

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION**

In re)
) **CASE NO. 20-10247**
Randolph Hospital, Inc. d/b/a Randolph)
Health, et al.,) **CHAPTER 11**
)
Debtors.¹) **(JOINTLY ADMINISTERED)**
