. Vincent has a robust Quality Care monitoring system that reports to multiple committees  
4 including MEC and the Governing Board. A new system wide quality care program was recently  
5 instituted for the healthcare system. They received Governing Board Approval in September to  
6 institute and start the Quality Assurance Performance Improvement (QAPI) program.

7  
8 During the evaluation process we met with the following key positions: Chief of Staff, Dr. Sam  
9 Lu, CMO Dr. Jim Burrows, CNO Clarice Crossley, Deksha Taneja from Infection control, QI  
10 Director, Department heads of Emergency Department, Pharmacy, Radiology, Risk Management,  
11 Specialty Medical Clinic, Hemodialysis Center, Laboratory, Pathology, GI Lab and Operating  
12 Room. We met with and toured these departments with administration and the directors of each  
13 department.

14  
15 Three months of Quality Assurance/Quality Improvement committee data and minutes were  
16 reviewed. In addition, Governing Board and the Medical Executive Committee (MEC) minutes  
17 were reviewed.

18 Quality Metrics for each department and hospital were reviewed with administration without  
19 any significant findings.

20 **a. MEC, Medical Staff Bylaws, Governing Board, Quality Documents and Minutes.**

21 MEC, Medical Staff Bylaws, Governing Board Minutes and Quality documents are reports  
22 that tell a story about the past, present and future status of a hospital. These documents address  
23 issues, either positive or negative, regarding the financial status of the hospital, patient care related  
24 problems and programs, medical staff and nursing staff status, quality indicators and future  
25 projects. The committee's attendees are senior and midlevel administrative teams, senior physician  
26  
27  
28

1 committee chairmen and quality directors. The contents of these documents are a window into a  
2 hospitals' status on multiple levels. Below are significant findings from our visit.

- 3 • Reviewed the emergency room call panel for adequate coverage for  
4 interventional cardiology, cardiothoracic surgery, general surgery, ENT,  
5 neurology, neurosurgery, orthopedic surgery, and hospitalist medicine coverage.  
6 In review of the call panel records there is full coverage through October for all  
7 critical specialties related to support of patient care. In conversations with the  
8 CMO, Dr. James Burrows, he was able to confirm that there have been no  
9 resignations of the call panel physicians. In addition, he was able to support the  
10 governing board reference to payment to the call panel physicians that were in  
11 arrears. Moving forward, payments and a guarantee of coverage of critical  
12 specialties is assured.  
13

14 **b. Review: California Department of Public Health Reports 2014-present.**

15 The California Department of Public Health ("CDPH"), reports were reviewed from 2014-  
16 present. CDPH investigates all patient complaints as well as all mandated hospital self-reported  
17 complaints. All allegations and events from 2014-present were discussed with the hospital  
18 administration. The specifics of each case are a matter of public record and can be found on the  
19 CDPH web sites. Root Cause Analysis ("RCA"), and Sentinel Events were reviewed with CMO  
20 and the Quality Assurance director. There was no evidence of poor patient care. It was confirmed  
21 that corrective action has been taken or is in progress. We will continue to monitor the progress in  
22 subsequent visits along with all new CDPH reports as filed.  
23  
24

25 **c. Critical Vendor Evaluation**

26 The top 10 vendors were evaluated as listed by the hospital as critical to the delivery of  
27 patient care and performance of surgeries and other procedures. The top 10 critical vendors agreed  
28

1 to operate under normal terms, except for Stryker who shortened term limits of 20 days. All other  
2 vendors are currently providing services and providing equipment and services under the  
3 contractual agreements.

4 **d. Pharmacy Shortages**

5 All pharmacy shortages were reviewed and found to be unrelated to the bankruptcy or  
6 vendor contract termination. The shortages listed are consistent with national or local shortages in  
7 the community.  
8

9 **e. Joint Commission Accreditation Report, November 2, 2015, Unannounced Visit**

10 **Findings:**

- 11 • 482.42 condition of participation. During tracer activity in the endoscopy area the room  
12 used for performing bronchoscopy procedures had positive air pressure in relationship to the  
13 corridor and an adjacent room as assessed by the tissue flutter test. A portable HEPA filter  
14 unit was available in the room but not in use. The organization did not perform routine risk  
15 assessments for tuberculosis prior to performing bronchoscopy. In this room the pressure  
16 relationship was corrected and verifiable while the surveyors were on-site.  
17
- 18 • 482.41 observed during the building tour. A negative pressure flow from the materials  
19 management storeroom into the sterile material storeroom was noted. This was corrected  
20 during survey.
- 21 • 482.51 during tracer activities in the central sterile processing area. The procedures for  
22 high-level disinfection of instruments used in the operating room were reviewed. Positive  
23 controls during the quality assurance process were not appropriately used. Policy was in  
24 place during survey and corrected.
- 25 • 482.24. Observed an individual tracer at St. Vincent Medical Center in the emergency  
26 department. The medical record of a patient over 60 years old contained an entry in the pre-  
27  
28

1 anesthesia assessment that indicated the patient was less than five years old. In addition, a  
2 medical record of the patient who had received moderate sedation was reviewed. The  
3 organization utilizes the Aldrete score to assess the patient's condition following anesthesia,  
4 and the process included a comparison between the pre-sedation and post sedation scores.  
5 The organization's use of the modified Aldrete score for the pre-anesthesia assessment uses  
6 eight metrics with the maximum score of 16. A different Aldrete score for the post  
7 anesthesia assessment was used with five metrics with the maximum score of 10. The  
8 different scores rendered invalid any assessment of return to baseline. This was corrected  
9 during the survey.  
10

- 11 • 482.41. Observed during the building tour. The corridor of the fifth floor of the Doheny  
12 building contained a number of computers on wheels that were unattended and therefore  
13 obstructing the corridor. The corridor of the seventh floor of the main hospital building  
14 contained two vital sign monitors that were unattended and therefore obstructed the  
15 corridor. The floor scrubber was left unattended by the sixth floor exit stairwell, thereby  
16 obstructing the stairwell entrance. A "no exit" sign was not posted on stairway number 19,  
17 which is neither an exit nor access to an exit but may be mistaken for an exit even though  
18 the stairwell or stairway is posted for fire department use only. This was corrected during  
19 the survey. There was less than 18 inches or more of open space maintain below the  
20 sprinkler deflector to the top of the storage in the center of dietary storage room where a  
21 cutting board was placed directly under a sprinkler head.  
22
- 23 • 482.57. A patient on a ventilator in the intensive care unit was administered a propofol drip.  
24 The order was written to sedate the patient to an SAS level four. Seven days after the order  
25 was written, the patient was sedated to a level II, a deeper sedation level than the order  
26 specified.  
27  
28



- 1       • A crash cart located in the cancer treatment center had several supplies that were expired.  
2       The resuscitation equipment available for the operating room had a defibrillator with no  
3       paper for printing and recording the heart rhythm.
- 4       • During a record review on seventh floor, it was found that informed consents for dialysis  
5       and for a paracentesis procedure were both in English, even though there was documented  
6       evidence that the patient's preferred language was Spanish.
- 7       • Six floor medical surgical unit. The medical record of a patient who had received anesthesia  
8       for a surgical procedure was reviewed. The pre-anesthesia assessment in the electronic  
9       medical record was open prior to the procedure but was not completed and signed by the  
10      anesthesia provider until after the procedure had been completed, and the patient was  
11      recovering from anesthesia.
- 12     • During a record review of a patient in the interventional radiology suite, the surveyor was  
13      unable to find evidence of a completed airway assessment prior to the administration of  
14      sedation. The patient was in the procedure room at the time of the observation.
- 15     • Emergency department. The medical record of a patient who received moderate sedation  
16      was reviewed. The pre-anesthesia assessment did not contain ASA score as required by the  
17      organizations medical staff rules and regulations.
- 18     • Emergency department. The medical record of a patient who had received moderate  
19      sedation was reviewed. The pre-anesthesia assessment and electronic medical record was  
20      not completed and signed by the anesthesia provider until after the procedure had been  
21      completed, and the patient was in the recovery room.
- 22     • A patient in intensive care unit had soft restraints placed. A medical order for restraint use  
23      was written in 7 out of 9 days that the patient was in restraints.  
24  
25  
26  
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- 1 • During a tracer visit in the bronchoscopy procedure room, a stained ceiling tile was found.  
2 The staff reported the tile was a new one that had replaced the previously stained ceiling  
3 tile.
- 4 • During a tour of the joint replacement Institute, the room handle on the door to the room  
5 used to store patient x-rays was found to be locked but heavy tape was placed on the  
6 doorjamb to prevent the door room locking. The tape was removed during the survey.
- 7 • The corridor was obstructed more than 6 inches into the corridor by a water fountain located  
8 across from room 537.
- 9 • The bulletin board outside the nursing station on the fifth floor of the Doheny was  
10 susceptible to ignition.
- 11 • A multidose vial of lidocaine without epinephrine was labeled to expire 30 days after  
12 opening rather than 28 days per hospital policy and procedure.
- 13 • During individual tracer activity, the record of administration of potassium chloride  
14 intravenous infusion was reviewed. The order for the infusion was written in the early  
15 morning while the pharmacy was not staffed with a pharmacist. The night supervisor  
16 prepared the intravenous solution in a satellite pharmacy. The log in the pharmacy recorded  
17 the concentration of the added mixture but not the pharmaceutical added to the bag of  
18 normal saline.
- 19 • During review of patient record on the sixth floor medical surgical unit, an informed consent  
20 signed by the patient's niece was observed, but upon further review, it appeared that the  
21 patient was alert and oriented and able to make her own decisions about her care. There was  
22 no evidence in the record to indicate that the patient refused to sign the consent. There was  
23 also no evidence in the record indicate that the niece was legally authorized to represent the  
24 patient, per organizational policy.

1 In summary all of the deficiencies were either corrected while the surveyors were on-site, or  
2 actions taken to educate staff members or departments in the deficiency and corrective action was  
3 (should be were) performed to the satisfaction of the surveyor. We did not find any ongoing trends  
4 in the data reviewed and will continue to monitor.

5 **f. Lawsuits**

6 The following lawsuits were carefully reviewed for patient care trends, including:

- 7
- 8 • Alleged development of pressure ulcers during 40-day admission led to death several  
9 months later.
  - 10 • Lawsuit filed by the surviving daughter of the 77-year-old patient. He was admitted in  
11 critical condition and expire within days of admission. The family alleges St. Vincent's  
12 Medical Center took the patient off life support without permission and undertook efforts to  
13 have him prematurely discharged from the hospital. The allegations are unsupported.
  - 14 • Death of a patient with a tracheostomy tube, dislodged during positioning for hygiene  
15 session.
  - 16 • Patient in ER fell from gurney and fractured hip.
  - 17 • Postoperative patient fell from bed and fractured femur.
  - 18 • 81-year-old patient left room AMA and was found unresponsive in stairway CPR was  
19 performed but the patient expired.
  - 20 • Patient falls and then alleges x-rays of wrist and knee misread requiring additional  
21 treatment.
  - 22 • Patient found on floor with head injuries. Patient noted difficulty in tabulating after head  
23 injury sustained during fall.
  - 24
  - 25
  - 26
  - 27
  - 28

- 52-year-old male suffered from hearing loss was diagnosed with acoustic neuroma, Extensive research and multiple consultations with the codefendant surgeons apparently could not prevent hearing loss.
- Patient seen in the emergency department for removal of insect from ear; unclear as to negligence alleged.

Verity health systems closed 98 lawsuits from 2013 to present. We reviewed a spreadsheet of all lawsuits for any patterns or trends related to claims or complaints. No patterns or trends were identified.

**g. Individual Director and Chiefs of Services Interviews**

- Dr. Sam Lee, Chief of Staff, informed us that the vendors for orthopedics implants have improved since the filing of bankruptcy. He confirmed that ER call panel coverage has not been compromised by the bankruptcy, and critical specialty coverages remain intact. He reports that that nursing is fully staffed to accommodate patient care.
- Chief Nursing Officer Clarice Crossley. She confirmed that the hospital is fully staffed without any critical coverage shortages by nursing staff. The hospital is instituting a new graduate program with local schools. A new clinical nurse specialist to help with education and critical care was hired recently. The hospital reviewed union contracts with CNA to establish current pay rates and negotiated benefits as of December 22, 2017. She reports that retention rate for the nursing staff is high. Current plans are to institute care experience bundles with care path coordinators and navigators. Post fall huddle is in use after each fall sustained in the hospital, which has decreased falls hospital wide.
- Infection Control, Deksha. There are no issues with increase in MRSA isolation. Clostridium difficile methodology has changed from PCR to a more accurate methodology to appropriately identify colonized versus infectious states of Clostridium difficile. Central

1 Line acquired bacterial infections observed rates improved since techniques of identifying  
2 appropriate daily handling of central lines changed including reinstituting “scrub the hub”  
3 practice. Catheter associated urinary tract infection stats have improved since monitoring  
4 the removal of catheterizations done by nursing staff.

- 5 • Risk management Director, Gail. An in-depth review of all root cause analysis events were  
6 individually reviewed with the administrative staff and Gail. There were no consistent  
7 patterns identified during the evaluation that would impede current level of patient care.
- 8 • Quality Care Committee Meeting Minutes of 8/2018 were evaluated. The observed  
9 mortality rate was 2%.
- 10 • HCAHPS scores. The hospital is working toward processes to help identify weak areas of  
11 patient satisfaction.

#### 12 **h. Floor Tours**

- 13 • Spoke with Stella Javier in the operating room. She does not identify any patient related  
14 issues due to the bankruptcy. Vendors supply is adequate to perform procedures that were  
15 performed prior to bankruptcy filing.
- 16 • Spoke with Dr. Yetka, the emergency department physician on duty, who confirmed that the  
17 call panel has been responsive. He also notes that neurology and ENT are off call panel but  
18 continues to receive and take phone calls from the emergency department staff for  
19 neurological and ENT cases.
- 20 • The pharmacy director reports that shortages are consistent with geographic and nationwide  
21 shortages.
- 22 • The laboratory director, Mrs. Slowick, reports no patient care issues. The turnaround time  
23 data has been evaluated and is improving.

- Dr. Lu, pathologist reports no issues regarding patient care that he can identify due to the bankruptcy proceedings. He reported receiving all necessary supplies to perform the duties of pathology.
- The radiology director, Anahit Alavardyan, reported turnaround time for x-rays and CAT scans are done 50% in-house and 50% teleradiology with no identified patient care issues.
- Specialty clinic, Laura Acuna, reported no surgical procedures are performed in this clinic. The clinic has maintained all services to the public during the bankruptcy proceedings.
- Kitchen. The recent department of public health annual evaluation was performed. Results are pending; however, preliminary results show no findings or no citations.

#### **i. Leapfrog Data and Grade**

Leapfrog Company was established decades ago by the nation's leading employers and healthcare experts to provide hospital quality and safety data to the public. The scoring mechanism reports in grade form; A, B, C, D, F. The grades are based on comparison of the best performing hospitals, average and the worst performing hospitals.

The data reported for the St. Vincent Medical Center covers dates from 10/01/15-12/31/2017.

- Fall of 2016 **C**
- Spring of 2017 **C**
- Fall of 2017 **C**
- Spring of 2018 **D**
- Fall of 2018 **C**

The specifics of the Leap Frog data cover several parameters that are listed below and taken directly from the website as well as the algorithm process to gather and report the data.

<http://www.leapfroggroup.org/hospital/profile/St.+Vincent+Medical+Center+of+Los+Angeles>)

## **Leapfrog Inpatient Care Management**

- **Antibiotic Stewardship**

The use of Antibiotics is critical to the care of patients. Inappropriately prescribing antibiotics can put patients at risk of super-resistant infections, preventable allergic reactions, and deadly diarrhea. Poor prescribing decisions also contribute to antibiotic resistance, making these drugs less likely to work in the future. Hospital leaders can combat these issues by creating a proactive antibiotic stewardship program.

Leapfrog scores hospitals on their commitment to principles set down by the Centers for Disease Control and Prevention (CDC). Hospitals can meet Leapfrog's standard by adopting an antibiotic stewardship program that includes these core elements:

1. **Leadership Commitment:** Dedicating necessary human, financial and information technology resources.
2. **Accountability:** Appointing a single leader responsible for program outcomes
3. **Drug Expertise:** Appointing a single pharmacist leader responsible for working to improve antibiotic use
4. **Action:** Implementing at least one recommended action, such as systemic evaluation of ongoing treatment need after a set period of initial treatment (i.e. "antibiotic time out" after 48 hours)
5. **Tracking:** Monitoring antibiotic prescribing and resistance patterns
6. **Reporting:** Regular reporting information on antibiotic use and resistance to doctors, nurses and relevant staff
7. **Education:** Educating clinicians about resistance and optimal prescribing

This hospital **does not** have an antibiotic stewardship program that meets these principles.

1                   • **Specialty trained doctors for ICU**

2           A critical care unit or Intensive Care Unit (ICU) is a special part of the hospital that  
3 provides care for extremely ill patients. Hospitals should have special doctors called intensivists  
4 working in the ICU. Intensivists are physicians with advanced training in intensive or critical care.  
5 They learn to manage problems in the ICU and help to reduce errors. There are higher death rates in  
6 hospitals where ICU patients are not cared for by intensivists.

7           Hospitals that fully meet Leapfrog's standard on ICU Physician Staffing have intensivists  
8 present on-site at least eight hours a day, seven days per week or have intensivists present via 24/7  
9 telemedicine with some on-site intensivist coverage. When not present in the ICU, the intensivist  
10 responds to calls, pages, or texts within five minutes and can rely on another physician, physician's  
11 assistant, nurse practitioner, or trained nurse to reach the patient within five minutes. This hospital  
12 does not have an Intensivist program that meets criteria to me this recommendation.

13                   **Infections**

14                   • **Infection in Blood**

15           Some hospital patients may be given a central line (a tube inserted into the body to deliver  
16 medication and other treatments). Patients with a central line are at high risk for developing a  
17 dangerous infection in the blood, known as a Central Line-Associated Bloodstream Infection  
18 (CLABSI). These serious infections can lead to other complications, increase recovery time, and  
19 can often lead to death. Leapfrog uses a standardized infection ratio (SIR) calculated by the CDC's  
20 National Healthcare Safety Network (NHSN) to compare the number of infections that happened at  
21 this hospital to the number of infections expected for this hospital, given various facility factors. A  
22 number lower than one means fewer infections than expected; a number more than one means more  
23 infections than expected. **This hospital's standardized infection ratio (SIR) is: 1.402.**



1                   • **Methicillin-resistant Staphylococcus aureus (MRSA)**

2           Methicillin-resistant Staphylococcus aureus (MRSA) is a type of staph bacteria that is  
3 resistant to (cannot be killed by) many antibiotics. MRSA can be found in bed linens or medical  
4 equipment and can be spread if providers do not properly wash their hands between patients.  
5 MRSA can cause life-threatening bloodstream infections, pneumonia and surgical site infections.  
6 Leapfrog uses a standardized infection ratio (SIR) calculated by the CDC's National Healthcare  
7 Safety Network (NHSN) to compare the number of infections that actually happened at this hospital  
8 to the number of infections expected for this hospital, given various facility factors. A number  
9 lower than one means fewer infections than expected; a number more than one means more  
10 infections than expected. **This hospital's standardized infection ratio (SIR) is: 1.536**

12                   • ***Clostridium difficile* (C. diff) Infections**

13           *Clostridium difficile* (C. diff) is a bacterium that can cause diarrhea, abdominal pain, loss of  
14 appetite, and fever. Most C. diff cases occur in patients taking antibiotics, and fully killing the  
15 bacteria in an infected patient can be very difficult. C. diff can spread on contaminated equipment  
16 or by providers who fail to properly wash their hands between patients.

18           Leapfrog uses a standardized infection ratio (SIR) calculated by the CDC's National  
19 Healthcare Safety Network (NHSN) to compare the number of infections that happened at this  
20 hospital to the number of infections expected for this hospital, given various facility factors. A  
21 number lower than one means fewer infections than expected; a number more than one means more  
22 infections than expected. **This hospital's standardized infection ratio is: 1.383.**

24                   **High Risk Surgery**

25                   • **Carotid Artery Surgery**

26           Carotid endarterectomy, also known as Carotid Artery Surgery, is a surgical procedure to  
27 open or clean the carotid artery with the goal of preventing a stroke. The buildup of fatty, waxy  
28

1 deposits in blood vessels located on each side of the neck may restrict blood flow to the brain.  
2 Removing these deposits can reduce the risk of stroke. Research has shown that patients have better  
3 outcomes when they have their carotid endarterectomy performed at a hospital and by a surgeon  
4 that have more experience with the procedure. These include lower mortality rates, lower  
5 complication rates, and a shorter length of stay than for patients who have their surgery done at a  
6 hospital or by a surgeon with less experience. Hospitals should also have processes and protocols in  
7 place to ensure that surgeries are not performed when not needed, known as surgical  
8 appropriateness. **This hospital's performance on carotid artery surgery: Willing to Report.**  
9  
10 This hospital performed **13** carotid artery surgeries compared to Leapfrog's standard  
11 of **20 procedures annually**.

12 As part of their process for privileging surgeons, this hospital **does not currently, but plans**  
13 **to implement a process within the next 12 months to** ensure that each surgeon meets or exceeds  
14 Leapfrog's minimum surgeon volume standard of at least **10 procedures annually** for carotid  
15 artery surgery.  
16

17 Additionally, this hospital **does not yet** have protocols in place to ensure that carotid artery  
18 surgeries are only performed on patients that meet defined criteria. No meaningful data can be  
19 ascertained due to the low volume of carotid surgeries.

20 **• Mitral Valve repair and replacement**

21 The mitral valve is located between the two left chambers of the heart and ensures that  
22 blood keeps moving through the heart. Surgery to repair or replace the mitral valve may be needed  
23 if the valve is hardened (calcified), which prevents blood from moving forward, or if the valve is  
24 too loose, which can cause blood to flow backward.  
25

26 Research has shown that patients have better outcomes when they have their mitral valve  
27 repair and replacement performed at a hospital and by a surgeon that have more experience with the  
28

1 procedure. These include lower mortality rates, lower complication rates, and a shorter length of  
2 stay than for patients who have their surgery done at a hospital or by a surgeon with less  
3 experience. Hospitals should also have processes and protocols in place to ensure that surgeries are  
4 not performed when not needed, known as surgical appropriateness. **This hospital's performance**  
5 **on mitral valve repair and replacement: Willing to Report.**

6 This hospital performed 7 mitral valve repairs and replacements compared to Leapfrog's  
7 standard of **40 procedures annually**. As part of their process for privileging surgeons, this  
8 hospital **does not currently, but plans to implement a process within the next 12 months**  
9 **to ensure that each surgeon meets or exceeds Leapfrog's minimum surgeon volume standard of at**  
10 **least 20 procedures annually** for mitral valve repair and replacement.

12 Additionally, this hospital **does not yet** have protocols in place to ensure that mitral valve  
13 repairs and replacements are only performed on patients that meet defined criteria. No meaningful  
14 data can be ascertained due to the low volume of carotid surgeries.

15  
16 • **Lung Resection for Cancer**

17 A resection can be done to remove cancerous tissue from the lung. It may be an option for  
18 some patients depending on the type, location and stage of their lung cancer. This type of surgery is  
19 most often used when the cancer is localized and unlikely to have spread.

20 Research has shown that patients have better outcomes when they have their lung resection  
21 for cancer performed at a hospital and by a surgeon that have more experience with the procedure.  
22 These include lower mortality rates, lower complication rates, and a shorter length of stay than for  
23 patients who have their surgery done at a hospital or by a surgeon with less experience. Hospitals  
24 should also have processes and protocols in place to ensure that surgeries are not performed when  
25 not needed, known as surgical appropriateness. **This hospital's performance on lung resection**  
26 **for cancer: Willing to Report.**

1 This hospital performed **11** lung resections for cancer compared to Leapfrog's standard  
2 of **40 procedures annually**. As part of their process for privileging surgeons, this hospital **does not**  
3 **currently, but plans to implement a process within the next 12 months to** ensure that each  
4 surgeon meets or exceeds Leapfrog's minimum surgeon volume standard of at least **15 procedures**  
5 **annually** for lung resection for cancer. Additionally, this hospital **does not yet** have protocols in  
6 place to ensure that lung resections for cancer are only performed on patients that meet defined  
7 criteria. No meaningful data can be ascertained due to the low volume of carotid surgeries.

8  
9 • **Pancreatic Resection for Cancer**

10 Some pancreatic cancer patients may be eligible for a pancreatic resection, particularly if the  
11 cancer has not spread to any blood vessels, distant lymph nodes or other organs. In this procedure,  
12 the surgeon will remove part of the pancreas and may also need to remove the gall bladder, the bile  
13 duct and a piece of the small intestine.

14 Research has shown that patients have better outcomes when they have their pancreatic  
15 resection for cancer performed at a hospital and by a surgeon that have more experience with the  
16 procedure. These include lower mortality rates, lower complication rates, and a shorter length of  
17 stay than for patients who have their surgery done at a hospital or by a surgeon with less  
18 experience. Hospitals should also have processes and protocols in place to ensure that surgeries are  
19 not performed when not needed, known as surgical appropriateness. **This hospital's performance**  
20 **on pancreatic resection for cancer: Willing to Report.**

21  
22 This hospital performed **6** pancreatic resections for cancer compared to Leapfrog's standard  
23 of **20 procedures annually**. As part of their process for privileging surgeons, this hospital **does not**  
24 **currently, but plans to implement a process within the next 12 months to** ensure that each  
25 surgeon meets or exceeds Leapfrog's minimum surgeon volume standard of at least **10 procedures**  
26 **annually** for pancreatic resection for cancer. Additionally, this hospital **does not yet** have protocols  
27  
28

1 in place to ensure that pancreatic resections for cancer are only performed on patients that meet  
2 defined criteria. No meaningful data can be ascertained due to the low volume of carotid surgeries.

## 3 **2. St. Francis Medical Center**

4 St. Francis Medical Center is a 384-bed capacity hospital that is designated as a tertiary and  
5 level II trauma center with a daily census of 200 to 281 occupied beds. On the campus, it has a  
6 skilled nursing facility of 30 beds, a locked 40 bed behavior health unit that is 100% full most of  
7 the time, a 29-unit neonatal unit, 14 bed Family Care Center/Obstetrics/Gynecology, 36 ICU and  
8 SICU beds and 100 medical/surgical and telemetry beds. Verity Medical Group Foundation  
9 Specialty Clinic is also on campus. This clinic provides outpatient surgical follow-up and does not  
10 perform any surgical procedures in the clinic. The Emergency Department treats 80,000 patients  
11 per year. St. Francis cares for a vulnerable population with greater than 60% of the patients living  
12 below or at the poverty line. The patients are majority Hispanic and African American. 85% of the  
13 patient population that the hospital treats do not have a high school diploma. This demographic was  
14 established from conversations with administration during our review of the facility.  
15

16 The trauma service activates approximately 2000 calls per year. They service a considerable violent  
17 catchment area and see a higher level of penetrating trauma than the surrounding trauma centers.  
18

19 Dr. Shepard, the Director of Trauma Services, has started a public outreach program that institutes  
20 gang prevention programs. Southern California Crossroads Program is designed to provide public  
21 education in order to reduce violent crime associated with gang related activity. St. Francis is in  
22 negotiations with the county to establish Level 1 trauma center designation. They are in discussions  
23 with Harbor UCLA, Cedars Sinai and Genesis Health to incorporate the academic requirement for  
24 Level 1 trauma service designation. Dr. Shepard anticipates that by the end of next year the  
25 designation to Level 1 from Level 2 will be completed. This will ultimately allow them to acquire  
26 more revenue through state and federal sources.  
27  
28

**a. Chief of Staff Interview**

Dr. Farah, Chief of Staff, was interviewed to ascertain the state of the medical staff. He assures us that there have been no physician resignations for the ED call panel, trauma services, multispecialty services and medical services that support the hospital's emergency and trauma system. He maintains that the services should continue with no anticipation of any resignations. The service lines to support the trauma service remain intact. Hospitalist services are a mix of the contract hospitalist group as well as a mix of private physicians. He explained to us that the Electronic Medical Records (EMR) system remains a major issue. The EMR system limits the ability to efficiently collect accurate data, convert progress notes to electronic format to capture severity of illness that increases case mix index and subsequent revenue for the hospital. This limits the healthcare system to accurately report data to quality reporting organizations secondary to the limits of the system to derive data from the current EMR system.

**b. Administration Interview Highlights**

Letanya Simmons, Quality Assurance Director accompanied us through the tour of the facility as well as answered numerous questions. She has a long-standing tenure at the facility with an in-depth knowledge of multiple systems, and quality of care delivered to the community patients.

The QAPI metrics review showed no on-going issues that relate to untoward patient care trends. In their reporting to the governing board as well as the medical executive committee there is a section called "story of harm" which elicits any untoward patient care events, near misses, or patient care harm results. She has not received any recent reports to the 'story of harm' section.

**c. Facility Tour**

In our tour of the hospital, we observed the Family Life Center (FLC), which includes labor delivery, postpartum, 14 bed pediatric unit, and a 29 bed NICU, 20 bed Labor and Delivery (L/D)

1 unit, including the antepartum unit. Medical coverage for these patients is performed by a  
2 combination of a private OB/GYN group and AppleCare OB/GYN contracted physicians. The unit  
3 averages 10-18 deliveries per day. In conversation with the nursing director, a reduction in nursing  
4 turnover rate to 16% that she relates to the increase in wages from renegotiations of a union  
5 contract that is equivalent to 87% of Kaiser Permanente wages. Kaiser Permanente sets the standard  
6 in the geographic area as the highest wage rate in the community.

7 Neonatology unit is a 29-bed unit within the FLC and fully staffed. They see high acuity  
8 neonates. The physician and nursing staff are highly trained and certified specialists in neonatology.  
9 The directors and managers interviewed have not experienced untoward impact from the  
10 bankruptcy.

12 Post-partum is a 32-bed unit in the FLC which is fully staffed. The directors and managers  
13 interviewed have not experienced untoward impact from the bankruptcy.

14 We spoke with India Cox, director of the locked psychiatric unit, who states that the unit has  
15 been up and running with no impact from the bankruptcy.

17 The Skilled Nursing Facility (SNF) has 30 beds with the maximum occupancy of 24. It has  
18 a daily average census of 17 to 20 patients. A restriction of bed occupancy from 30 to 24 is related  
19 to on-going construction in this area. The directors and managers interviewed have not experienced  
20 untoward impact from the bankruptcy.

21 A 25-bed medical surgical unit near the FLC was toured. The directors and managers  
22 interviewed have not experienced untoward impact from the bankruptcy. The location of the  
23 Medical-Surgical department is a significant distance from the main hospital and emergency  
24 department. We wanted to ascertain if there has been any issues in response times to “Code Blues”  
25 or “rapid response” calls. According to the records, there are no delays in emergency response time  
26 despite its location.  
27  
28

1 The 8th floor is a trauma medical surgical and telemetry unit. It has 36 beds that operate 35  
2 beds secondary to restrictions of patient-nurse ratios. We spoke with Beverly, who has been  
3 working for the hospital for 33 years, and states that there has been no impact from the bankruptcy.  
4 In order to stay in state mandated patient-nurse ratios the nurses breaks are covered by a resource  
5 RN or charge nurse who starts out of ratio maintaining appropriate patient-nurse ratios. There is a  
6 dedicated clinical pharmacist who participates in antibiotic stewardship and high-risk medications.

7  
8 The 7th floor was toured, a medical-surgical, telemetry and hemodialysis (HD) unit with 12  
9 oncology beds. We spoke with and toured with Babita, the unit director of the unit. The unit is a 36-  
10 bed unit, 24 of the beds are telemetry. The unit houses a hemodialysis center with 4 beds in a  
11 separate suite. Quality assurance and policy and procedures in the HD unit were evaluated and  
12 found to be robust and accurate in terms of the state requirements. We interviewed Veronica, a  
13 ward RN, who states that there are no issues related to the bankruptcy. We also inquired about stat  
14 labs and radiology turnaround times. She endorsed to the PCO that she has not seen any issues  
15 related to the bankruptcy. She informed us that a Rapid Response Team and Code Blue activation  
16 automatically activates the lab and x-ray to come to the room that has improved turnaround times.

17  
18 There are numerous staff-driven projects in the hospital. For example, "My medication Side  
19 Effects." My medication Side Effects is a program that nurses have instituted to make sure that all  
20 of the patients know the side effects of the medications during admission and at discharge. We  
21 asked about uninsured patients and their ability to receive care and follow-up. It was interesting that  
22 the hospital has a special financial bed-side program team that assist patients with enrollment to  
23 government sponsored insurance programs. Once uninsured patients are admitted to an inpatient  
24 bed the team is activated.

25  
26 Medications that patients are discharged with are generally delivered to the bedside from an  
27 outside pharmacy. This process was started to ensure that patients were educated and provided  
28



1 critical medications before discharge.

2 The 6<sup>th</sup> floor was toured. This is a telemetry floor with 36 beds, which were all occupied  
3 during our tour. The hospital has increased the monitor technician hours so that each shift has 2  
4 techs per 12 hours. The manager, Tracy, gave us a tour of the unit and states that there is no issues  
5 regarding the bankruptcy.

6 The 5<sup>th</sup> floor was toured. The directors and managers interviewed have not experienced  
7 untoward impact from the bankruptcy.

8 The 4<sup>th</sup> floor was toured. This is a 34-bed unit, including 20 Med-Surg beds and 14 pediatric  
9 beds. The pediatric unit was closed with no patients at the time of the tour. The acuity of the  
10 pediatric unit is low and generally only have a couple patients at a time. High acuity pediatric  
11 patients are sent out to specialty pediatric hospitals for care. The directors and managers  
12 interviewed have not experienced untoward impact form the bankruptcy.

13 The ICU, which encompasses the 3<sup>rd</sup> floor, is maintained by the intensivist and trauma  
14 service and are running well with no obvious deficits due to the bankruptcy.

15 The Cath Lab was toured. We spoke with the director Tina Woolford and Dr. Fedakhari at  
16 length regarding the processes regarding the Cath Lab. They agree that all vendor issues have been  
17 resolved, and they are at full capacity and running well. A cardiac catheterization was observed in  
18 real time performed by Dr. Deutsch. The procedure went well without any issues. Post  
19 catheterization interview with Dr. Deutsch did not illicit any issues with the bankruptcy to indicate  
20 risk to patient care. At the onset of the bankruptcy announcement, it was difficult to continue full  
21 services related to vendor issues. The issues were renegotiated, returning the unit to full service  
22 without any patient risk.

23 We toured the ER and trauma bay and spoke with Alex, a registered nurse, who stated that  
24 there are no current staffing issues. There is a current staff hiring plan to prepare for the winter  
25  
26  
27  
28

1 months that are generally active with increased census.

2 We spent considerable time with Susan Yun, director of pharmacy services. The pharmacy  
3 has a robust clinical pharmacy department. It has a Board-Certified Clinical Pharmacist who works  
4 with hospital staff and physicians to help with antibiotic stewardship, pharmacotherapy, and safe  
5 titration of dangerous drugs in the ICU units. The pharmacy tour noted no patient care drug  
6 shortages that are not nationwide shortages.

7 The operating room and G.I. lab were toured. During the tour of the operating room, we  
8 were able to speak with Dr. Friedberg. He mentioned that he has been using different prosthetics for  
9 joint implantation because changes in vendors. He mentioned that there are daily conference calls  
10 with the CMO and CEO to resolve any vendor issues. He has not had to cancel any surgeries and  
11 has not had an increase in outcome driven data related to the issue.

13 We spoke with Dr. Vdoh, general surgeon. He explained that he has not seen any issues in  
14 the operating theater regarding the bankruptcy.

16 Dr. Garahifedel, pathologist and medical director of the lab, has not seen any issues with tissue  
17 samples, staining, or outside lab turn-around-time relating to delaying patient care or diagnosis.

18 **d. On Campus Document Review**

19 All documents reviewed were at the discretion of hospital administration. The Board of  
20 Directors and Medical Executive Committee packets have a common theme with regards to  
21 corrective items set forth from the California Department of Public Health. Common agenda items  
22 refer to an acute dialysis best practices guideline. The system incorporates several different  
23 programs to acquire data. Deemed status is a designation given to a hospital to treat and serve  
24 Medicare and Medicaid patients. The measure of deemed status is based on participation with  
25 Medicare Conditions of Participation. These conditions are numerous and robust and meant to  
26 ensure that the hospital is delivering quality care to the patients. The deemed status has  
27  
28

1 subsequently been reinstated and acute dialysis best practices guidelines have been met on follow-  
2 up visits from CDPH and Medicare. Circumstances surrounding the actual event and the follow-up  
3 was discussed with administration at length. Policies and procedures as well as corrective action  
4 plans are in place and meet the minimum standard of care for accrediting bodies.

5 We read July 24, 2018 Board of Directors Quality, Patient Safety Committee minutes,  
6 Performance improvement, clinical documentation improvement session and Hospital and ER  
7 throughput data.  
8

- 9 • There was a review of policies and procedures.
- 10 • Chain of command and problem resolution.
- 11 • Staffing plans.
- 12 • Acute dialysis best practice guidelines.
- 13 • DaVita table of contents.
- 14 • Bioterrorism plan.
- 15 • Medical Staff reappointments.

16  
17 We read the July 2018 Medical staff report summary to the medical executive committee. The  
18 following were reviewed.

- 19 • Benchmark and trending report were reviewed.
- 20 • Reviewed the compass report which is a quality report that is presented to the MEC as well  
21 as governing board on a monthly basis.
- 22 • Complaint and grievance report reviewed for third quarter 2018.
- 23 • CMS update plan of correction highlighted as HOD 512.

24  
25 September 25, 2018, Quality and Patient Safety Committee to the Board of Directors Minutes  
26 packet was reviewed with Sentinel Event reporting and the annual report to the Governing body on  
27 process failures, sentinel events and staffing issues. We did not find any areas of significant concern  
28

1 for this period.

2 The June 26, 2018 Board of Directors meeting agenda items were reviewed.

- 3 • Performance improvement and hospital efficiency throughput update, which included an  
4 update on ED diversion hours which remained relatively constant with rare spikes due to  
5 activity and influx and/or mismatch to staffing at specific times of day.
- 6 • Left the ED before treatment, was less than 1%.
- 7 • Emergency Department severity index: three, four and five will not meet targets secondary  
8 to remaining deficiencies in throughput efforts. This metric does not have an immediate  
9 threat to patient care. A current plan is in place to continue evaluating and progressing  
10 towards meeting targets.
- 11 • Throughput obstructions are psychiatric patient boarding in the ED waiting for disposition  
12 to a unit, outside facility or discharge post evaluation from a qualified mental health  
13 provider variable which creates an enormous strain on labor resources. The availability of  
14 community psychiatric beds is a geographic phenomenon that affects most hospitals in the  
15 Los Angeles County area.
- 16 • Plans to implement processes to help physicians and providers complete CPOE as well as  
17 medical record completion.
- 18 • Multiple policies were reviewed which included 314 pages of policies

19 The June 19, 2018 Board of Directors meeting review of pertinent information as related to  
20 patient care issues were reviewed.

- 21 • Performance improvement and Clinical Documentation Specialist (CDS) coverage. CDS  
22 staff enhance efforts to assist providers with documentation. Specifically, assisting  
23 providers to accurately demonstrate severity of illness of patients in the documentation.
- 24 • Case mix index (CMI) data were reviewed and discussed with administration.

- Medi-Cal CMI data was reviewed and discussed with administration.
- Hospital efficiency throughput update was reviewed and discussed with administration.
- Door to ED provider times are improving.
- Emergency Department severity index three, four and five targets are still not being met. Processes were implemented to improve this metrics.
- Dialysis rounds are being held on the fifth floor by Administration to improve real-time monitoring policy and procedures. These rounds are conducted during the day and night shift there.

February 2018 St. Francis Medical Center quality scorecard monthly metrics summary were reviewed.

- Central line site infections per 1000 days is 1.49.
- Catheter associated urinary tract infection per 1000 days is 2.44.
- Clostridium difficile toxin infections per 1000 days is 0.87.
- Communication with nurses is 70.6%.
- Mortality rate observed over expected is 0.94.
- Readmission rates observed over expected is 1.02.
- Sepsis, perfect care rate is 77.8%.
- Stroke, perfect care rate is 82.8%.
- ED diversion hours are 59.
- HCAP Scores continue to be a significant difficulty for this hospital as well as most hospitals in the system after review of the system-wide Quality Compass.
- Medical record delinquency report currently under the 50% threshold rate.
- Reviewed 70 pages of policies implemented to provide practice changes for patient care with no significant patient care issues observed.

**e. California Department of Public Health Reports**

The California Department of Public Health (“CDPH”), reports were reviewed. CDPH investigates all patient complaints as well as all mandated hospital self-reported complaints. All allegations and events were discussed with the hospital administration. The specifics of each case are a matter of public record and can be found on the CDPH web sites. Root Cause Analysis (“RCA”), and Sentinel Events were reviewed with CMO and the Quality Assurance director. There was no evidence of poor patient care. It was confirmed that corrective action has been taken or is in progress. We will continue to monitor the progress in subsequent visits along with all new CDPH reports as filed.

**f. On Campus Patient Chart Review**

During the on-campus evaluation several patients were randomly chosen for real-time patient care evaluation. The following is a synopsis of the patients as well as the findings observed.

- Eighth floor trauma unit chart review. A 36-year-old gentleman presented to the trauma unit with a gunshot wound to his right chest. A tier 1 trauma was immediately activated. Patient immediately received the necessary radiographic and laboratory work which showed acute anemia as well as a right hemothorax. A central line was placed as well as a chest tube. In review of the operative note all criteria were met in the procedure description. Lab work and radiographic test results were available in the allocated time per policy and procedures. Patient had all the necessary tests performed. History and physical was done appropriately in a timely fashion and met all the criteria of a history and physical. Chest tube was removed in a timely manner and the patient was ambulatory with physical therapy. Crossroads program was instituted in-house. Discussed patient’s status and medication administration review with the patient’s primary care nurse Lorraine. The standard of care was met.

- ICU- a 63-year-old male presented to the emergency department and was subsequently admitted to the intensive care unit for fever and weakness. This patient returned within 30 days to the hospital after discharge from a skilled nursing facility. During last hospitalization patient had a significant pericardial effusion without tapenade which was drained utilizing a surgical pericardial window. Patient was readmitted for recurrent fevers and a large pleural effusion. Patient has significant comorbidities with chronic kidney disease, hypertension, diabetes, peripheral vascular disease and BPH. Antibiotics were administered appropriately and discontinued appropriately as per infectious disease recommendations. Patient received hemodialysis on multiple occasions establishing euvolemic status. Given the fevers the patient's hemodialysis catheter (Perma-Cath) was replaced. Appropriate consults were ordered including infectious disease, nephrology, cardiothoracic surgery, vascular surgery, and Hospital medicine. In totality the standard of care was met.

**g. Leapfrog Data and Grade**

The only data available is for the fall period of 2018. The hospital did not report from 2015 to Spring of 2018. As far as the reporting for fall 2018 the hospital was rated an F grade for this period. The specifics of this rating is listed below under specific sections with explanation directly from the leapfrog website.

- **Infections**

- St. Francis scored well above the national average for urinary tract infections acquired during the hospitalization. Hospital scored 0.997 with the best Hospital score 0.000, the average Hospital score 0.874 and the worst hospital's score of 3.163. This is considered in the F grade category. These criteria evaluate if the patient is in the hospital, he or she may require a urinary catheter. Patient with catheters are risk for developing a dangerous

1 infection in the urinary tract. These serious infections can lead to other complications,  
2 increased recovery time, and can often lead to death. Safer hospital's regularly clean and  
3 maintain urinary catheters to prevent infection. They also know when and how to safely  
4 remove a catheter. In addition to urinary tract infections acquired they also had an  
5 abnormal high amount of surgical site infections that were acquired well above the  
6 national average.

- 7
- 8 ○ Category for surgical site infections after colon surgery: The Hospital scored 0.942 with  
9 the best Hospital score of 0.000, average Hospital score 0.859 and the worst Hospital  
10 score 3.273. This is considered in the F grade category. These criteria evaluate when the  
11 hospital surgical patient develops an infection after surgery in the part of the colon were  
12 the surgery took place. These infections can be very serious and may be spread  
13 throughout the body. Patient with this type of infection often face a long recovery in the  
14 ICU. Some people even die from this type of infection. Safer Hospitals use appropriate  
15 antibiotics before surgery, clean skin with a surgical soap that kills germs, and closely  
16 watch patients during and after major colon surgeries.

17

- 18 • **Surgical Complications**

- 19
- 20 ○ **Serious breathing problems that are related to surgery**

21 Hospital score of 9.08, best Hospital score 1.71, average Hospital score 9.23, and  
22 worst Hospital score 17.91. This is considered a F grade category. After surgery  
23 some patients can develop a serious breathing problem. Their lungs either cannot  
24 take enough oxygen or cannot get rid of carbon dioxide. Without immediate  
25 care, the patient can lose consciousness, fall into a coma, or even die. Safer  
26 hospital's use doctors and nurses that watch carefully for symptoms like  
27 shortness of breath and intervene to prevent further decompensation or injury.  
28



1           ○ **Accidental cuts and tears**

2           When performing surgical procedures of the abdomen and pelvis, there is a chance that  
3           the patient will suffer an accidental cut or tear of the skin or other tissue. This problem  
4           can happen during surgery or procedure were doctors use a tube to look into a patient's  
5           body cavity. This Hospital score 1.41, best Hospital score 0.57, average Hospital score  
6           1.29, and worst Hospital score 2.15. This is considered an F grade category.

7  
8           • **Practices to prevent errors**

9           ○ **Doctors order medication through a computer.** This Hospital score 15, best Hospital  
10           score 100, average Hospital score 69.80, worst Hospital score 5. This is F grade  
11           category. Hospitals can use computerized physician order entry (CPOE) systems to  
12           order medication for patients in the hospital, instead of writing a prescription by hand.  
13           Good CPOE systems alert the doctor if they tried to order medication that could cause  
14           harm, such as prescribing an adult dosage for a child. CPOE systems help reduce  
15           medication errors in the hospital. Safer hospital's use CPOE systems in all areas of the  
16           hospital regular test those systems to ensure they are alerting doctors to potential  
17           ordering errors.

18  
19           ○ **Safe medication administration**

20           This Hospital score 45, best Hospital score 100, average Hospital score 68.26, worst  
21           Hospital score 5. This is considered a F grade category. Safe medication administration  
22           using barcodes on medications, nurses can scan the medication and then the patient's ID  
23           bracelet to make sure the patient is receiving the right medications. If the barcode did  
24           not match, this signals there is an error, giving nurses and doctors chance to confirm  
25           they have the right patient, right medication, and right dose. Barcode medication  
26           administration systems are proven to reduce the risk that a hospital accidentally gives  
27  
28

1 the wrong medication to a patient. Safer hospital's use barcoding technology effectively  
2 for all orders; medication errors happen far less frequently with the system.

3 **o Handwashing section**

4 Hospital declined to report. Handwashing workers can help stop infection illness by  
5 carefully cleaning their hands. When Hospital staff do not carefully wash their hands,  
6 they can spread germs from one patient to another and cause someone to become  
7 seriously ill. Safer Hospital provide training and implement policies to make sure that all  
8 possible staff cleans their hands before touching a patient.  
9

10 **o Communication about medicines**

11 This Hospital score 68, best Hospital score 89, average Hospital score 77.96, worst  
12 Hospital score 61. This is considered F grade category. The communication about  
13 medicines section reflect patient's feedback on how often Hospital staff explained the  
14 purpose of any new medication and what side effects that medicine might have.  
15 Effective communication about medicine prevents misunderstandings that could lead to  
16 serious problems for a patient. Safer hospital's that score well on this measure take time  
17 to speak with every patient to ensure that the patient understands the purpose of any new  
18 medication that they are given, how to take the medication, and the risk of any possible  
19 side effects.  
20

21 **o Communication about discharge**

22 This Hospital score 77, best Hospital score 96, average Hospital score 86.88, and worst  
23 Hospital score 69. This is considered F grade category. Communication about discharge  
24 gives patient's perspectives of care and an important part of patient safety. The can  
25 medication about discharge measure summarizes how well the hospital staff  
26 communicated with patients about the help they would need at home after leaving the  
27  
28

1 hospital. The measure also summarizes how often patients reported that they were given  
2 written information about symptoms or health problems to watch out for during the  
3 recovery. Educating patients on the steps they need to take during the recovery at home  
4 reduces the chances that a patient will need to be readmitted to the hospital. Safer  
5 hospital's a score well on this measure take time with every patient to clarify the  
6 patient's responsibilities during her or his recovery at home, clarify the responsibilities  
7 of caregivers at home, and educate the patient on any symptoms that could point to  
8 problems in the recovery process.

9  
10 **o Staff work together to prevent errors**

11 This Hospital declined to report. Staff work together to prevent errors section eludes to  
12 the hospitals that have a strong culture of safety and has a well-functioning team with  
13 good leaders who catch errors before they can harm a patient. Patients are less likely to  
14 experience mistakes when hospital staff work together. Staff should also be comfortable  
15 speaking up when they sense an error might happen. Hospitals who score higher on this  
16 section regularly survey their physicians, nurses, and other staff on the culture of safety  
17 to measure how well staff work together to keep patients safe. Then, hospitals provide  
18 feedback on the results to leaders and hospital staff and create plans to improve.

19  
20 **• Safety problems**

21 **o Dangerous bedsores**

22 This Hospital 0.61, best Hospital score 0.02, average Hospital score 0.38, and worst  
23 Hospital score 1.91. This is considered an F grade category. A bedsore is a sore or  
24 wound on the skin that forms when a patient lays or sits in one position for too long  
25 without being moved. Advanced bedsores also known as states three or four pressure  
26 ulcers can become large and very deep. They can reach a muscle or bone and cause  
27  
28

1 severe pain and serious infection. This can lead to longer hospital stays, and amputation  
2 or even death. Safer hospital's when working with a patient who cannot move much on  
3 their own, Hospital staff moves the patient regularly and checks for bedsores. They also  
4 use cushioning to protect bony areas and immediately take steps to treat existing sores.

5 ○ **Track and reduce risk to patients**

6 Hospitals should be aware of all potential errors that could harm patients. Hospital  
7 leaders should evaluate their hospital's record of past errors to prevent the same error  
8 from happening again. If all Hospital staff are aware of safety issues and risk, they can  
9 work together and take all possible action to prevent them. Safer hospital's utilize  
10 Hospital leaders regularly to assess areas of Hospital where an error has occurred or  
11 could occur if provide training to staff on how to prevent common errors. St. Francis  
12 Hospital declined to report on this section.

13  
14 • **Doctors, nurses and hospital staff**

15 ○ **Effective leadership to prevent errors**

16 Hospital declined to report. Errors are much more common if hospital leaders don't  
17 make patient safety a priority. Leaders must make sure that all hospital staff understands  
18 what they need to work on and that they are held accountable for improvements. They  
19 also budget money towards improving safety. Hospitals that do well in this section are  
20 aware of the hospital's patient safety problems, work with Hospital staff to fix them, and  
21 share their efforts with the larger community. Leaders also make it a priority to learn  
22 about and use the best methods to prevent errors and are held accountable for identifying  
23 and reducing unsafe practices.  
24  
25  
26  
27  
28

1           ○ **Enough qualified nurses**

2           Hospital declined to report. Patients receive most of their care from nurses, not doctors.  
3           What hospitals don't have enough nurses are the nurses don't have the right training,  
4           patients face a much greater risk of harm. Without enough qualified nurses, patients may  
5           face more complications, longer hospital stays, and even death. Hospitals that do well  
6           under this criteria or higher enough nurses to care for all of the patients. They also  
7           ensure that those nurses have the right training to provide safe care for their patients.  
8

9           ○ **Specially trained doctors care for ICU patients**

10          Hospital declined to report. A critical care unit or intensive care unit is a special part of  
11          the hospital provides care for extremely ill patients. Hospitals should have special  
12          doctors called intensivists working in the ICU. Intensivists are physicians with advanced  
13          training in intensive or critical care. They learn to manage problems in the ICU and help  
14          to reduce errors. They are higher death rates in hospitals where ICU patients are not cared  
15          for by intensivists. Better hospitals staff with physicians and highly trained  
16          midlevel providers who have training in critical care medicine.  
17

18          ○ **Communication with doctors**

19          This Hospital score 84, best Hospital score 96, average Hospital score 91.16 and worst  
20          Hospital score 82. This is considered an F grade category. Patients' perspectives of care  
21          are an important part of patient safety. The Communication with Doctors measure  
22          summarizes how well patients feel their doctors explained things clearly, listened  
23          carefully to them, and treated them with courtesy and respect. Effective communication  
24          between doctors and patients can be reassuring to patients and can help prevent errors  
25          like medication mix-ups or misdiagnoses. Hospitals that score well on this measure  
26          encourage their doctors to take time with every patient to communicate effectively by  
27  
28

1 listening well, answering questions, treating patients with courtesy and respect, and  
2 explaining diagnoses and treatment plans in ways that patients understand.

3 **o Communications with nurses**

4 This Hospital score 83, best Hospital score 96, average Hospital score 90.95, worst  
5 Hospital score 78. This considered a F grade category. Patients' perspectives of care are  
6 an important part of patient safety. The Communication with Nurses measure  
7 summarizes how well patients feel that their nurses explained things clearly, listened  
8 carefully to them, and treated them with courtesy and respect. Effective communication  
9 between nurses and patients can be reassuring to patients and can prevent errors like  
10 medication mix-ups or misdiagnoses. Hospitals that score well on this measure  
11 encourage their nurses to take time with every patient to communicate effectively by  
12 listening well, answering questions, treating patients with courtesy and respect, and  
13 explaining diagnosis and treatment plans in ways that patients understand.  
14

15 **o Responsiveness of hospital staff**

16 This Hospital score 75, best Hospital score 94, average Hospital score 84.20, and worst  
17 Hospital score 63. This is considered an F grade category. Patients' perspectives of care  
18 are an important part of patient safety. The Responsiveness of Hospital Staff measure  
19 looks at patients' feedback on how long it takes for a staff member to respond when they  
20 request help. If a patient is in pain, experiencing new symptoms, or cannot reach the  
21 bathroom himself, it is important that hospital staff respond quickly to address the  
22 situation. Hospitals that score well on this measure are well-staffed and have systems in  
23 place to make sure that all patients receive the care they need quickly.  
24  
25  
26  
27  
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**3. O'Connor Medical Center**

O'Connor Hospital is 175 bed acute care center full service teaching hospital with multiple service lines. The emergency room treats 58,000 visits per year. O'Connor has 52 Intensive Care Beds and 24 Sub-Acute beds. It is a paramedic STEMI (emergent heart attack) receiving center. It is considered an academic center with residency programs that is affiliated with Stanford University as well as the Genesis Health System. The hospital staff are 99% unionized.

**a. Administrative Interview**

We met with Dr. Douville, CMO, and Pat Ryan, COO, throughout the visit. Ms. Ryan discussed the financial status of the hospital. Since the bankruptcy announcement, the hospital has been doing better financially with a significant decrease in annual loses. The initiation of agreements with Stanford and Genesis residency programs are impacting the hospital's finances positively. Three hospitalist groups are contracted to provide inpatient coverage. The Case Mix index has increased from 1.8 to 2.2 revealing a better representation of severity of illness through provider documentation. The hospital administration is working on several projects that will standardize equipment throughout hospital and will assist in reduction of cost for education and reduce vendor maintenance contracts. This will positively influence patient care.

Nursing staff to patient ratios are 100% and are covered by in-house resource nurses and charge nurses when out of ratio.

We met with Jeff Hayes, Chief Bio-Medical technician, who confirmed no delay in critical equipment. He acknowledged that supplies and replacement equipment are acquired slowly related to bankruptcy but are not causing any patient care related issues or are in jeopardy of doing so.

Administration was forthcoming on the number of lawsuits coming from the OB/GYN department. Ms. Ryan and Dr. Douville identified issues with OB/GYN since and after early 2017. The problems were related to administrative and physician staff in the OB/GYN department.

1 Administration brought in new in-house physician OB/GYN staff that covers 24/7. Nursing and  
2 physician changes were made including corrective action to physician leadership. Since the  
3 administrative changes there has been no further concerns with the OB/GYN department. They also  
4 noted that the nurse leadership and staff show overwhelming support and protective instincts  
5 towards their patients, staff and the department.

6 Administration was interviewed regarding the hospitals poor HCAHPS scores despite the  
7 obvious pleasant and engaged staff. They commented on the lack of nursing and physician  
8 engagement in the rounding procedures. The hospital has a corrective action in place and will  
9 implement when the resources become available.

10 Dr. Bassim, Chief of Staff, was interviewed with the following findings.

- 12 • The increasing case mix index is probably related to the “Hawthorne Effect” given the  
13 increase in monitoring of documentation.
- 14 • He reported concerns regarding “Manpower.” He is concerned that the quality, the  
15 physicians, and supported services lines are under pressure related to the unstable  
16 environment related to the bankruptcy. He does not see any critical areas that are imminent  
17 in patient care delivery. He is concerned that confidence in the institution is declining  
18 related to the bankruptcy proceedings.
- 19 • He is concerned with Joint Commission recommendations to introduce Ongoing  
20 Professional Practice Evaluation OPPE and Focus Professional Practice Evaluation (FPPE)  
21 processes. The hospital is not currently staffed appropriately and does not have the software  
22 to meet these guidelines. He believes that the hospital has great potential to meet all these  
23 guidelines if provided the resources to do so.

24 The PCO agrees with his assessment.



**b. Tour of Hospital**

We toured the hospital with both the CMO, Dr. Douville, as well as Pat Ryan, COO. We were told that a fire damaged the central telemetry area. The systems are currently on lease until a permanent system can be replaced. They are up and running and without any disruption in patient care.

The following units were observed and evaluated:

- Labor and Delivery was toured, as well as NICU. We spoke with the RN director, Juniper, who stated that the NICU has 10 beds with a 2.7 average census.
- Ambulatory surgery center. We spoke with Trang RN, who states that there has been no obvious disruption in patient care services from the bankruptcy.
- The operating room has 11 beds. We spoke with Dr. Foreman and the OR director, who states that local representatives from the vendors work well with provider services with no disruptions in care and no canceled cases related to equipment issues.
- We spoke with Pauline, the director of Cath Lab services, who states the unit is receiving everything they need to provide care and are currently contracted with Medtronics to deliver services related to pacemakers and ICDs. There has been no cancellation of cases. Also noted is a new project that the hospital is engaging with regards to ER and Cath Lab throughput project which decreases time to cardiac intervention from the emergency department.
- We met with Norma Hein RN, critical care director, who gave us a tour of the critical care units. She noted that the lab, radiology, and specialty services have not been impacted regarding turnaround time and services due to the bankruptcy.
- We toured the laboratory with Kris Sever, lab director, who was able to answer questions regarding to laboratory operations, including:

- Microbiology services
- Antibiotic stewardship project- infectious disease, registered nursing, and pharmacists are involved in de-escalation of antibiotics policy that are working very well.
- Tissue issues have been resolved. The lab is currently using Traccroe tissue tracer methodology that has resolved any past issues noted on joint commission findings.
- Turnaround times are under the standard which is a positive finding.
- Phlebotomist are staggered regarding morning lab draws.
- Vendor issues have been resolved. If any vendor issues come up there is a daily corporate call conference that addresses and corrects any issues regarding to critical vendor supplies.
- Pharmacy- We met with director, Jennifer.
  - No shortages of medications other than recognized nationwide shortages.
  - The clinical pharmacist is in charge of antibiotic stewardship to monitor antibiotics with de-escalation policies in place.
  - Medication reconciliation is started in the emergency department and verified by the nurse or medical doctor on admission. Compliance is above 90%.
- Emergency Department tour with Liz Bruelly, RN
  - Lab and radiology turn-around-time within standards.
  - 25 beds.
  - Door-to-provider time is less than 10 minutes.
  - Physician or provider in triage “portal model.”
- Radiology with Haideh, Radiology director
  - No leave of absences or resignations from radiologists.

- Turn-around-times remain within standard..
- CT scan and MRI turn-around-times
- Off hours radiology reads are monitored with quality assurance processes without any significant patient care issues.
- GI-Lab
  - High census
  - 2 suites working to capacity
  - No issues with vendors that impact patient care
- Radiation Oncology
  - Dr. Colburn MD, radiation oncologist, reports no significant patient care issues related to bankruptcy.
  - Tumor board meets twice a month.
  - Concerned with unstable outlook related to the bankruptcy.
- Nuclear medicine
  - Census 3-10 per day.
  - No isotope or supply issues.
- Outpatient rehab
  - Staffing appropriate.
  - No disruption of care.
- O'Connor Health Center Clinic
  - Dr. Tramduc MD, General surgery.
  - No supply or vendor issues
  - High census clinic.
  - Equipment and supplies needed to provide care uninterrupted since the bankruptcy

- O'Connor Wound Care Center with Elise, RN Manager
  - High customer service above 90%.
  - General milieu of the clinic is very high in regards to job satisfaction.
  - Clinic is hyperbaric certified with joint commission certification and no deficiencies.
  - Quality assurance data stored in the hospital.
  - No vendor issues observed. No impact in quality patient care related to the bankruptcy.
  - Hyperbaric chambers are in the clinic.

**c. Onsite Document review and Discussion**

- Medical Executive Committee from 7/10/2018 were reviewed onsite with the following findings and discussion:
  - Dr. Bassiri addressed the low HCAHPS scores that are in the 5<sup>th</sup> percentile. Plan for corrective action consists of moving to a bundle model.
  - Physical citizenship committee has shown a decline in complaints trending in the right direction. Administration showed confidence that the issues presented in the past has not led to any patient care issues.

- Quality

The quality Compass and committee minutes were reviewed with administration and independently. Quality areas of concern were discussed with administration. No trends or imminent issues were discovered. The following are significant items discussed and reviewed with administration:

- Catheter associated urinary tract infection prevention plan implemented and successful in decline of catheter associated urinary tract infections

- Quality compass reviewed although difficulties in meeting benchmarks there is been a trend in moving forward to meeting these benchmarks.
  - Medication error rate is appropriate and per the standard.
  - EMR contributes to failure in meeting Leapfrog data.
  - Utilization review management committee reviewed length of stay and geometric length of stay. The hospital is making improvements and moving forward with processes to move to improve length of stay closer to the geometric length of stay.
  - Bioethics committee set forth a policy to turn down physiologic capture impedance to permanent pacemaker's during end-of-life management.
  - Successful stroke survey and accreditation
- MEC August 14<sup>th</sup>, 2018 packet reviewed with similar comments, follow-up and updates from July 10<sup>th</sup>, 2018. New and Significant patient care related agenda items are listed below:
    - A root cause analysis was performed in regard to a patient that had a prolonged stay at an outside facility and delay in diagnosis and subsequently expired. Dr. Douville explained that the patient had a coronary artery bypass graft at an outside facility. The patient was discharged home from an outside facility and then two weeks later presented to the emergency department at O'Connor Hospital for shortness of breath and a pericardial effusion. A thoracotomy was performed, despite efforts the patient expired after the operation. The findings suggest that there was a delay in treatment from an outside facility and no treatment rendered by the staff or physicians at O'Connor was below the minimum standard of care.
  - **Root Cause Analysis Review**

- November 28, 2017, a 69-year-old man post angiography had findings that suggested a stenotic proximal right coronary artery, a stenotic left anterior descending artery, and a stenotic circumflex. The patient was scheduled for a coronary artery bypass graft. When the patient was transferred to the gurney he complained of severe heartburn and chest discomfort with noted tachycardia. The patient decompensated to cardiac arrest and subsequently expired.
- November 9, 2017, live birth of an infant that decompensated after the birth and was transferred to Good Samaritan Hospital for higher level of care
- October 26, 2017, a 57-year-old woman with ovarian cancer and carcinomatosis sent to the operating room for a tumor debulking surgery. After the surgery the physician who performed the procedure was dictating his operative note and realized that he forgot to close the fascia. Patient was returned to the operating room and the procedure was completed without any harm to the patient. This was sent to peer review for investigation and appropriate steps were taken by the medical staff.
- October 9, 2017, a 96-year-old male was sent to interventional radiology for placement of a tunneled central catheter. The actual procedure performed was a tunneled hemodialysis catheter placement. The patient was sent back to the hospital room and after the discovery the patient had to return back to interventional radiology for a removal of the hemodialysis catheter and placement of the correctly ordered central catheter.
- October 8, 2017, delivery of an infant with a mother with placenta previa was sent home then readmitted for a C-section. Baby was discharged and then returned with increased temperature and feeding issues. Baby was then sent to Good Samaritan Hospital NICU for further care. No negative trends in patient care were noted.

- October 8, 2017, a 6-year-old male was given a potentially dangerous drug overdose. This was a pharmaceutical error related to processes which were immediately changed. No harm was done to the patient.
- October 7, 2017, 72-year-old male sustained an air embolism during a left heart catheterization which caused a cerebral vascular accident.
- January 18, 2017, 17-month-old female admitted to the emergency department for cough and croup like symptoms returned to the ER twice after being discharged. Patient was given racemic epinephrine and discharged proximally 30 minutes later. Patient returned to an outside facility in cardiopulmonary arrest and subsequently died. Education was performed to the emergency department regarding administration of racemic epinephrine and standard practices to keep the patient in the hospital for observation for 3 to 4 hours after administration of this drug because of the risk of profound rebound effects.

**d. California Department of Public Health (CDPH)**

The California Department of Public Health (“CDPH”), reports were reviewed. CDPH investigates all patient complaints as well as all mandated hospital self-reported complaints. All allegations and events were discussed with the hospital administration. The specifics of each case are a matter of public record and can be found on the CDPH web sites. Root Cause Analysis (“RCA”), and Sentinel Events were reviewed with CMO and the Quality Assurance director. There was no evidence of poor patient care. It was confirmed that corrective action has been taken or is in progress. We will continue to monitor the progress in subsequent visits along with all new CDPH reports as filed.

**e. Lawsuits**

Professional liability claims were reviewed and listed below. The discussions with administration, as well as the review of the lawsuits, did not show trends indicating a decline in patient care. Liability cases since 2016 are noted below:

- February 15, 2018, claim was related to a visitor fall which resulted in a hip fracture.
- August 27, 2018, a visitor alleged a fall on a mat outside the cafeteria causing a leg injury.
- May 11, 2018, child seen twice in the emergency department with orthopedic injuries not reported to proper child protection agencies. The child later expired due to abuse. Facility re-examined their policies and procedures regarding to reporting to child protective services and the importance of all licensed providers working in the hospital are listed as mandated reporting providers. Re-education of the staff.
- January 21, 2016, a stillborn that was not properly preserved for genetic testing as requested by the parents.
- May 5, 2017, patient alleges that knee immobilizer improperly placed and managed which led to skin breakdowns.
- March 29, 2018, an infant apparently suffered neurological injuries after a vaginally delivery possibly secondary to a miss read fetal heart tone monitor.
- September 30, 2016, a fetal death determined after monitoring and testing.
- September 27, 2017, patient names multiple facilities and physicians alleging wrongful death after 30 days of treatment in various facilities.
- March 29, 2018, patient was being transferred with assistance of a visitor and subsequently the patient fell and injured hip.
- July 5, 2016, after a postoperative knee reconstruction surgery a table fell on the patients knee in question and reinjured the reconstructed knee.



- 1 • August 2, 2016, a stitch needle was retained post operatively as the surgeon could not locate
- 2 the needle upon closing.
- 3 • October 7, 2016, a foreign body instrument was found in the body of a patient which was
- 4 removed nine years later. Surgery was actually October 8, 2007
- 5 • November 21, 2017, patient suffered burns to buttocks appeared to be a bovine burn.
- 6 • August 19, 2016, a Zimmer Dermatome used with the wrong blade leading to a laceration
- 7 and need for sutures
- 8
- 9 • February 25, 2016, patient suffered a cardiac arrest and dies during insertion of a
- 10 percutaneous endoscopic gastroduodenoscopy tube.
- 11 • February 23, 2017, patient fall requiring surgery for hip fracture family demanding that the
- 12 hospital pay for the medical bills.
- 13 • June 7, 2018, surgery performed that required several additional surgeries and revisions.
- 14 • December 22, 2016, a gastrostomy tube was placed without consent.
- 15 • July 25, 2016, patient fall between gurney and table causing a hip fracture.

17 **f. Chart Review (real-time)**

18 The chart review process is important to determine patient care in real time. Random inpatient  
19 charts were reviewed.

- 20 • A 69-year-old postoperative intensive care unit patient who was scheduled for pancreatic
- 21 cyst removal encountered intraoperative bleeding from the staple line related to scar tissue.
- 22 The patient sustained a blood loss of 600 mL during the resection. The patient is undergoing
- 23 peripheral parental nutrition. The amount of nutrition was declared sufficient as directed by
- 24 dietary. Appropriate consultants are ordered and are continuing to follow the patient closely
- 25 during her intensive care units stay. Medication management was reviewed as appropriate.
- 26 Labs and x-rays appear to be timely and appropriate. Specialized tests including
- 27
- 28

1 echocardiogram and pre-op clearance were performed. Physical therapy and occupational  
2 therapy was ordered immediately postoperatively once the patient was deemed stable.

- 3 • A 48-year-old male who is diabetic with peripheral vascular disease presented with a  
4 gangrenous right toe secondary to noncompliance. The patient presented with the blood  
5 sugar of 800 and a white blood cell count of 27,000. The patient underwent a right first toe,  
6 first metatarsal phalangeal joint amputation. Patient was placed on appropriate antibiotics.  
7 Appropriate consultants including infectious disease, podiatry, and hospital medicine were  
8 called. Cultures of the wound reflected a beta hemolytic group A infection. Preoperative  
9 stabilization was performed by controlling blood sugar as well as correction of electrolytes  
10 and antibiotic treatment. The operative report is on the chart as well as a history and  
11 physical and appropriate handwritten progress notes. Medication reconciliation was  
12 performed, and medications have been delivered within a timely manner as set forth by the  
13 hospital policies and procedures.

14  
15  
16 **g. Leapfrog Data**

17 Leapfrog quality and safety data were reviewed and discussed with the hospital  
18 administration. The results of the data are below. In regard to grades and the deficiencies found, it  
19 is the position of Administration that processes are in place to improve the data. However, the  
20 electronic medical records system and supporting services make it difficult to meet the Leapfrog  
21 standards. Hospital administrators are working well together to set trends towards continuous  
22 improvement while preparing for sale. As far as individual category explanation, please see  
23 previous hospital Leapfrog data explanation above under St. Vincent Hospital for specific  
24 explanation of the reporting categories taken directly from the Leapfrog website.  
25  
26  
27  
28

O'Connor Hospital has been reporting to Leapfrog since spring of 2015. Spring of 2015 grade was an A, fall 2015 B, spring of 2016 C, fall of 2016 C, spring of 2017 C, fall 2017 C, spring of 2018 C, and fall 2018 a grade of D. Deficient 2018 categories will be listed below.

- **Infections**

- **MRSA infections**, this hospital score 1.494, best hospital score 0.000, average hospital score 0.881, and worst hospital score 3.383
- **Clostridium difficile infections**, this hospital score 0.825, best hospital score 0.000, average hospital score 0.793, worst hospital score 1.988
- **Infections in the blood**, this hospital score 1.898, best hospital score 0.000, average hospital score 0.789, worst hospital score 2.935.
- **Surgical site infections after colon surgery**, this hospital score 1.310, best hospital score 0.000, average hospital score 0.859, worst hospital score 3.273.

- **Problems with surgery**

- **Dangerous object left the patient's body**, this hospital score 0.216, best hospital score 0.000, average hospital score 0.021, worst hospital score 0.382
- **Death from serious treatable complications**, this hospital score 189.90, best hospital score 96.82, average hospital score 161.65, worst hospital score 204.76
- **Collapsed lung**, this hospital score 0.35, best hospital score 0.11, average hospital score 0.29, worst hospital score 0.47.
- **Serious breathing problem after surgery**, this hospital score 12.46, best hospital score 1.71, average hospital score 8.23, worst hospital score 17.91, backspace.
- **Accidental cuts and tears**, this hospital score 1.99, best hospital score 0.57, average hospital score 1.29, worst hospital score 2.15.
-

1       • **Practices to prevent errors**

- 2           ○ **Doctor's order medications through a computer**, this hospital score 70, best hospital  
3           score 100, average hospital score 69.80, and worst hospital score 5  
4           ○ **Safe medication administration**, this hospital score 25, best hospital score 100,  
5           average hospital score 68.26, and worst hospital 5.00.  
6           ○ **Handwashing**, this hospital score 54.00, best hospital score 60.00, average hospital  
7           score 57.63, worst hospital score 6.00  
8           ○ **Communication about medications**, this hospital score 75, best hospital scored 89,  
9           average hospital score 77.96, and worst hospital score 61  
10          ○ **Communication about discharge**, this hospital score 82, best hospital score 96,  
11          average hospital score 86.88, worst hospital score 69  
12          ○ **Staff work together to prevent errors**, this hospital score 73.85, best hospital score  
13          hundred 20.00, average hospital score hundred 14.54, worst score 0.00  
14

15       • **Safety problems**

- 16           ○ **Dangerous bedsores**, this hospital score 0.64, best hospital score 0.02, average hospital  
17           score 0.38, worst hospital score 1.91  
18           ○ **Patient falls**, this hospital score 0.865, best hospital score 0.000, average hospital score  
19           0.434, worst hospital score 1.747.  
20

21       • **Doctors, nurses and hospital staff**

- 22           ○ **Effective leadership to prevent errors**, this hospital score 73.85, best hospital score  
23           120.00, average hospital score hundred 17.14, worst hospital score 0.00  
24           ○ **Communication with doctors**, this hospital score 90, best hospital score 96, average  
25           hospital score 91.16, worst hospital score 82.  
26  
27  
28

- **Communication with nurses**, this hospital score 89, best hospital score 96, average hospital score 90.95, worst hospital score 78.
- **Responsiveness of hospital staff**, this hospital score 82, best hospital score 94, average hospital score 84.20, worst hospital score 63.

#### 4. St. Louise Regional Hospital

### a. Demographics and Tour

St. Louise hospital is a 93-bed acute care hospital offering wide range of medical services to residents in the Santa Clara and San Benito counties. The population catchment area is considered a geographic vulnerable population. The hospital services a high homeless population that the staff and administration embrace at multiple levels. The emergency department (ED) has eight beds. Emergency Department visits are approximately 30,000 per year. The emergency department was newly upgraded with floors and cabinets. There is an outside helicopter pad that is used as a base station for the local helicopter emergency services. High acuity patients are transferred to a higher-level care hospital, which includes Good Samaritan Hospital, as well as Regional hospital. St. Louise has an 8-bed intensive care unit. The ER and ICU staff are mostly board-certified. The hospital's ICU has eight beds with greater than 90% of the staff establishing board certification as Critical Care Registered Nurse (CCRN). It has a very low staff turnaround rate hospital wide. The medical surgical unit is a 20-bed unit with telemetry and orthopedic services. Hospitalist and intensivist services are assigned approximately 80%-90% of the census. The hospitalist and intensivist service is contracted with San Jose Medical Group, which is part of Verity Medical Foundation. A final decision has not been made as to the nature of the hospitalists and intensivists services once the sale is completed.

The wound care clinic is on the second floor, and has 10 beds and houses a hyperbaric chamber. The hospital administers and performs PICC line services.

1 The hemodialysis is contracted with DaVita, and is in-house.

2 The Breast Care Center medical offices were toured which is on campus at St. Louise  
3 regional hospital. The clinic performs biopsies and placement of J-wires as well as perform bone  
4 scans a nuclear medicine scans. This clinic is active and provides a community service.

5 The hospital has a labor and delivery unit, which is 16 beds and deliver approximately 30  
6 births per month. They have a 16% C-section rate. The operating room is mostly performing  
7 outpatient surgeries. The hospital has three rooms and most of the specialties are Urological,  
8 Orthopedics, General Surgery and Gynecology. Radiology and laboratory services are on-site. The  
9 computerized tomography and magnetic resonance imaging are maintained outside in a trailer.  
10

11 **b. Administrative Discussion**

12 Electronic Medical Record remains a system wide problem that limits the organization from  
13 performing well on Leapfrog reporting despite their efforts at providing quality patient care. St.  
14 Louise Medical Center does not have a computerized physician order entry system (CPOE) system  
15 to elicit and extract information to accurately demonstrate appropriate care to outside accreditation  
16 and monitoring organizations. The general milieu of the hospital during our time spent showed  
17 administration's significant dedication to the hospital, and the patients they serve.  
18

19 Call panel stipends have been paid with adequate coverage. To note that the urology  
20 coverage has been canceled as well as the ENT however given the close relationship to the hospital  
21 and the culture of the physicians in the community both urology and ENT continue to provide  
22 services when required.  
23

24 Chief of Staff, Dr. Prosman, offered some information regarding lack of services. Psychiatry  
25 and neurology are lacking for the inpatient cases. He stated that although a peer review system was  
26 changed system wide, St. Louise does a great job of monitoring their physicians given the culture  
27  
28

1 and close relationships. Physician wellness committee is without any referrals for 2 to 3 years. The  
2 hospital's medical staff is currently concentrating on requirements for Cures compliance.  
3 Compass and HCAPHS scores reviewed with administration who stated that the scores are low  
4 secondary to a low denominator and return of surveys given their population of patients in the  
5 geographic area. However, it's higher than the system average. In a continuous quality control  
6 campaign performed by administration and the staff, administrators are confident that no poor  
7 patient care trends have been identified.  
8

9 **c. Joint Commission Accreditation Report (9/8/2018)**

10 The Accreditation report was reviewed for St. Louise regional hospital in its entirety. Joint  
11 Commission noted several plant management issues that were of low likelihood to cause harm with  
12 corrective action. It appears that all the findings were corrected or at least a plan of action was  
13 acceptable by the Joint Commission. We reviewed each item to identify patient care trends. In  
14 terms of infection control there was an "observed infection control system tracer at St. Louise  
15 Regional Hospital that during the review of the infection control risk assessment it was noted that  
16 the following high-risk activities were not included or integrated into the comprehensive infection  
17 assessment: hemodialysis services, invasive instrument sterilization, flexible endoscope high-level  
18 disinfection procedures, and risk of foodborne transmission. There was evidence of monitoring of  
19 these activities, but not because they were identified, and risk stratified with a proactive infection  
20 risk assessment." Corrective action was performed including infection prevention risk assessment  
21 that was updated and now included these services.  
22

23  
24 The follow-up Joint Commission Executive Summary dated September 7, 2018 showed no  
25 event outcomes needed improvement, no follow-up up activity, and no follow-up timeframe or  
26 submission due date.  
27  
28

1 A letter from “The Joint Commission” to the CEO, John Hennelly, dated September 20, 2018  
2 verified continued Medicare certification effective July 4, 2018 for the St. Louise Regional  
3 Hospital, Breast Care Center, Morgan Hill Diagnostics, DePaul Urgent Care Center at 18550  
4 DePaul Dr., Morgan Hill, CA 95037.

5 **d. Lawsuits**

6 The following lawsuits were carefully reviewed for patient care trends. Our concerns were  
7 discussed with the administrative team and corrective action plans were set in motion. We will  
8 revisit any findings during the follow-up evaluation. The following are a summary of significant  
9 findings:  
10

- 11 • A patient was sent home with a nitroglycerin paste that was not removed prior to discharge.  
12 The patient passed out and hit a tree while driving. It was concluded that he became  
13 hypotensive secondary to the nitroglycerin paste left on his chest after discharge. In  
14 conversations with administration the patient was adamant about leaving the emergency  
15 department in a hurry and the staff was unable to remove the nitroglycerin paste given the  
16 restraints of the patients’ behavior. Education and corrective action were performed.  
17
- 18 • A patient with a foot injury was sent out to a higher level of care with a delay. The  
19 emergency room physician failed to recognize compartment syndrome. The patient had  
20 significant debility related to this issue. Appropriate action was taken by the medical staff  
21 committees and education.  
22
- 23 • A breast biopsy tissue specimen was mislabeled therefore results were provided to the  
24 patient’s primary care physician which delayed care in treatment for breast cancer. The  
25 initial read was negative however patient had a known history of breast cancer. The process  
26 was evaluated, and corrective action was made which included changing the pathologist  
27 services.  
28



**e. Medical Executive Committee Minutes Review**

Review of the St. Louise Regional Hospital Board of Directors and the Medical Executive Committee minutes were done on-site as well as reviewed in the E-data room. The concentration was placed on the board of directors' minutes and the medical executive committee review on quality, patient safety, joint commission accreditation and patient care experience. In these documents are Sentinel events, Leapfrog data, discussion of performance improvement committee review and culture of safety.

**f. California Department of Public Health**

One reported event as of July 19, 2018 regarding a 74-year-old female receiving end of life and comfort measures inadvertently received the larger dose of morphine via patient controlled analgesic device and was ordered and subsequent expired. Education and corrective action were performed on the patient controlled analgesic device and education to nursing staff. This does not indicate any direct trends to poor patient care.

**g. Root Cause Analysis**

One root cause analysis event was completed regarding retention of a surgical sponge incident with subsequent education and corrective action.

**h. In House Chart Review**

A 75-year-old male with metastatic biliary duct carcinoma presented with obstructive jaundice, hypotension, shock and acute on chronic diastolic and systolic combined heart failure. The patient had significant hyperbilirubinemia and hypoalbuminemia. Given the patient's severity of illness, the patient was transferred to Kaiser on request of the insurer. Patient care management through the hospitalization reflected quality of care that met the community standard of care.

**i. Leapfrog Data**

1 St. Louise regional hospital scored a C grade from hospital safety grade.org for fall of 2018. In  
2 spring of 2015 a grade of C was established, and fall 2015 a C grade was established, in spring of  
3 2016 a C grade was established, fall 2016 a C grade was established, spring of 2017 a C grade was  
4 established, fall 2017 a C grade was established, and spring of 2018 a D grade was established.  
5 Most of the complications relating to meeting Leapfrog data and higher grades for St. Louise  
6 regional hospital is secondary to their inadequate electronic medical record requirements for  
7 Leapfrog. This includes their absence of a computerized physician order entry system. Despite the  
8 lack of a computerized physician order entry system and suboptimal electronic medical records St.  
9 Louise regional hospital was able to perform adequately in significant patient care areas. The  
10 following are the results of the most recent Leapfrog data.

12 • **Infections**

- 13 ○ Scored very well in **MRSA infections, C. diff infections, infections in the blood,**  
14 **infections in the urinary tract. Surgical site infections after colon surgery** was not  
15 available for presentation to Leapfrog.

17 • **Problems with Surgery**

- 18 ○ Scored well in the **categories of dangerous object left the patient's body, surgical**  
19 **wound splits open, dangerous blood clots, and cuts and tears.**  
20 ○ **Collapsed lung data** this hospital score was 0.32, best hospital score 0.11, average  
21 hospital score 0.29, and worst hospital score 0.47.  
22 ○ **Serious breathing problem** this hospital score 11.35, best hospital score 1.71, average  
23 hospital score 8.23, and worst Hospital score 17.91.

25 • **Practices to prevent errors**

- 26 ○ **Doctor's order medications through a computer** this hospital score 15, best hospital  
27 score 100, average hospital score 69.80, worst Hospital score 5.

- **Safe administration of medication, handwashing, communication about medications**, scored well in these categories.
- **Communications about discharge** this hospital score 83, best hospital score 96, average hospital score 86.88, and worst hospital score 69.
- **Staff work together to prevent errors** this hospital score 92.31, best hospital score hundred 20.00, average hospital score 114.54, and worst hospital score 0.00,
- **Safety problems**
  - Scored well in **dangerous bedsores, prevention of falls, air or gas bubble in blood**.
  - **Track and reduce risk to a patient's** this hospital score 0.21, best hospital score 0.02, average hospital score 0.38, worst hospital score 1.91.
- **Doctors, nurses and hospital staff**
  - Did well in scores for **communication with doctors, and communication with nurses**.
  - **Effective leadership to prevent errors** this hospital score 110.77, best hospital score hundred 20.00, average hospital score 117.14, worst hospital score 0.00.
  - **Enough qualified nurses** this hospital score 94.12, best hospital score 100.00, average hospital score 97.68, worst hospital score 29.41
  - **Specially trained doctors care for ICU patients** this hospital score 15, best hospital score 100, average Hospital score 49.17, worst Hospital score 5
  - **Responsiveness of hospital staff** this hospital score 92, best hospital score 96, average hospital score 91.16, worst hospital score 82.

## 5. Seton Coastside

Seton Coastside is a unique facility located in Moss Beach California. It operates under the license of Seton Medical Center and is predominantly a skilled nursing facility. At the Attorney General's direction and mandate, the emergency department remained open as a standby ER under

1 title 22 regulations. The facility emergency department sees approximately 200 patients per month  
2 and has an on-site physician and emergency room registered nurse that is in-house 24 hours seven  
3 days a week. We spoke with Dr. Chen who was the emergency room physician on duty who states  
4 that there is been no obvious patient care related issues secondary to the bankruptcy. The facility  
5 has 116 license skilled nursing facility beds, seven emergency room beds, and five acute care beds,  
6 with no admissions in the recent past. Most patients that need higher level of care or acute care  
7 admissions are transferred out to other facilities for continue current treatment. It has an in-house  
8 pharmacy that mostly covers skilled nursing facility and ER medications. Seton Coastsides also has  
9 a rehabilitation service for skilled nursing facility patients and outpatients. The rehabilitation  
10 service treats approximately 3 to 12 patients per day. It provides physical therapy, occupational  
11 therapy and speech therapy. It had a recent rehabilitation contractor leave for contractual issues.  
12 According to one of the staff members that we interviewed in the rehabilitation department, he felt  
13 that they were understaffed. We brought this to the attention of administration who did an  
14 immediate investigation into the full-time employee need for the department which showed that it  
15 was were adequately staffed. We toured, spoke with staff and patients in the skilled nursing section  
16 of the facility and performed on site review of records. While this hospital is under the license of  
17 Seton, it functions as a skilled nursing facility (SNF) and could have more physical therapy and  
18 rehabilitation services than an acute care hospital. The PCO was told that a year ago one of the  
19 physical therapists was let go and a subsequent hiring freeze resulted in that position not being  
20 filled. The PCO did not independently review all patient charts for the need or adequacy of physical  
21 therapy but was relying on the opinion of physical therapy assistant at the facility.

22 The same day the PCO contacted the chief medical officer of Verity to discuss the situation. The  
23 PCO was assured that the situation would be investigated. The hospital conducted an SBAR, which  
24 is common form in hospital settings to resolve identified or potential problems: Situation,  
25  
26  
27  
28

1 Background, Assessment, and Recommendation. The SBAR was sent to the PCO and reveals that  
2 there are no inadequacies in physical therapy staffing.

3 **a. On Site Chart Review**

4 Chart review was performed on site of a 76-year-old male who has significant alcohol abuse,  
5 hypertension, hepatic encephalopathy, history of CVA and probable dementia. The chart was  
6 reviewed in total and the patient was interviewed in brief reflecting appropriate care regarding  
7 safety, adequate staffing, appropriate medication reconciliation administration, physician and nurse  
8 practitioner documentation accuracy and completion. All the elements were maintained to show  
9 that the patient is getting the standard of quality of care.  
10

11 **b. CDPH**

12 California Department of Public Health reports were reviewed over the last two years. All the  
13 findings reflected corrective action, education or no significant findings from CDPH. The  
14 complaints filed reviewed in total and did not show any poor patient care delivery trends.  
15

16 **c. Lawsuits**

17 All lawsuits were reviewed in total as presented in E -room and via records given to us on-site.  
18 Three specific cases and action plans were discussed with administration:

- 19 • A complaint of inappropriate touching by a nursing aide, witnessed by the  
20 neighboring patient in the same room was discussed. According to administration,  
21 the employee was terminated after the investigation.  
22
- 23 • A stillborn was inadvertently disposed in the linen canisters. An investigation was  
24 performed. As a result, education was performed by administration to the  
25 employees regarding policies and procedures.  
26  
27  
28

- A patient was taken to the MRI machine and subsequently passed away while having the MRI. Investigation did not lead to any patient care issues. The death was not deemed related to patient care.

#### **d. Leapfrog Data and Grade**

Leapfrog data was not available for Seton Coastsides as it is not an independent institution but under the license of Seton Medical Center. It cares mainly for skilled nursing patients and provides inpatient and outpatient rehabilitation as its main medical services, and thus Leapfrog would not apply.

#### **6. Seton Medical Center**

Seton Medical Center is a 357 licensed bed hospital. It is in Daly City California in the county of San Mateo. Seton Medical Center has approximately 8,400 inpatient admissions per year, does approximately 3,800 surgical cases per year, and has about 25,000 emergency visits per year. The population served is diverse, and is approximately 87% government funded. Seton Medical Center is a four-star rated hospital by Medicare.gov in its hospital comparison. The star rating ranges from 1 to 5 stars. The most common rating for most hospitals is three stars.

During our observation of the hospital, we met with the administrative staff, toured the facility in total and visited nearby clinics and facilities. We had meetings with the Chief Executive Officer, Chief Operating Officer, Chief Medical Officer, Chief Nursing Officer, Chief Financial Officer, Quality Improvement Director, the president of the medical staff, chief of radiology, various physicians, nurses and staff from different departments including gastroenterology lab, surgery, emergency department, interventional radiology, surgery, dietary, kitchen, medical-surgical floors, intensive care unit and rehabilitation services department.

**a. CMS Findings**

Immediately before arriving at Seton Medical Center, we were notified of an untoward CMS inspection, which noted multiple deficiencies in its surgical processing department and surgery department that placed the hospital initially in Imminent Jeopardy Status to lose its “deemed status” as a Medicare provider based on Medicare conditions of participation for hospitals. The CMS survey activated and transferred follow-up authority to the California Department of Public Health. A letter from the Centers for Medicare and Medicaid Services (CMS,) dated November 27, 2018, stated in part that “as a result, effective the date of this letter was November 20, 2018 your deemed status has been removed and survey jurisdiction has been transferred to the California Department of Public Health. A listing of all deficiencies cited for the survey completed October 5, 2018 was enclosed.”

Given this information, we focused on the issues regarding the CMS report and its deficiencies. The hospital has taken significant actions to identify, correct and verify corrective action. We personally observed and were present during daily strategy meetings to address the listed deficiencies in the complaint letter from CMS. After conversations with administration and observation of the strategic plan of correction, we understand that the hospital is very confident in its ability to regain full status in the next 30 to 60 days when the follow up survey will be performed.

Per the above, the significant CMS findings that placed its deemed status in jeopardy were identified in a specific and thorough examination of the facility, its policies and procedures that thus mandate corrective action for the specific deficiencies in a robust hospital wide approach. The hospital continues to show impressive progress towards addressing each issue with corrective action of the deficiencies that should completely absolve them on follow-up inspection. However,

1 the findings from CMS and CDHP are numerous and will require close monitoring of its progress  
2 to determine continued safe deliver of quality patient care.

3 We reviewed the report and the correction plans, which are nearly or already completed. It is  
4 important to note that the findings are not related to any lawsuits or CDHP reports. The specific  
5 finding and hospital's claim of correction/plan are:

- 6 • Standard 747/940/951 multiple instruments sets having stains/Genesis container stained.  
7 Corrective action completed.
- 8 • Standard 749/940 OR terminal cleaning log an issue. Corrective action completed.
- 9 • Standard 747/940 ASC terminal cleaning log for surgical processing department. Corrective  
10 action completed.
- 11 • Standard 749/940 terminal cleaning log SPD/decontamination. Corrective action  
12 completed.
- 13 • Standard 749/940 terminal cleaning in G.I. showing no log. Corrective action completed.
- 14 • Standard 747 SPD does not have a terminal cleaning policy and procedure that is up-to-date.  
15 Corrective action completed.
- 16 • Standard 747/951 three instrument trays with stains, this corrective action is still pending.
- 17 • Standard 749 bronchoscopy procedures in use. Corrective action completed.
- 18 • Standard 747/940/951 cleaning of surgical instruments. Corrective action completed.
- 19 • Standard 747/940 DeMayo knee attachment not properly cleaned/submerged. Corrective  
20 action completed.
- 21 • Standard 747 sterilizers de-scaling. Corrective action completed.
- 22 • Standard 749 washers leaking in one of the cleaning units. Corrective action completed.
- 23 • Standard 749 portable air conditioning not installed per manufacturer. Corrective action  
24 completed



- 1 • Standard 747 reusable brush is not cleaned and disinfected. Corrective action completed.
- 2 • Standard 747 G.I. scopes pre-cleaning and gross decontamination in procedure room.
- 3 Corrective action completed.
- 4 • Standard 747 no evidence of cleaning calendar for G.I. scopes storage. Corrective action
- 5 completed.
- 6 • Standard 747 pre-processing of scopes due to dust issues inside storage cabinet. Corrective
- 7 action completed.
- 8
- 9 • Standard 747 Medella cleaning issue/filter deficient. Corrective action completed.
- 10 • Standard 747 red soiled gauze found in regular trashcan. Corrective action completed.
- 11 • Standard 747 cleaning issue with Medivator. Corrective action completed.
- 12 • Qualified Oversight for G.I./SPD. Corrective action completed.
- 13
- 14 • Lack of EVS staff to do terminal cleaning. Corrective action completed.
- 15 • Standard 748 no full-time infection preventionist. Corrective action completed.
- 16 • Scope storage cleaning and precleaning at POU. Appropriate cycle of instrument cleaning
- 17 will need further monitoring for substantiation of performance improvement. Further
- 18 monitoring required.
- 19 • Standard 747 two employee vaccination declination not documented or immunized.
- 20 Corrective action completed.
- 21
- 22 • Standard 951 educate EVS and OR staff on terminal cleaning for national guidelines, wet
- 23 time, and revise checklist – track training and provide logs. Corrective action completed.
- 24 • Standard 951 repair handle on sterilizer if possible. Engineering has corrected this action.
- 25 • Standard 951 replace handler on sterilizer. Corrective action completed.
- 26 • Standard 951 clean ceiling tiles. Corrective action still pending.
- 27
- 28 • Standard 749 repaint door with tape residue. Corrective action completed.

- 1 • Standard 951 clean fire extinguisher. Corrective action completed.
- 2 • Standard 951 replace damage floor in SPD – chip sections will be removed and replaced.
- 3 Corrective action completed.
- 4 • Standard 951 clean black marks on flooring in SPD. Corrective action completed.
- 5 • Standard 951 repair leaking washer. Corrective action completed
- 6 • Standard 749/747/940/951 removed brushes from sink area. Corrective action completed.
- 7 • Standard 749/747/940/951 Place latches on sink doors. Corrective action completed.
- 8 • Standard 749/747/940/951 educate OR staff on cart monitoring. Corrective action
- 9 completed.
- 10 • Standard 749 clean sterilizer cart/loading carts. Corrective action completed.
- 11 • Standard 749 educate staff on point of use, correct decontamination of Transesophageal
- 12 echocardiogram (TEE) scopes. Corrective action completed.
- 13 • Standard 749 Institute point of use decontamination for TEE. Corrective action completed.
- 14 • Standard 749/940/951 utilize precleaning enzymatic solution at point of use and OR.
- 15 Corrective action completed.
- 16 • Standard 749 instrumentation cleaning and soaking/submerging – track and log staff
- 17 education. Corrective action completed.
- 18 • Standard 749 adjust staffing to include more staff on Mondays and Tuesdays. Corrective
- 19 action completed.
- 20 • Standard 749/940/951 DeMayo knee positioner removed from use. Corrective action
- 21 completed.
- 22 • Standard 749 lubricant not assessable in all processing of instruments. Corrective action
- 23 completed.
- 24 • Standard 749 replace three new instrument trays. Corrective action completed.

- 1 • Standard 749 replace endoscopy racks – PO implemented. Corrective action completed.
- 2 • Standard 749 replace containers for bipolar forceps. Corrective action completed.
- 3 • Standard 749 SPD retraining and sign off of staff. Corrective action completed.
- 4 • Standard 951 handwashing sink in G.I. lab deficient. Corrective action completed.
- 5 • Standard 749 blue bin porous material in G.I. lab. Corrective action completed.
- 6 • Standard 749 G.I. Lab Staff Education on cleaning policies and processes. Corrective action
- 7 completed.
- 8
- 9 • Remove Non-Disposable Bronchoscope and memo to be provided by COO. Corrective
- 10 action completed.
- 11 • Handwashing Station in SPD. This corrective action still pending.
- 12 • Standard 951 sterilizer connection leaking during regular rounding. Corrective action
- 13 completed.
- 14
- 15 • Standard 951 pipes above instrument washer and adjacent wall contained exposed foam like
- 16 material. Corrective action still pending.
- 17 • Standard 747/749 inoperable sink located in SPD not maintained. Corrective action still
- 18 pending.
- 19 • Standard 749 baseboards next instrument washer were broken and chipped. Corrective
- 20 action still pending.
- 21
- 22 • Standard 749/951 interior walls of holding chambers number one and number three
- 23 sterilizers had white color staining and multiple chipped area. Corrective action still
- 24 pending.
- 25
- 26
- 27
- 28

**b. Root Cause Analysis Data/Adverse Events/Sentinel Events**

All events reported show a plan of action that was both provided and proven during our visit to the hospital in discussions with both the risk management director and hospital administration. The findings are as follows:

- Patient post procedure balloon pump who passed away. A full root cause analysis was performed with the following results. All appropriate care was proven to be done in appropriate fashion. The balloon device malfunction secondary to the patient's severe atherosclerotic disease and anatomy.
- Sterile equipment inappropriately packaged and cleansed. An ongoing correction plan is being performed in a robust sense. We had the opportunity to sit in several meetings regarding the action plan to this important item as listed above.
- Air embolism. Air embolism was inadvertently introduced into the bloodstream of the patient with no acute long-term deficits. Administration fully explained the situation as an appropriate plan of action with education to personnel to policies and procedure and device.
- Post cardiac catheterization communication barrier which ended in a patient death. Significant time was spent with administration regarding this issue. A root cause analysis was performed and significant amount of education to both physician staff, education staff to policies and procedures.
- Retained foreign body. Retained foreign body was found identified as a pin fragment from orthopedic surgery. No long-term effects to the patient were noted.
- Retained foreign body. A retained stent was noted. Specifics of the case were identified by administration in conversations with them there was an appropriate education as well as attention to medical staff education.

- 1 • Patient fall with fractured foot. Patient falls are part of a ongoing safety pillar that is appears  
2 to be quite robust during our tour of the facility as well as our participation in the multiple  
3 administrative and staff meetings. The hospital administration staff had made great strides in  
4 the protection of their patients against falls.
- 5 • Patient fall with fractured hip. Patient falls are part of an ongoing safety pillar that is appears  
6 to be quite robust during our tour of the facility as well as our participation in the multiple  
7 administrative and staff meetings. The hospital administration staff have made great strides  
8 in the protection of their patients against falls.
- 9 • High risk medication administration error. Discussed this element with administration in  
10 detail with adequate resolution of any further risk to patients. Significant education was  
11 performed to the staff.
- 12 • Retained foreign body. Apparently during surgical procedure, a screw was inadvertently  
13 broken and left within the patient as desired by surgeon. Although a reportable event, no  
14 trends in poor patient care were noted after discussion with administration.

15  
16  
17 **c. California Department of Public Health**

18 California Department of Public Health findings were reviewed in total on-site as well as what's  
19 in the ED data room. These findings were reviewed with administration and found to have  
20 significant education and corrective action taken to prevent poor outcomes and sustain conditions of  
21 the hospital that provide good patient care. The following are a list of significant CDPH documents  
22 that were reviewed with administration at length.

- 23 • An 89-year-old patient was admitted on due to abdominal pain who fell on the sixth floor  
24 while trying to get up to go to the bathroom and sustained a left femoral neck fracture.
- 25 • A 69-year-old female patient was admitted to the general psychiatric unit for inability to  
26 care for herself due to mental illness. The fall was witnessed on a camera in identifying and  
27  
28

1 contributing factors to the fall reviewed in total an investigation. The event was reported but  
2 no findings of poor patient care delivery was noted.

- 3 • November 4, 2018 a 68-year-old gentleman with chest pain and pleural effusion was  
4 admitted with blood pressures of 205/95. The patient was treated appropriately for his  
5 medical conditions however he was found on the floor approximately 2:20 AM with an x-  
6 ray that showed a comminuted left intertrochanteric fracture, left femur with displacement  
7 of the greater or lesser trochanter. Appropriate investigation was performed by  
8 administration and risk management and not found to be related to any inappropriate care.  
9
- 10 • August 31, 2018 a medication reconciliation error, reported by the patient, causing  
11 administration of inappropriate antibiotics and incorrect dosage of Toprol and Lopressor.  
12 Education was performed, and corrective action done with the nursing staff.
- 13 • August 3, 2018 a nurse apparently did not deflate a Foley catheter balloon upon removing  
14 the Foley catheter the patient had pain to the prostate and urethra post removal.
- 15 • September 10, 2018 patient complaint to surveyor that the nurse did not speak English and  
16 that 80% of the staff are Filipinos and speak Tagalog which made his ability to  
17 communicate with the nurses difficult to express his needs during his hospitalization.  
18

19 **d. Lawsuits**

20 We reviewed all the lawsuit data from 2011 to present day. We evaluated each line item  
21 presented in the e-room as well as on-site. In review of the specific items interested in by the PCO,  
22 significant work has been performed in identifying process issues and procedures. Several of the  
23 claims although reported, were never filed in the court. The hospital risk management department  
24 identifies any and all potential claims related to both patient care and facilities inside and outside.  
25 Although the listed items may have never reached the court of law or an attorney the items were  
26 reviewed in total with administration and found no specific trends in patient care issues.  
27  
28

1           **e. Quality Compass Review**

2           The quality compass is a system wide matrix that includes clinical effectiveness, patient  
3 experience, safety culture, and clinical outcomes data.

4           In review of the July, 2018 and September, 2018 Board of Directors minute meetings and  
5 packets; patient experience, safety culture and clinical outcomes were are focus as they directly  
6 relate to patient care.

7           In the area of *safety culture* in July, 2018 there was significant positive values which  
8 included incident report ratio that is below the index goal at 0.19, the area of patient safety  
9 indicators index your to date in 2018 was less than the index goal at 0.73, hospital acquired  
10 infections ratio was significantly lower than the index goal of less than one at 0.39, and the hospital  
11 acquired condition ratio was specifically exceptionally below the index goal of less than 1.0 at 0.04.  
12 In the area of *clinical outcomes* specific to the observed mortality rate as a goal rate of less than 2%  
13 fiscal year to date 2018 there's a 5.19% observed mortality rate noting a decrease in September  
14 Board Minutes from fiscal year 2018 percentage of 5.13 down to 3.97%. However, the mortality  
15 observed/expected index with the goal rate of less than one year to date is 1.57 with a decrease to  
16 1.44 that is noted in September, 2018 Board Minutes. We discussed this with administration in  
17 detail as well as the CMO and Chief of Staff. It is likely that the observed mortality rate is related to  
18 physician documentation and the ability to extract appropriate data given the inadequacies of their  
19 electronic medical records. Despite the results we did not see or find any obvious patient care issues  
20 that concerned us. It is likely that after a robust electronic medical record system that includes  
21 electronic physician progress notes and history and physicals as well as a good data extraction  
22 methodology these results will continue to decline.  
23  
24  
25  
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**f. Tour of Hospital, Clinics and Departments**

We spent two days touring Seton Medical Center, the attached medical offices and off-campus medical offices and facilities. Below are the department's findings.

- Cath Lab and G.I. lab-the Cath Lab is a busy STEMI center that does approximately 2000 procedures per year. They also recommend approximately 75 coronary artery bypass grafting per year. The gastrostomy lab is currently doing endoscopic ultrasound for pancreatic Fine Needle Aspiration biopsies as well as diagnostic procedures. During our visit the specialist physician for endoscopic ultrasounds was actually doing his first endoscopic ultrasound after reacquisition of their specialized office on machine.
- Intensive care unit/coronary care unit-this is a 14-bed unit within on-site 24/7 intensivist. We spoke with Dr. Leng who stated that he did not see any change in supplies or day-to-day operations since the bankruptcy. The intensive care unit has a dedicated dietitian, respiratory therapist and clinical pharmacist. They have new equipment including mechanical ventilators. The ICU has a recent drop in length of stay from 5.0 days to 2.9 days. They have impressive data regarding catheter associated urinary tract infections, Clostridium difficile toxin infections which is absent over the last one year. They also have not had a central line acquired infection since June 2018. Most importantly is that they have not had a healthcare acquired infection in 310 days.
- Post anesthesia care unit-is a 13-bed unit that is doing well without any interruption in patient care related to the bankruptcy.
- Operating room-is a 12-bed unit with no associated interruptions in patient care related to the bankruptcy. The operating volume is down 10% from last year. This mostly is related to the intermittent downtrend in hospital volume in all.



- 1 • Emergency department-is an 18 bed ER the treats approximately 25,000 patients per year.  
2 We had long discussions with the emergency department director and chief nursing officer  
3 regarding the types of patients that they receive. The emergency department is deemed a  
4 STEMI and stroke center. The recent stroke data show that they have a 10-minute decline in  
5 stroke patients transported emergently to CAT scan related to new policies and procedures.  
6 Policy was placed that notify the ED staff who in return meet patients at the doorstep of the  
7 emergency department when the ambulance arrives. There has not been a significant drop in  
8 door to TPA time that accompanied the reduction in door to CAT scan time. This was  
9 explained to us by the neurologist Dr. Agarwal, who advised us that they are still working  
10 on processes to decrease the time to initiate TPA by improving teleneurology time to  
11 decision services. Their average door to TPA time is approximate 70 minutes. Trauma  
12 patients are transferred to local facilities which are University of California San Francisco  
13 and Stanford University by ER MD patient designation of “Red Box and Blue Box” which  
14 activates trauma services at these facilities. The transfer time to these facilities are under 30  
15 minutes.  
16  
17
- 18 • Radiology department-toured the department and spoke with interventional radiologist on-  
19 site. There are known CT issues with regards to a declining CT machine. They perform  
20 between 13 to 15 CAT scans per day. There are generally four radiologist on-site, three out  
21 of the four are interventional trained and perform PICC line’s and other interventions for the  
22 hospital.  
23
- 24 • Laboratory department was toured with the director who mentioned that they have not seen  
25 any significant issues regarding the bankruptcy with regards to supplies and staffing. In fact,  
26 they are meeting all their goals in safety, service, quality and value with 100% compliance  
27 in turnaround time for lab work to the floors by 6:30 AM.  
28

- 1 • Rehabilitation, occupational and physical therapy department was visited with the director  
2 with no noted impact in patient care related to the bankruptcy. They do have available  
3 staffing needs which are allocated to them to hire confirmed by the chief financial officer.
- 4 • The kitchen and nutritional services department were toured and reviewed showing  
5 compliance in all four pillars of safety, service, quality and value.
- 6 • Pharmacy department was toured with the director of pharmacy. The pharmacy is an  
7 integral part of patient care in the hospital. The director's state that there are no emergent or  
8 imminent issues with regards to patient care or delivery of medications to patients. They  
9 have a robust antibiotic stewardship department with clinical pharmacist working closely  
10 with infectious disease physicians. They have medication auto substitution policies and  
11 procedures that allow pharmacist to substitute IV antibiotics and medications to by mouth  
12 antibiotics and medications and a best practice and evidence-based practice rate. They also  
13 supply chemotherapy to the outpatient infusion center that is located on premises.
- 14 • We rounded with administration and visited each floor as well as administration during the  
15 "a.m. huddle." In the rounding we were able to visit all the medical surgical floors and met  
16 with the directors to specifically ask questions as to how they think patient care is going and  
17 if patient care is been affected by the bankruptcy.

18 The morning administrative rounding started in the administration suite and highlighted hospital  
19 wide goals of safety, quality, service, and value. Members of the team included the CEO, CMO,  
20 COO, CFO, quality management team, directors and managers of units. In this meeting they  
21 discussed any acute issues with the four pillars of quality, service safety, and value and discussed  
22 ways to immediately implement any issues that demanded attention. They verbally recognized  
23 people performing at specific outstanding levels as well as their accomplishments. This meeting  
24 occurs five days a week each morning.

- Fifth floor is a 26-bed medical surgical unit with a quality focus to prevent falls. The director of the unit did not feel that the bankruptcy affected the ability of the unit to perform patient care.
- Seventh floor is a 24-bed surgical unit with the emphasis on pain management as well as healthcare acquired infections. The director of the unit did not feel that the bankruptcy affected the ability of the unit to perform patient care.
- Sixth floor is a 24-bed medical surgical unit that continues to monitor the four pillar metrics and concentrates on their HCAHPS scores as the floors focused related pillar of service. The director of the unit did not feel that the bankruptcy affected the ability of the unit to perform patient care.
- The closed geriatric psychiatry floor is a locked unit that focuses on a fall reduction which is currently zero. The unit had nine falls last quarter with a dramatic decrease in falls this quarter. They pride themselves on having no restraints related to chemicals or hard restraints. The director of the unit did not feel that the bankruptcy affected the ability of the unit to perform patient care.

**g. Administrative Staff Discussions**

We had discussions and a fairly long conversation with Dr. Antonini, who is the chief medical officer of the facility. He also was Chief of Staff twice in his tenure of greater than 30 years at this facility. Some of the accomplishments that he has noticed over the recent past is the hiring of senior leadership from a traditionally business model to a clinical senior staff which he views as instrumental in improvements in the current hospital situation. He confirmed that 87% of the patients are government funded insurance plans. He commented on the actual mortality rates that have been decreasing since full senior leadership has been installed. In addition to his comments, he mentioned that the medical staff seems to be close and committed to the hospital success although

1 he was considerably worried about the hospitalist and their relationship with Verity Medical Group  
2 as far as their disposition in accordance with the bankruptcy. He noted that the call panel is  
3 sufficient to support the critical needs of the patient from the emergency department and the acute  
4 inpatients. The call panel has recently suspended specialty groups from ENT, obstetrics,  
5 cardiothoracic surgery, and vascular surgery. The specialist however remain dedicated to the  
6 hospital and offer services to the emergency department and in-house acute care patients when  
7 needed. We reviewed data on computer physician order entry which is close to 82%. The history  
8 and physical compliance are 100%, operative reports are 97.0%, discharge summaries are 94.96%  
9 and operative report surgical history and physical prior to surgery is 100%. He also noted that the  
10 MD metrics of length of stay has increased from the geometric length of stay slightly. This case  
11 mix index for the hospital currently is approximately 1.8. Data on hospitalists service metrics which  
12 included geometric length of stay of 4.2, length of stay of 4.15, with the CMI of 1.79.

14 We met with Dr. Robert Perez MD, a general surgeon and president of the medical staff. He had  
15 significant concerns regarding endoscopic ultrasound that was reassigned to St. Vincent's Medical  
16 Center in Los Angeles for a hepatobiliary program that had not yet been fully developed. He  
17 worked with specific people to acquire funds from the medical staff and foundation to reacquire the  
18 endoscopic ultrasound so the physician's special services for endoscopic pancreatic ultrasound  
19 could begin. During the inspection of the hospital and through discussions with the Chief of Staff  
20 and the interventional radiologist there was a discussion about the critical need for an up-to-date  
21 and reliable CT scanner. The hospital currently has a single CT scan machine which is a 16 slice  
22 device. Not infrequently, the CT scan breaks down and is thus unavailable. This results in  
23 inadequate data being obtained and the hospital's emergency room having to close paramedic  
24 traffic and acceptance of acute stroke patients.

- 1 • There is a new 64 slice CT scan machine uninstalled, but on the hospital grounds. There  
2 have not been adequate funds to install the 64 slice CT scan machine. This is a much faster  
3 machine and with much higher resolution. This is critical to the care of patients.
- 4 • Verity and Mr Fratzke, CEO of Seton, agree with the physicians' assessment. As a result, a  
5 backup mobile 16 slice CT scanner will be delivered to the hospital within two weeks.  
6 Additionally, the hospital has set aside the funds required for the architectural plans to be  
7 developed for the installation of the 64 slice CT scanner. The architects have been hired and  
8 are completing their work. It is not clear if all of the required funds for the installation have  
9 yet been made available.
- 10 • This CRITICAL NEED is clearly recognized, but the rapid deployment of the CT scanner  
11 can only be expedited by OSHPD (Office of Statewide Health Planning and Development)

#### 12 **h. Leapfrog Data and Grade**

13  
14 The hospital has reported Leapfrog data since 2015. Spring of 2015 they acquired a grade of C,  
15 fall of 2015 they acquired a grade of C, spring of 2016 and fall of 2016 acquired a grade of C,  
16 spring of 2017 and fall of 2017 they acquired grade of D, spring of 2018 they acquired a grade of C,  
17 and fall 2018 they have acquired their highest grade of B. The lack of an adequate electronic  
18 medical record system has hampered their ability to adequately show a true representation of their  
19 quality of care delivery. The following are specifics to the Leapfrog data registered on hospital  
20 safety grade.org.

- 21 • **Infections**
  - 22 ○ **MRSA infection** scored within the best hospital rating and 0.00
  - 23 ○ **C diff infection** scored below average with the hospital score of 1.232
  - 24 ○ **Infection in the blood** hospital score 0.294 which is close to the best hospital score

- **Infection in the urinary tract** hospital score 1.429, best hospitals score 0.000, average hospital score 0.874, worst hospital score 3.163
- **Surgical site infection after colon surgery** this hospital score 0.946, best hospital score 0.000, average hospital score 0.859, and worst hospital score 3.273
- **Problems with Surgery**
  - Scored well in this section of **dangerous object left the patient's body** with a score of 0.000
  - Scored well in the area of **surgical wound splits open** hospital score 0.78, best hospital score 0.32, average hospital score 0.85, and worst hospital score 1.90.
  - **Death from serious treatable complications** hospital score poorly this hospital score 167.65, best hospital score 96.82, average hospital score 161.65, worst hospital score 204.76.
  - **Collapsed lung section** hospital scored well with the Hospital scored 0.24 with an average hospital score 0.29
  - **Serious breathing problem** hospital score poorly in this section with the hospital score 14.99, best hospital score 1.71, average hospital score 8.23, worst Hospital score 17.91.
  - **Dangerous blood clot** section they scored poorly with the hospital score of 4.59, best hospital score 1.21, average hospital score 3.84, and worst hospital score 7.32.
  - **Accidental cuts and tears** this hospital score poorly in this section with the hospital score 1.36, best hospital score was 0.57, average hospital score 1.29, worst hospital score 2.15
- **Practices to Prevent Errors**
  - Hospital scored well with **doctor's order medications through a computer hospital** score 100, with best hospital score 100.

- **Safe medication administration** hospital score poorly with the hospital score 50, best hospital score 100, average hospital score 68.26, worst Hospital score 5.
- In the section of **handwashing** hospital scored very well with the hospital score 60.00, best hospital score 60.00.
- **Communication about medications** hospital scored very well with the hospital score of 79, and a best hospital scored 89.
- **Communication about discharge** hospital scored average with the hospital score of 87, best hospital score 96, average hospital score is 86.88, worst hospital score 69.
- **Staff work together to prevent errors** this hospital scored very well with the hospital score 120, and best hospital score of 120.
- **Safety problems**
  - **Dangerous bedsores** hospital score very well with the Hospital scored 0.10, best hospital score 0.02, average hospital score 0.3, worst hospital score 1.91.
  - **Patient falls** hospital scored very well with the Hospital scored 0.262, best hospital score 0.000, average hospital score 0.434, worst hospital score 1.747.
  - **Air or gas bubbles in the blood** hospital scored very well with the scored 0.000, best hospital score 0.000.
  - **Track and reduce risk to patient's** hospital score poorly with the hospital score of 90.91, best hospital score 100, average hospital score 96.93, worst hospital score 0.00.
- **Doctors, nurses and hospital staff**
  - **Effective leadership to prevent errors** hospital score poorly with the hospital score 110.77, best hospital score 120, average hospital score 117.14, worst hospital score 0.00.
  - **Enough qualified nurses** this hospital score very well with the hospital score 100.00, best hospital score 100.00.

- **Specially trained doctors care for ICU** patients this hospital scored very well with the hospital score 100, best hospital score 100.
- **Communication with Drs.** this hospital score poorly with the hospital score of 91, best hospital score 96, average hospital score 91.16, worst hospital score 82.
- **Communication with nurses** this hospital score poorly with this hospital score of 90, best hospital score 96, average hospital score 90.95, worst hospital score 78.
- **Responsiveness of hospital** staff this hospital score poorly with the hospital score of 83, best hospital score 94, average hospital score 84.20, worst hospital score 63.

## **B. URGENT CARE CENTERS**

### **1. Willow Glen Urgent Care Center**

Willow Glen Urgent Care Center is in a multispecialty building run by San Jose Medical Group, that includes cardiology, hematology oncology, and pulmonary as well as this urgent care. The urgent care clinic treats 25-45 patients per day. It has on-site point-of-care testing and radiology. The building has an on-site lab. There also is an on-site CT scanner that is non-functional. We spoke at length with Dr. Oykhman, a senior member of the San Jose Medical Group, who has not recognized any obvious impairment to patient care in the urgent care clinic related to the bankruptcy. It is still receiving all critical supplies and providing uninterrupted care to the patients.

### **2. Santa Clara Urgent Care**

We toured Santa Clara Urgent Care Center. No issues identified.

### **3. DePaul Urgent Care Center**

DePaul Urgent Care Center was toured with Dr. Douville. This is off campus but under the license of St. Louise Regional Hospital. DePaul Urgent Care Center was included in the recent accreditation by The Joint Commission. During the tour we were able to speak with Dr. Tavakol



1 who is an emergency room physician working in the urgent care under the contract of Verity  
2 Medical Group that covers St. Louis and O'Connor emergency departments. The urgent care sees  
3 approximately 25 patients per day. The unit has two exam rooms and perform procedures such a  
4 suture repairs, fracture splinting, abscess incision and drainage. It does not perform any IVs but  
5 does perform some wound care treatments. It has point-of-care testing as well as x-rays on-site. No  
6 issues identified.

7  
8 **C. DIALYSIS CENTER**

9 1. St. Vincent's Dialysis Center. PCO visited St. Vincent's Dialysis Center when at St. Vincent's  
10 Hospital. No issues identified.

11 **D. VERITY MEDICAL FOUNDATION CLINICS**

12 The PCO reviewed 29 clinics. Of the 29 clinics reviewed, the PCO identified no issues in 26  
13 clinics. When the physicians were interviewed, and as verified by Dr. Stephen Campbell, medical  
14 director of the clinics, as well as Dr. Del Junco, chief medical officer of Verity, the consensus is  
15 that the patients will all have continuity of care with their current physicians or another medical  
16 group.  
17

18 Three of the clinics, ACMG, Seton Primary Care, and Seton Oncology Daly City, have  
19 continuity of care issues discussed below.

20 1. ACMG All Care Clinic. This clinic is in an underserved area and a significant portion of the  
21 patients are uninsured and paying privately. This is a multigenerational clinic and has been serving  
22 this area for many years. Many of the patients only means of transportation is the public bus  
23 system which stops right in front of the clinic. Many of these patients are being seen for free or are  
24 paying significantly less than would be charged in an urgent care. It appears that the foundation is  
25 covering much of the cost of the care. As compared to the other clinics, the patients of this clinic  
26 appear to have no place else to go. The charts of these patients cannot be given to other physicians  
27  
28

1 or a medical group as most are unfunded or underfunded. Assuming that they can take their cash  
2 and go elsewhere is an incorrect assumption. It is not clear that they have the means to travel, or  
3 that anyone will accept the payment they can offer for services as payment in full. Closing this  
4 clinic would endanger the health of the patients that this clinic serves.

5 2. Centers for Life, Children's Medical Associates (CFL). We met with both Drs. Padua,  
6 pediatricians. At 10,000 visits per year, the impact of possible closure of this multigenerational  
7 clinic was discussed with the Drs. Padua. It was represented that if the clinic closes, there are  
8 clinics in town that will continue the continuity of care for the patients. They have made sure that  
9 the surrounding clinics can absorb the patient load. And, they are confident that the clinics are able  
10 to continue the continuity of care of the clinic's patients.

12 3. SJMG San Jose Medical Group. SJMG is in a multispecialty building that includes  
13 cardiology, hematology oncology, and pulmonary (in the same building as Willow Glen Urgent  
14 Care discussed above). It has on-site point-of-care testing and radiology. The building has an on-  
15 site lab. There also is an on-site CT scanner that is non-functional. We spoke at length with Dr.  
16 Oykhman, a senior member of the San Jose Medical Group, who has not recognized any obvious  
17 impairment to patient care related to the bankruptcy, related to the clinic. It is still receiving all  
18 critical supplies and providing uninterrupted care to the patients. The oncology unit is on the second  
19 floor, which was closed at our time of visit but has an infusion center for chemotherapy that is  
20 utilized. No issues identified.

22 4. Good Samaritan Clinic. We toured the medical clinic and met with Dr. Aziz. The clinic has on  
23 its premise an ENT clinic, a plastic surgery clinic, gastroenterology clinic, an internal medicine  
24 clinic, an orthopedics clinic, OB/GYN clinic, and a pediatric clinic. Dr. Aziz stated that most of the  
25 patients are with HMOs and PPOs, with a small Medi-Cal population. It has not had any impact in  
26 receiving supplies, vendors, flu shots or other vaccinations. It remains unclear as to the disposition  
27  
28

1 of this clinic in the bankruptcy proceedings, however, as stated, patients are mostly HMO and PPO  
2 with a small amount of Medi-Cal HMO patients that will be reassigned to other appropriate  
3 physicians and medical groups.

4 5. McKee Clinic. Reviewed with Dr. Campbell. No issues identified.

5 6. Morgan Hill Medical Associates. This medical clinic is upstairs from DePaul Urgent care and  
6 sees approximately 50 patients per day. We toured the medical clinic and met with the  
7 administrator Karen. Karen advised us that there have been no issues with the clinic regarding  
8 supplies or vendors and no disruptions in the clinic operations due to the bankruptcy. The clinic  
9 staff is paid by Verity Medical Foundation, and the physicians are provided by San Jose Medical  
10 Group. It remains unclear as to the final disposition of the medical group which in turn will decide  
11 the impact of continuity of patient care that is provided by this clinic.  
12

13 7. Morgan Hill Pediatrics. We toured Morgan Hill pediatrics, a clinic that treats approximately 12  
14 to 15 patients per day, and according to the administrative staff on site, has not been affected by the  
15 bankruptcy. It remains unclear as to final disposition of the patients and the clinic at this stage in  
16 the evaluation. This remains a community issue if in fact the clinic closes, and the physicians are  
17 terminated. However, it appears that most of these patients are part of an HMO and other insurance  
18 plan that will distribute the patient care to other appropriate providers.  
19

20 8. O'Connor General Surgery. Visited when at O'Connor Hospital. Reported above with  
21 O'Connor Hospital. No issues identified.  
22

23 9. Willow Glen Clinic. Visited with Dr. Deauville. No issues identified.

24 10. SOAR Redwood Main campus. Reviewed patient continuity of care with Dr. Campbell and  
25 confirmed plan of future care with SOAR representative at SOAR San Jose. No issues identified.

26 11. SOAR San Francisco. Reviewed patient continuity of care with Dr. Campbell and confirmed  
27 plan of future care with SOAR representative at SOAR San Jose. No issues identified.  
28

1 12. SOAR San Jose. We toured the orthopedic clinic, which treats approximately 15 to 30 patients  
2 per day. We met with the local facility staff. It does not appear to have been affected by the  
3 bankruptcy, except for the issues with both MRIs that are on the office's premises. The MRI  
4 machines are not being utilized secondary to bankruptcy proceedings. Circumstances surrounding  
5 the discontinuation of the office's MRI equipment is unclear at this point. However, the effect to  
6 patient care is minimal, except for convenience. Patients are sent to outside MRI facilities with  
7 minimal disruption of care according to the staff. It appears that this clinic will dissolve its  
8 relationship with Verity and continue independently or by sale.  
9

10 13. 1800 Sullivan Primary Care. Reviewed with Dr. Campbell. Solo primary practice. No issues  
11 identified.

12 14. Gilroy Primary Care. Reviewed with Dr. Campbell. No issues identified.

13 15. O'Connor Primary Care Clinic. Dr. Nimorov has resigned and relinquished the patients to the  
14 foundation. Dr. Nimorov believes his patients' continuity of care will not be impacted.

15 16. Samaritan ENT. Reviewed with Dr. Campbell. Solo ENT that does not perform procedures in  
16 the office. No issues identified.  
17

18 17. Santa Clara Family Medicine. Reviewed with Dr. Campbell. Solo family practitioner. No  
19 issues identified.

20 18. Seton Multispecialty Clinic. Visited while at Seton. Interviewed Dr. Agarwal, neurologist. No  
21 issues identified.

22 19. Seton Oncology Daly City. The oncology clinic of Dr. Moretti and Dr. Schwartz was visited.  
23 The PCO interviewed Dr. Moretti. He is been in practice for 40 years. The current office via a  
24 passageway is attached to the hospital and the hospital's infusion center. Drs. Moretti and Schwartz  
25 care for the sickest outpatients in the system and very many are in the midst of ongoing  
26 chemotherapy and radiation therapy. It would be extraordinarily difficult to assign these patients to  
27  
28

1 other physicians. Dr. Moretti was concerned that he received a deadline of closing his office of  
2 January 31, 2019. He believes that this is not enough time for him to either find a new office,  
3 another group to work with, or a reassignment of his patients. He is a dedicated physician and  
4 would like to continue caring for his patients. The PCO agrees with Dr. Moretti's conclusions  
5 regarding the need for guaranteed continuity of care for his patients. As a result, the chief medical  
6 officer of Verity, Dr Del Junco was contacted. Within 24 hours, Verity developed an action plan,  
7 which was verbally communicated to the PCO and that appears to be reasonable. As mentioned  
8 above the patient's seen at this clinic are cancer patients and have ongoing chemotherapy and  
9 radiation therapy needs. They cannot simply be transitioned out. During the PCO's conversation  
10 with Dr. Moretti he indicated that he required time to move his patients to a medical group where  
11 he could care for them. He believed that his being required to vacate his offices by January 31,  
12 2019 was unrealistic and would endanger patient care. After learning the foregoing, the PCO  
13 immediately called Dr. Del Junco, who was very responsive and within 24 hours came up with an  
14 action plan. Through the efforts of Dr. Del Junco, it was communicated to the PCO that Verity will  
15 do the following: a) issue a letter to all providers on December 7, 2018 which gives them 30 days to  
16 make a decision about their practices and their patients b) the doctors will be allowed to take their  
17 charts with them and set up their own private practices c) the doctors will be allowed to take their  
18 charts with them and join another medical group or d) should the doctors decide they do not want to  
19 continue with their patients or transition to another group, then Verity will keep the clinics open for  
20 another 60 days through March 7, 2019, and e) Verity will arrange for alternate medical care for  
21 these patients to ensure their continued care and safety by March 7, 2019.

22  
23  
24  
25 20. Seton Oncology San Francisco. This is a satellite office of Seton Oncology Daly City and  
26 should be treated the same.

1 21. Seton Primary Care. Dr. Kris Keely is a Stanford trained internist without associates who has  
2 nearly 5000 primary care patients. She, like the oncologists above, was concerned over her January  
3 31, 2019 closing deadline. Dr. Keely too believes that this was not enough time to either move her  
4 practice, join another group, or reassign her patients. Dr. Keely would like to continue caring for  
5 these patients and additionally does not believe that all of these patients can get assigned in such a  
6 short period of time to ensure their continuity of care. The PCO agrees with Dr. Keely's  
7 conclusions regarding the continuity of care of her patients. As stated above Verity's chief medical  
8 officer was contacted and within 24 hours presented what appears to be a reasonable action plan  
9 which the PCO will continue to monitor.  
10

11 22. Breastlink Laguna Hills Clinic. No issues identified by the PCO. Additionally, the PCO was  
12 advised that Debtors are negotiating contract for imminent sale.

13 23. Breastlink Newport Beach Clinic. No issues identified by the PCO. Additionally, the PCO was  
14 advised that Debtors are negotiating contract for imminent sale.

15 24. Breastlink Orange Clinic. No issues identified by the PCO. Additionally, the PCO was advised  
16 that Debtors are negotiating contract for imminent sale.  
17

18 25. Breastlink Temecula Valley Clinic. No issues identified by the PCO. Additionally, the PCO  
19 was advised that Debtors are negotiating contract for imminent sale.

20 26. Comprehensive Surgical Associates. Met with surgeon while at St. Francis. See further details  
21 in St. Francis Hospital section above. No issues identified.

22 27. Southgate OB GYN. Solo obstetrician clinic. No issues identified.

23 28. St. Vincent's Multispecialty. Visited while at St. Vincent's Hospital. This clinic is under the  
24 hospital license. No issues identified.  
25

26 29. St. Vincent's Transplant SVTP. Reviewed this entity with Dr. Campbell. No issues identified.  
27  
28

**V. ISSUES REQUIRING DEBTORS' IMMEDIATE ATTENTION**

**1. ISSUES WITH ACTION PLAN.**

Each of the hospitals and some of the clinics had various issues identified by the California Department of Public Health (CDPH), the Joint Commission, a variety of other regulatory bodies as cited above and by the PCO, as set forth in detail in the review of each separate entity. For each of the items identified, at the request of the PCO, the Debtors demonstrated their action plans. The implementation of these action plans was verified in detail, on site, with the hospitals' leadership, and will be monitored throughout the course of the PCO's tenure.

**2. ELECTRONIC MEDICAL RECORD ("EMR").**

Debtors' EMRs are antiquated and disjointed. In some of the hospitals there are more than six separate EMRs doing various tasks that do not effectively communicate with one another. The main EMR on the patient floors is cumbersome making work flow difficult and includes no progress notes. Anyone viewing the record must go into the electronic medical record to view consultations and then read the handwritten progress notes in the chart to simply understand the current state of the patient's healthcare delivery.

Furthermore, the absence of an adequate EMR severely impairs the ability of the institution to gather data regarding most aspects required to evaluate patient safety. For example, the Leapfrog data and scores are a reflection of this problem. Many of the metrics used to arrive at the low Leapfrog scores are negatively impacted just by the lack of an adequate EMR. Patient safety, what Leapfrog measures, cannot be adequately measured, and thus, is assumed by Leapfrog to not exist. The hospitals scoring would clearly go up in many instances if a robust EMR system existed.

However, an inadequate EMR can result in patient harm. By way of example, in one hospital, a procedure was ordered in the interventional radiology department. That procedure was later canceled, but that was not communicated to the interventional radiology department. An

1 unnecessary procedure was thus performed on the patient. Thereafter the patient required surgery to  
2 undo the previously canceled but performed procedure.

3 The PCO was informed that the new owner will rapidly be installing an effective EMR,  
4 which appears at present to be the only current viable solution to this problem which cannot and  
5 should not be ignored. Due to the anticipated sale of the Debtors, there appears to be no viable  
6 solution to this problem available during the bankruptcy. An EMR is a costly and very time-  
7 consuming procedure from purchase through implementation and will likely cost millions of dollars  
8 per institution and take up to a year to complete. The PCO was advised that more than one hospital  
9 system will be buying the hospitals of Verity health systems, and that the clinics along with the  
10 urgent care centers will be closed or transferred to others. The PCO is aware that each hospital  
11 system will want to use its own version of an EMR when it takes over. Thus, attempting to install  
12 an EMR prior to new ownership's arrival, would be an enormous waste of resources. However, due  
13 to issues that may continue to arise similar to the above cited example, this is a serious issue.  
14

## 15 **VI. CONCLUSION**

16  
17 The Verity Healthcare System has nearly 40 locations over a wide geographic area and serves  
18 hundreds of thousands of patients. The corporate leadership at headquarters and at the local  
19 facilities is highly competent, hard-working and dedicated to patient care. Likewise, the medical  
20 staff, its leadership, the nursing staff, along with the paramedical staff at each location are dedicated  
21 to their patient's well-being and to the institutions. Despite the economic hardships imposed by the  
22 bankruptcy, the Debtors have worked together to care for their patients. The economic hardships of  
23 the institution are not due to a lack of quality care or lawsuits, but appear to be due to economic  
24 burdens that do not factor into this Report.  
25

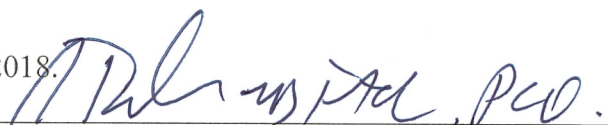
26 Most impressive, is the willingness of Debtors' leadership to immediately take on the  
27 problems identified by the PCO and to work quickly and cooperatively with the PCO to find  
28



1 solutions. The PCO will continue to monitor the progress of the healthcare related issues of the  
2 Debtors as identified and described in this initial Report, and as required by the bankruptcy code.

3 After completion of this Report, Verity Medical Foundation sent the PCO a "Health Plan  
4 Patient Coordination Plan," dated December 7, 2018 ("Coordination Plan"), which memorializes  
5 the verbal representations made to the PCO by Dr. Del Junco. The Coordination Plan is attached  
6 hereto as addendum.

7  
8 Dated this 10<sup>th</sup> day of December, 2018.

  
9 Jacob Nathan Rubin, MD, FACC, Patient Care  
10 Ombudsman  
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## **Addendum**

**Verity Medical Foundation  
Health Plan Patient Coordination Plan  
Updated December 7, 2018**

<b><u>Overview of Health Plan Patient Coordination Plan</u></b>
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Verity Medical Foundation, Inc. ("VMF") has developed the following Health Plan Patient Coordination Plan (the "Plan"), the primary objective of which is to ensure continuity of VMF patient care based on the post-VMF plan for each practice. VMF leadership will work closely with the VMF health plans and the physicians of each practice to facilitate patient care transition. Key steps for this process are as follows:

- I. **Practice Offboarding:** Specific plan for practice post VMF
- II. **Payor Notification Process:** Description of process for patient transfers to new providers, or; if practice closure is selected, description of process for:
  - Notifying payors
  - Notifying patients
  - Recommendations to patients for alternative practice(s) and / or new physician(s)
  - Medical records transfer
- III. **Practice Offboarding Schedule** for each practice:
  - Date of offboarding
  - Name of payors and date payors notified (to be notified)
  - Date practice notified (to include tentative dates for practices not yet formally noticed of planned offboarding dates)

<b><u>Health Plan Patient Coordination Plan</u></b>
---

**I. Practice Offboarding**

VMF has contacted each medical group practice regarding the need for the practice to be offboarded from VMF. The Offboarding of each Practice falls into one of three categories, as described below:

- A. **Practice Transition:** Practice has a plan to continue to provide care to VMF patients in an existing clinic or a nearby clinic ("Practice Transition Plan")
  - 1. Existing practice will continue to provide care to existing patients
  - 2. Medical records are fully transferred
  - 3. VMF notifies payors
  - 4. VMF will assist the practice with assignment of VMF health plan contracts to the extent desired by the health plan
  - 5. VMF will assist practice in notifying patients if there is a practice location change

- B. Practice Closure:** Practice has no Practice Transition Plan to continue providing care to VMF patients
1. VMF recommends alternative practice(s) and / or new physician(s) to patients
  2. Patients will be notified by mail of practice closure.
  3. A call center will be established with limited time for requests to transfer medical records
  4. Practice closure date set
- C. Practice Plan TBD:** Practice intends to develop a Practice Transition Plan but needs more time
1. Practice delivers Practice Transition Plan by a mutually agreed upon date (provides physicians time to develop a Practice Transition Plan), then proceed with Option A
  2. If Practice does not deliver Practice Transition Plan by agreed upon deadline, then proceed with Option B

**Status of Practice Offboarding**

Physician Group / Physician	Date of Offboarding	Treatment	Category
<b>Physician Groups / Physicians - Treatment Decided</b>			
Dr. Carreon	11/30/2018	Closure	B
Dr. Nemirov	12/31/2018	Closure / Resigned	B
Dr. Mingrone	1/31/2019	Sale	A
Dr. Kwass	1/31/2019	Closure	B
Dr. Defreitas	1/31/2019	Closure	B
Dr. Eskenazi	1/31/2019	Closure / Resigned	B
Dr. Phan	3/7/2019	Closure	B
Dr. Degamo	3/7/2019	Closure	B
Dr. Kealey	3/7/2019	Closure	B
Dr. Washington	3/7/2019	Closure	B
Dr. Agrawal	3/7/2019	Closure	B

Physician Group / Physicians	Date of Offboarding (Tentative)	Treatment (Tentative)	Category
<b>Physician Groups / Physicians - Treatment TBD</b>			
ACMG	12/31/2018	TBD - Closure; Possible Sale	C
Breastlink (LACN)	1/31/2019	TBD - Sale	C
Breastlink (SCCI) Dr. Trask	1/31/2019	TBD - Sale	C
SJMG	1/31/2019	TBD - Sale	C
Dr. Lucero Dr. Nusairee	1/31/2019	TBD - Sale / Closure	C
Dr. Wai	1/31/2019	TBD - Closure	C
CFL	1/31/2019	TBD - Sale	C
Dr. Rice	2/11/2019	TBD - Closure / Resign	C
Dr. Moretti Dr. Schwartz	2/28/2019	Extend	C
SOAR	3/31/2019	TBD - Sale	C
Dr. Montano Dr. Lee Dr. Iraninezhad	7/31/2019	Extend	C
Dr. Sams	7/31/2019	Extend	C
Dr. Artininyan	7/31/2019	TBD	C
Seton Hospitalists/Intensivists	7/31/2019	Extend	C
St. Vincent Transplant SVTP (five physicians)	7/31/2019	TBD	C
7 Allcare Downstream Providers	TBD	TBD	C
3 Hospitalists - CFL	TBD	TBD	C

## **II. Payor Notification Process**

### **Coordination with California Department of Managed Health Care and the Health Plans contracted with Verity Medical Foundation**

Since filing for bankruptcy, VMF and / or its consultants have been coordinating with the Department of Managed Health Care (“DMHC”) and the health plans VMF has contracted with regarding continuation of care for patients assigned to physicians associated with the VMF health Plans. DMHC is the regulatory entity in California that has direct oversight of HMO operations and has a foremost directive to ensure patient access to care. VMF continues to provide monthly updates to DMHC and is responsive to their requests for specific information regarding VMF operations as a risk bearing organization (“RBO”). In addition, VMF’s consultants from BRG initiated discussions with DMHC regarding the VMF bankruptcy filing and the plan to close down VMF as an RBO.

During the course of the bankruptcy, VMF has coordinated with the VMF health plans to resolve the refusal by providers contractually obligated to VMF, including third party physicians, to provide patient services as a result of the bankruptcy filing.

On September 14, 2018, VMF sent letters (attached as Appendix A) to each of the VMF health plans which included a discussion on coordinating with the health plans as to whether the health plan desires to enter into a new agreement with any buyer of a VMF medical group practice; or, to have VMF assign the existing contract to the buyer. VMF emphasized in these letters that the effective coordination between VMF and the health plans to minimize any disruption in patient care was of “heightened importance”.

### **Health Plan Members Assigned to VMF or Accessing VMF Physicians**

VMF has both fee for service patients and capitated patients that receive care from VMF pursuant to the contracts for the VMF health plans.

Patients of VMF physicians under a fee for service health plan contract use their health plan’s directory to identify primary care or specialty physicians that they then select for care.

Patients who see VMF physicians under a capitated health plan contract select VMF primary care physicians for their care. When these patients need specialty care, they see VMF specialty physicians and or specialty physicians that VMF has contracted with to care for VMF patients.

The patients assigned to VMF by its contracting health plans are the members of the health plan. The health plans are the responsible party for ensuring its members have access to care. VMF is responsible for notifying the health plans when VMF decides to make changes that require the transition of patient care from existing VMF practices to alternative providers. The health plans are responsible for transitioning patient care to alternative providers should an attending physician cease to be a participant in the health plan’s provider network or be otherwise unable to continue to provide care. Health plans are responsible for coordination of patient access to physicians, and have utilization management teams or case management teams for this purpose.

VMF does not have the authority to transition patients to non-VMF physicians; only the health plans have this authority. VMF has the obligation to cooperate with the transition plan created for each patient by the health plan. The health plans have the authority, knowledge of their

contracting providers, and processes for coordinating patient transition to non-VMF physicians required by applicable regulatory requirements.

### **Responsibility for Coordination of Patient Care**

Health Plans licensed in California by DMHC are required to comply with all laws and regulations including those specific to patient access to care. California requires that health plans that operate in the state must have mechanisms to facilitate transition of care (including enrollee notifications) when a) an individual in a course of treatment enrolls in the Plan, and b) when a medical group or provider is terminated from the network.

Specific to patient care coordination, health plans must be compliant with the following sections of the Health and Safety Code: section 1367(d); CA Health and Safety Code section 1373.95; CA Health and Safety Code section 1373.96(a) and (b); 28 CCR 1300.67.1.3(b)

### **CA Health and Safety Code section 1367(d)**

A health care service plan and, if applicable, a specialized health care service plan shall meet the following requirements:

(d) The plan shall furnish services in a manner providing continuity of care and ready referral of patients to other providers at times as may be appropriate consistent with good professional practice.

### **CA Health and Safety Code section 1373.95**

(a)(1) A health care service plan, other than a specialized health care service plan that offers professional mental health services on an employer-sponsored group basis, shall file a written continuity of care policy as a material modification with the department before March 31, 2004. (2) A health care service plan shall include all of the following in its written continuity of care policy: (A) A description of the Plan's process for the block transfer of enrollees from a terminated provider group or hospital to a new provider group or hospital; (B) A description of the manner in which the Plan facilitates the completion of covered services pursuant to the provisions of Section 1373.96; (C) A template of the notice the Plan proposes to send to enrollees describing its policy and informing enrollees of their right to completion of covered services; (D) A description of the Plan's process to review an enrollee's request for the completion of covered services; (E) A provision ensuring that reasonable consideration is given to the potential clinical effect on an enrollee's treatment caused by a change of provider.

### **CA Health and Safety Code section 1373.96(a) and (b)**

(a) A health care service plan shall at the request of an enrollee, provide the completion of covered services as set forth in this section by a terminated provider or by a nonparticipating provider. (b)(1) The completion of covered services shall be provided by a terminated provider to an enrollee who at the time of the contract's termination, was receiving services from that provider for one of the conditions described in subdivision (c). (2) The completion of covered services shall be provided by a nonparticipating provider to a newly covered enrollee who, at the time his or her coverage became effective, was receiving services from that provider for one of the conditions described in subdivision (c).

### **Communication to Health Plans regarding Closure of VMF Physicians / Groups**

The Health Plans that have contracts with VMF have received notice either via motions filed in the bankruptcy court regarding the rejection of certain health plan agreements and physician PSAs; or via the notice provision in the VMF health plan contracts, which requires VMF to provide advance notice to health plans when a physician will no longer be providing services via its relationship with VMF.

VMF filed the following motions providing notice to health plans of the intent to terminate its relationship with the following groups.

Hunt:

- Docket #249, filed September 21, 2018: Debtors' Notice Of Motion And Motion To Reject, Pursuant To 11 U.S.C. § 365(A), Professional Services Agreement And Development Agreement With Hunt Spine Institute, Inc. Nunc Pro Tunc To The Petition Date; Memorandum Of Points And Authorities; Declaration Of Stephen Campbell, M.D.

SOAR:

- Docket #400, filed October 3, 2018: Debtors' Notice Of Motion And Motion To Reject, Pursuant To 11 U.S.C. § 365(a), Professional Services Agreement With Sports, Orthopedic And Rehabilitation Associates (SOAR) And Related Executory Contracts And Unexpired Leases Nunc Pro Tunc; Memorandum Of Points And Authorities; Declaration Of Stephen Campbell, M.D.

Allcare:

- Docket #576, filed October 18, 2018: Debtors' Notice Of Motion And Motion To Reject, Pursuant To 11 U.S.C. § 365(A), Professional Services Agreement With All Care Medical Group, Inc. And Related Executory Contracts And Unexpired Lease Nunc Pro Tunc; Memorandum Of Points And Authorities; Declaration Of Stephen Campbell, M.D.

In addition to the above motions, VMF was contractually obligated to, and did provide notice to health plans of dates that certain physicians will no longer be associated with VMF and available to provide patient care to the health plan members. Based on this notice, health plans will take whatever action is necessary as required by regulations to create transition of care plans for impacted patients. Attached is a list of notices already provided to health plans for VMF physicians that will no longer be associated with VMF (Appendix B).



### III. Practice Offboarding Schedule

Physician Group / Physician	Date of Offboarding	Treatment	Date Practice Notified	Date Payors Notified (To Be Notified)	Names of Payors		
Physician Groups / Physicians - Treatment Decided							
Dr. Carreon	11/30/2018	Closure	11/30/2018	11/30/2018	- Aetna - Altamed - Allcare Health Plan - America Choice Provider Network - Angeles IPA	- Bella Vista - Blue Shield - Cigna - Global Care - HealthNet - Hispanic Physician IPA	- NX Health Network - Prospect - Regal - Tricare - UHC - Watts
Dr. Nemirov	12/31/2018	Closure / Resigned	Resigned in November	11/30/2018	- Aetna - Anthem - Blue Shield - Caremore	- Cigna - NCPN - NX Health Network - On Lok	- Sccipa - UHC - Tricare
Dr. Mingrone	1/31/2019	Sale	n/a	12/6/2018	- Aetna - Anthem - Blue Shield - Brown & Toland	- Caremore - Cigna - HP of San Mateo - Healthnet	- Hills Physicians - SCAN - SCCIPA - UHC - Tricare
Dr. Kwass	1/31/2019	Closure	12/7//18	12/6/2018	- Aetna - Anthem - BS	- Cigna - Healthnet - Hills Physicians	- HP of San Mateo - UHC
Dr. Defreitas	1/31/2019	Closure	12/6/2018	12/6/2018	- Aetna - Anthem - B&T - BS	- Cigna - Health Plan of San Mateo - Healthnet	- Hill Physicians - TriCare - UHC
Dr. Eskenazi	1/31/2019	Closure / Resigned	12/6/2018	12/6/2018	- Aetna - Altamed - Allcare HealthPlan - America's Choice - Angeles IPA - Anthem - Bellavista	- BS - Cigna - GlobalCare - Healthcare LA - Healthnet - Omnicre - Prospect	- UHC - Watts - Tricare - Hispanic Physician's IPA
Dr. Phan	3/7/2019	Closure	12/6/2018	12/6/2018	- Aetna - Anthem - BS	- B&T - Cigna - Health Plan of San Mateo	- Healthnet - Hill Physicians - UHC
Dr. Degamo	3/7/2019	Closure	12/6/2018	12/6/2018	- Aetna - Anthem - BS	- B&T - Cigna - Health Plan of San Mateo	- Healthnet - Hill Physicians - UHC
Dr. Kealey	3/7/2019	Closure	12/6/2018	12/6/2018	- Aetna - Anthem - BS	- B&T - Cigna - Health Plan of San Mateo	- Healthnet - Hill Physicians - Tricare - UHC
Dr. Washington	3/7/2019	Closure	12/6/2018	12/6/2018	- Aetna - Anthem - BS - Caremore	- Cigna - Healthnet - NCPN - SCAN	- SCCIPA - Tricare - UHC - VHP
Dr. Agrawal	3/7/2019	Closure	12/6/2018	12/6/2018	- Aetna - Anthem - B&T - Blue Shield	- Caremore - Cigna - UHC - Tricare	- Health Plan of San Mateo - Hill Physicians

Physician Group / Physician	Date of Offboarding (Tentative)	Treatment (Tentative)	Date Practice Notified	Date Payors Notified (To Be Notified)	Names of Payors
<b>Physician Groups / Physicians - Treatment TBD</b>					
ACMG	12/31/2018	TBD - Closure; Possible Sale	n/a	n/a	n/a
Breastlink (LACN)	1/31/2019	TBD - Sale	n/a	n/a	n/a
Breastlink (SCCI) Dr. Trask	1/31/2019	TBD - Sale	n/a	n/a	n/a
SJMG	1/31/2019	TBD - Sale	n/a	n/a	n/a
Dr. Lucero Dr. Nusairee	1/31/2019	TBD - Sale / Closure	n/a	n/a	n/a
Dr. Wai	1/31/2019	TBD - Closure	n/a	n/a	n/a
CFL	1/31/2019	TBD - Sale	n/a	n/a	n/a
Dr. Rice	2/11/2019	TBD - Closure / Resign	n/a	n/a	- Aetna - Allcare Health Plan - Altamed - America's Choice - Angeles IPA - Anthem - Bellavista - BS - Cigna - GlobalCare - Healthcare LA - Healthnet - Hispanic Physician's IPA - Omnicare - Prospect - Regal - St. Vincent IPA - Tricare - UHC - Watts
Dr. Moretti Dr. Schwartz	2/28/2019	Extend	n/a	n/a	- Aetna - Anthem - Brown & Toland - BS - Chinese Community - Cigna - Healthnet - UHC - Health Plan of San Mateo - Hill Physicians - Tricare
SOAR	3/31/2019	TBD - Sale	n/a	n/a	n/a
Dr. Montano Dr. Lee Dr. Iraninezhad	7/31/2019	Extend	n/a	n/a	n/a
Dr. Sams	7/31/2019	Extend	n/a	n/a	n/a
Dr. Artininyan	7/31/2019	TBD	n/a	n/a	n/a
Seton Hospitalists/Intensivists	7/31/2019	Extend	n/a	n/a	n/a
St. Vincent Transplant SVTP (five physicians)	7/31/2019	TBD	n/a	n/a	n/a
7 Allcare Downstream Providers	TBD	TBD	n/a	n/a	n/a
3 Hospitalists - CFL	TBD	TBD	n/a	n/a	n/a

## **APPENDIX A**



2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Nicole Brown  
Anthem Blue Cross South  
21555 Oxnard Street, 8th Floor  
Woodland Hills, CA 91367

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Ms. Brown,

As our valued business partner for Commercial and Medi Cal, we understand that the chapter 11 bankruptcy filings of Verity and its affiliates will have raised questions and concerns about our plans going forward for our hospitals (the "Hospitals") and the Verity Medical Foundation (the "Foundation") physician organizations. First, let me assure you that the bankruptcy filing has no impact on our ability to provide high quality patient care and that remains our paramount focus. Second, as you likely already know, Verity faces significant financial and structural hurdles to being a viable healthcare delivery entity over the long term. Therefore, although Verity is considering all opportunities, the most likely outcome is the sale of the Hospitals through the bankruptcy process. Rest assured that in this process we are focused on reaching out to high quality healthcare providers, who will be able to provide adequate assurance of their ability to perform in the future to the standards you expect. As the sales process moves forward, Verity will coordinate with health plans regarding the assignment of existing hospital contracts to buyers.

Verity will be honoring our existing contracts with health plans and continuing to administer our risk pool and coordinate with our IPA/Medical Group partners. In any instance where Verity has a question regarding possible modification, Verity will reach out to discuss the issues prior to filing any motion for modification or rejection of a capitated contract. We expect that our health plan and IPA/Medical group risk share partners will not seek to move patients to other facilities, which would undermine the risk pool financial performance post-petition. Under the Bankruptcy Code, the commencement of a bankruptcy case creates a bankruptcy estate which includes all property of the company in bankruptcy, including contract rights. It also invokes an automatic stay on any acts to exercise control over property of the bankruptcy estate. It is a violation of the automatic stay for parties in contracts with Verity and its affiliated entities to unilaterally terminate those contracts or unilaterally alter the terms of that contract,



without relief from the automatic stay, which can only be granted by the Bankruptcy Court. Moreover, the Bankruptcy Code invalidates provisions in contracts which authorize the termination of that contract upon the filing of a bankruptcy.

#### Verity Foundation Physician Operations

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Sincerely,

A handwritten signature in black ink, appearing to read 'M. Schweitzer'.

Mike Schweitzer, MD, MBA  
Chief, Population Health  
Verity Health  
O. (424) 367-0738  
C. (210) 836-6867



2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Tracy Barnes  
Blue Shield  
3300 Zinfandel Drive  
Rancho Cordova, CA 95670

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Ms. Barnes,

As our valued business partner, we understand that the chapter 11 bankruptcy filings of Verity and its affiliates will have raised questions and concerns about our plans going forward for our hospitals (the "Hospitals") and the Verity Medical Foundation (the "Foundation") physician organizations. First, let me assure you that the bankruptcy filing has no impact on our ability to provide high quality patient care and that remains our paramount focus. Second, as you likely already know, Verity faces significant financial and structural hurdles to being a viable healthcare delivery entity over the long term. Therefore, although Verity is considering all opportunities, the most likely outcome is the sale of the Hospitals through the bankruptcy process. Rest assured that in this process we are focused on reaching out to high quality healthcare providers, who will be able to provide adequate assurance of their ability to perform in the future to the standards you expect. As the sales process moves forward, Verity will coordinate with health plans regarding the assignment of existing hospital contracts to buyers.

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Mike Schweitzer, MD, MBA  
Chief, Population Health  
Verity Health  
O. (424) 367-0738  
C. (210) 836-6867



2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Simone Luyt  
CareMore Health Plan  
129 Park Plaza Dr. Suite 150  
Cerritos, CA 90703

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Ms. Luyt,

As our valued business partner, we understand that the chapter 11 bankruptcy filings of Verity and its affiliates will have raised questions and concerns about our plans going forward for our hospitals (the "Hospitals") and the Verity Medical Foundation (the "Foundation") physician organizations. First, let me assure you that the bankruptcy filing has no impact on our ability to provide high quality patient care and that remains our paramount focus. Second, as you likely already know, Verity faces significant financial and structural hurdles to being a viable healthcare delivery entity over the long term. Therefore, although Verity is considering all opportunities, the most likely outcome is the sale of the Hospitals through the bankruptcy process. Rest assured that in this process we are focused on reaching out to high quality healthcare providers, who will be able to provide adequate assurance of their ability to perform in the future to the standards you expect. As the sales process moves forward, Verity will coordinate with health plans regarding the assignment of existing hospital contracts to buyers.

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Mike Schweitzer, MD, MBA  
Chief, Population Health  
Verity Health  
O. (424) 367-0738  
C. (210) 836-6867



2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Lee Suyenaga  
Central Health Plan of California  
540 Bridgegate Dr,  
Diamond Bar, CA 91765

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Mr. Suyenaga,

As our valued business partner for Commercial and Senior plans, we understand that the chapter 11 bankruptcy filings of Verity and its affiliates will have raised questions and concerns about our plans going forward for our hospitals (the "Hospitals") and the Verity Medical Foundation (the "Foundation") physician organizations. First, let me assure you that the bankruptcy filing has no impact on our ability to provide high quality patient care and that remains our paramount focus. Second, as you likely already know, Verity faces significant financial and structural hurdles to being a viable healthcare delivery entity over the long term. Therefore, although Verity is considering all opportunities, the most likely outcome is the sale of the Hospitals through the bankruptcy process. Rest assured that in this process we are focused on reaching out to high quality healthcare providers, who will be able to provide adequate assurance of their ability to perform in the future to the standards you expect. As the sales process moves forward, Verity will coordinate with health plans regarding the assignment of existing hospital contracts to buyers.

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Mike Schweitzer, MD, MBA  
Chief, Population Health  
Verity Health  
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C. (210) 836-6867



2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Howard Naness  
Cigna  
400 North Brand Boulevard, Suite 300  
Glendale, CA 91203

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Mr. Naness,

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2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Dana Slavett, Regional Network Director  
Health Net  
101 N. Brand Blvd., Suite 1500  
Glendale, CA 91203

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Ms. Slavett,

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2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Dino Kasdagly, COO  
LA Care Healthplan  
1055 West 7th Street 10th Floor  
Los Angeles, CA 90017

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Mr. Kasdagly,

As our valued business partner for Commercial and Medi Cal, we understand that the chapter 11 bankruptcy filings of Verity and its affiliates will have raised questions and concerns about our plans going forward for our hospitals (the "Hospitals") and the Verity Medical Foundation (the "Foundation") physician organizations. First, let me assure you that the bankruptcy filing has no impact on our ability to provide high quality patient care and that remains our paramount focus. Second, as you likely already know, Verity faces significant financial and structural hurdles to being a viable healthcare delivery entity over the long term. Therefore, although Verity is considering all opportunities, the most likely outcome is the sale of the Hospitals through the bankruptcy process. Rest assured that in this process we are focused on reaching out to high quality healthcare providers, who will be able to provide adequate assurance of their ability to perform in the future to the standards you expect. As the sales process moves forward, Verity will coordinate with health plans regarding the assignment of existing hospital contracts to buyers.

Verity will be honoring our existing contracts with health plans and continuing to administer our risk pool and coordinate with our IPA/Medical Group partners. In any instance where Verity has a question regarding possible modification, Verity will reach out to discuss the issues prior to filing any motion for modification or rejection of a capitated contract. We expect that our health plan and IPA/Medical group risk share partners will not seek to move patients to other facilities, which would undermine the risk pool financial performance post-petition. Under the Bankruptcy Code, the commencement of a bankruptcy case creates a bankruptcy estate which includes all property of the company in bankruptcy, including contract rights. It also invokes an automatic stay on any acts to exercise control over property of the bankruptcy estate. It is a violation of the automatic stay for parties in contracts with Verity and its affiliated



entities to unilaterally terminate those contracts or unilaterally alter the terms of that contract, without relief from the automatic stay, which can only be granted by the Bankruptcy Court. Moreover, the Bankruptcy Code invalidates provisions in contracts which authorize the termination of that contract upon the filing of a bankruptcy.

#### Verity Foundation Physician Operations

As part of the Chapter 11 bankruptcy process for the Hospitals, we are working with our current physicians that provide services under professional service agreements for the Foundation as to their interest in terminating their affiliation with Verity. As the Foundation has contracts with health plans that assume professional risk in different geographies, Verity will coordinate with health plans as to whether the health plan desires to enter into a new agreement with any buyer or group; or have Verity assign the existing contract to the buyer or new group entity. Of heightened importance will be an effective coordination between Verity and health plans where primary care practices are involved with regarding to minimizing any disruption in patient care.

#### Pre-Petition and Post-Petition Claims

Verity has no doubt that you will have many questions regarding bankruptcy and how pre-petition and post-petition claims are treated. Generally, however, claims against the Verity entities that arose prior to August 31, 2018 cannot be paid by Verity without Bankruptcy Court permission, and then only in limited circumstances. You will be receiving a notice that has instructions regarding the filing of proofs of claim for prepetition claims and liabilities. As a reminder, if providers seek to obtain payment for their pre-petition (prior to August 31) claims by submitting them to health plans, they should not be paid as they are barred by the bankruptcy filing. If a health plan chooses to pay these claims, health plans should not cap deduct from future capitation payments or offset against fee for service payments due to the Debtor. Health plans who might choose to pay pre-petition claims would be required to file a proof of claim with the Bankruptcy Court. The proof of claim would include any claims paid by the health plan where a cap deduct was not completed prior to bankruptcy filing on August 31, 2018.

Verity will pay post-petition (on or after August 31, 2018) claims expenses in the ordinary course of business, per the contractual terms of our agreements and in compliance with the Bankruptcy Code. Verity does not need Court approval to pay post-petition ordinary course business obligations. If health plans receive any complaints from providers, please send an email to [ManagedCareContracts@verity.org](mailto:ManagedCareContracts@verity.org). This mail box will be monitored by the



managed care department of Verity and by our financial advisor team Berkeley Research Group (BRG) who will investigate and communicate our findings to you.

Capitation Deduction Notifications

Verity has received notification from a few payors regarding future capitation deductions for various reasons. As Verity has filed bankruptcy, any basis related to a pre-petition claims issues should now be addressed by filing a proof of claim with the Bankruptcy Court.

We believe it is important for you to have a direct line of communication with Verity to obtain timely, factual information when questions or issues are raised in our service area. As we move through the Chapter 11 process, we will advise you of our plan of action and be responsive to your inquiries regarding issues brought to your attention by your members and network providers. Providers with questions can be referred to call 1 888 249-2741 or go to <http://www.kccllc.net/verityhealth> to obtain information and download a proof of claims form. The proof of claims form can be mailed to: Verity Claims Processing Center, c/o KCC, 2335 Alaska Avenue, El Segundo, CA 90245. To assist Verity, please advise the key contacts Verity should reach out to for communication of different contracting or claims issues. We appreciate your assistance and continued cooperation as we move through the bankruptcy process.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Schweitzer'.

Mike Schweitzer, MD, MBA  
Chief, Population Health  
Verity Health  
O. (424) 367-0738  
C. (210) 836-6867





2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Cathy Batteer, Sr. VP  
SCAN Health Plan  
800 Kilroy Airport Way Suite 100  
Long Beach, CA 90806

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Ms. Batteer,

As our valued business partner, we understand that the chapter 11 bankruptcy filings of Verity and its affiliates will have raised questions and concerns about our plans going forward for our hospitals (the "Hospitals") and the Verity Medical Foundation (the "Foundation") physician organizations. First, let me assure you that the bankruptcy filing has no impact on our ability to provide high quality patient care and that remains our paramount focus. Second, as you likely already know, Verity faces significant financial and structural hurdles to being a viable healthcare delivery entity over the long term. Therefore, although Verity is considering all opportunities, the most likely outcome is the sale of the Hospitals through the bankruptcy process. Rest assured that in this process we are focused on reaching out to high quality healthcare providers, who will be able to provide adequate assurance of their ability to perform in the future to the standards you expect. As the sales process moves forward, Verity will coordinate with health plans regarding the assignment of existing hospital contracts to buyers.

Verity will be honoring our existing contracts with health plans and continuing to administer our risk pool and coordinate with our IPA/Medical Group partners. In any instance where Verity has a question regarding possible modification, Verity will reach out to discuss the issues prior to filing any motion for modification or rejection of a capitated contract. We expect that our health plan and IPA/Medical group risk share partners will not seek to move patients to other facilities, which would undermine the risk pool financial performance post-petition. Under the Bankruptcy Code, the commencement of a bankruptcy case creates a bankruptcy estate which includes all property of the company in bankruptcy, including contract rights. It also invokes an automatic stay on any acts to exercise control over property of the bankruptcy



estate. It is a violation of the automatic stay for parties in contracts with Verity and its affiliated entities to unilaterally terminate those contracts or unilaterally alter the terms of that contract, without relief from the automatic stay, which can only be granted by the Bankruptcy Court. Moreover, the Bankruptcy Code invalidates provisions in contracts which authorize the termination of that contract upon the filing of a bankruptcy.

#### Verity Foundation Physician Operations

As part of the Chapter 11 bankruptcy process for the Hospitals, we are working with our current physicians that provide services under professional service agreements for the Foundation as to their interest in terminating their affiliation with Verity. As the Foundation has contracts with health plans that assume professional risk in different geographies, Verity will coordinate with health plans as to whether the health plan desires to enter into a new agreement with any buyer or group; or have Verity assign the existing contract to the buyer or new group entity. Of heightened importance will be an effective coordination between Verity and health plans where primary care practices are involved with regarding to minimizing any disruption in patient care.

#### Pre-Petition and Post-Petition Claims

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email to [ManagedCareContracts@verity.org](mailto:ManagedCareContracts@verity.org) . This mail box will be monitored by the managed care department of Verity and by our financial advisor team Berkeley Research Group (BRG) who will investigate and communicate our findings to you.

#### Capitation Deduction Notifications

Verity has received notification from a few payors regarding future capitation deductions for various reasons. As Verity has filed bankruptcy, any basis related to a pre-petition claims issues should now be addressed by filing a proof of claim with the Bankruptcy Court.

We believe it is important for you to have a direct line of communication with Verity to obtain timely, factual information when questions or issues are raised in our service area. As we move through the Chapter 11 process, we will advise you of our plan of action and be responsive to your inquiries regarding issues brought to your attention by your members and network providers. Providers with questions can be referred to call 1 888 249-2741 or go to <http://www.kccllc.net/verityhealth> to obtain information and download a proof of claims form. The proof of claims form can be mailed to: Verity Claims Processing Center, c/o KCC, 2335 Alaska Avenue, El Segundo, CA 90245. To assist Verity, please advise the key contacts Verity should reach out to for communication of different contracting or claims issues. We appreciate your assistance and continued cooperation as we move through the bankruptcy process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Schweitzer'.

Mike Schweitzer, MD, MBA  
Chief, Population Health  
Verity Health  
O. (424) 367-0738  
C. (210) 836-6867



2040 E Mariposa Avenue  
El Segundo, CA 90245

September 14, 2018

Luz Cabral  
United Healthcare  
5757 Plaza Drive, Mail Stop 1240116  
Cypress, CA 90630

Re: Verity Health System of California, Inc., *et al.* ("Verity"), Chapter 11 Bankruptcy Cases

Dear Ms. Cabral,

As our valued business partner for Commercial and Senior plans, we understand that the chapter 11 bankruptcy filings of Verity and its affiliates will have raised questions and concerns about our plans going forward for our hospitals (the "Hospitals") and the Verity Medical Foundation (the "Foundation") physician organizations. First, let me assure you that the bankruptcy filing has no impact on our ability to provide high quality patient care and that remains our paramount focus. Second, as you likely already know, Verity faces significant financial and structural hurdles to being a viable healthcare delivery entity over the long term. Therefore, although Verity is considering all opportunities, the most likely outcome is the sale of the Hospitals through the bankruptcy process. Rest assured that in this process we are focused on reaching out to high quality healthcare providers, who will be able to provide adequate assurance of their ability to perform in the future to the standards you expect. As the sales process moves forward, Verity will coordinate with health plans regarding the assignment of existing hospital contracts to buyers.

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managed care department of Verity and by our financial advisor team Berkeley Research Group (BRG) who will investigate and communicate our findings to you.

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Sincerely,

A handwritten signature in black ink, appearing to read 'M. Schweitzer'.

Mike Schweitzer, MD, MBA  
Chief, Population Health  
Verity Health  
O. (424) 367-0738  
C. (210) 836-6867

## **APPENDIX B**



2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr. Douglas Phan's Physician Services Agreement with Verity Medical Foundation is being terminated effective 03/07/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Douglas Phan, MD	1013073766	Otolaryngology	03/07/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194





2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr. Brajesh Agrawal's Physician Services Agreement with Verity Medical Foundation is being terminated effective 03/07/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Brajesh Agrawal, MD	1326269515	Neurology	03/07/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194

From: VERITY MEDICAL FOUNDATION

Dear Provider Services:

Please be informed that MD listed below will be Termination of Physician Services Agreement with Verity Medical Foundation. This provider is to be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination
Jorge Carreon, MD	1134208853	OBGYN	11/30/2018

If you have any questions, please feel free to contact Joanne at (310) 900-8084.  
Thank you for your attention to this matter.

Sincerely,

Joanne Davidson  
Credentialing Specialist

Cc:  
Contracts Manager, Verity Medical Foundation



2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr. Donna DeFreitas' Physician Services Agreement with Verity Medical Foundation is being terminated effective 01/31/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Donna DeFreitas, MD	1457331498	Infectious Disease	01/31/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194



2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr. Jonathan Eskenazi's Physician Services Agreement with Verity Medical Foundation is being terminated effective 01/31/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Jonathan Eskenazi, MD	1568894988	Neurology	01/31/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194



2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr. Kris Kealey's Physician Services Agreement with Verity Medical Foundation is being terminated effective 03/07/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Kris Kealey, MD	1144243361	Internal Medicine	03/07/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194

November 30, 2018

FROM: Verity Medical Foundation

Dear Provider Services:

Please be informed that the provider listed below will be Termination of Physician Services Agreement with Verity Medical Foundation. This provider is to be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination
Steven Nemirov, DO	1487644779	Internal Medicine	12/31/18

If you have any questions, please feel free to reach out. Thank you for your attention to this matter.

Sincerely,

Joanne Davidson  
Credentialing Specialist

Cc:  
Contracts Manager, Verity Medical Foundation

•



2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr. Teresita Degamo's Physician Services Agreement with Verity Medical Foundation is being terminated effective 03/07/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Teresita Degamo, MD	1558449363	Internal Medicine	03/07/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194



2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr Walter Kwass' Physician Services Agreement with Verity Medical Foundation is being terminated effective 01/31/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Walter Kwass, MD	1972585008	Hospitalist	01/31/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194





2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr. Matthew Mingrone's Physician Services Agreement with Verity Medical Foundation is being terminated effective 01/31/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Matthew Mingrone, MD	1912029919	Otolaryngology	01/31/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194



2040 E Mariposa Avenue  
El Segundo, CA 90245

## Notice of Termination

December 6, 2018

Dear Provider Services Department:

Please be informed that Dr. Roger Washington's Physician Services Agreement with Verity Medical Foundation is being terminated effective 03/07/2019 and shall be removed from all Verity Medical Foundation contracted products under Tax ID# 45-3691852.

Physician Name	NPI #	Specialty	Termination Effective Date
Roger Washington, MD	1295812816	Family Medicine	03/07/2019

If you have any questions, please feel free to contact the director of Managed Care Integration and Medical Staff, Shalaura Soliai, at (714) 603-1674.

Sincerely,

Shalaura Soliai  
Director, of Managed Care Integration and Medical Staff

Verity Medical Foundation  
400 Race Street San Jose, CA. 95123  
Tel. 408.278-3154  
Fax. 408.278.3194

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled (*specify*): **SUBMISSION OF FIRST REPORT BY PATIENT CARE OMBUDSMAN, JACOB NATHAN RUBIN, MD, FACC, PURSUANT TO 11 U.S.C. § 333(b)(2)** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) December 10, 2018, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On December 10, 2018, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on December 10, 2018, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Via Attorney Service  
The Honorable Ernest M. Robles  
United States Bankruptcy Court, #1560  
255 E. Temple Street  
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

December 10, 2018 Jason Klassi  
*Date Printed Name*

/s/ Jason Klassi  
*Signature*

**2:18-bk-20151-ER Notice will be electronically mailed to:**

Robert N Amkraut on behalf of Creditor Swinerton Builders  
ramkraut@foxrothschild.com

Kyra E Andrassy on behalf of Creditor MGH Painting, Inc.  
kandrassy@swelawfirm.com, csheets@swelawfirm.com;gcruz@swelawfirm.com;jchung@swelawfirm.com

Kyra E Andrassy on behalf of Interested Party Courtesy NEF  
kandrassy@swelawfirm.com, csheets@swelawfirm.com;gcruz@swelawfirm.com;jchung@swelawfirm.com

Simon Aron on behalf of Interested Party RCB Equities #1, LLC  
saron@wrslawyers.com

Lauren T Attard on behalf of Creditor SpecialtyCare Cardiovascular Resources, LLC  
lattard@bakerlaw.com, abalian@bakerlaw.com

Keith Patrick Banner on behalf of Creditor Abbott Laboratories Inc.  
kbanner@greenbergglusker.com, sharper@greenbergglusker.com;calendar@greenbergglusker.com

Keith Patrick Banner on behalf of Interested Party CO Architects  
kbanner@greenbergglusker.com, sharper@greenbergglusker.com;calendar@greenbergglusker.com

Cristina E Bautista on behalf of Creditor Health Net of California, Inc.  
cristina.bautista@kattenlaw.com, ecf.lax.docket@kattenlaw.com

James Cornell Behrens on behalf of Creditor Committee Official Committee of Unsecured Creditors of Verity Health System of California, Inc., et al.  
jbehrens@milbank.com,  
ggray@milbank.com;mshinderman@milbank.com;hmaghakian@milbank.com;dodonnell@milbank.com;jbrewster@milbank.com;JWeb  
er@milbank.com

Ron Bender on behalf of Health Care Ombudsman J. Nathan Ruben  
rb@lnbyb.com

Ron Bender on behalf of Health Care Ombudsman Jacob Nathan Rubin  
rb@lnbyb.com

Bruce Bennett on behalf of Creditor Verity MOB Financing II LLC  
bbennett@jonesday.com

Bruce Bennett on behalf of Creditor Verity MOB Financing LLC  
bbennett@jonesday.com

Peter J Benvenuti on behalf of Creditor County of San Mateo  
pbenvenuti@kellerbenvenuti.com, pjbenven74@yahoo.com

Elizabeth Berke-Dreyfuss on behalf of Creditor Center for Dermatology, Cosmetic and Laser Surgery  
edreyfuss@wendel.com

Steven M Berman on behalf of Creditor KForce, Inc.  
sberman@slk-law.com

Alicia K Berry on behalf of Attorney Alicia Berry  
Alicia.Berry@doj.ca.gov

Alicia K Berry on behalf of Interested Party Attorney General For The State Of Ca  
Alicia.Berry@doj.ca.gov

Stephen F Biegenzahn on behalf of Creditor Josefina Robles  
efile@sflaw.com

Stephen F Biegenzahn on behalf of Interested Party Courtesy NEF

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

*efile@sfbllaw.com*

*Karl E Block on behalf of Interested Party Courtesy NEF*  
*kblock@loeb.com, jvazquez@loeb.com;ladocket@loeb.com*

*Dustin P Branch on behalf of Interested Party Wells Fargo Bank, National Association, as indenture trustee*  
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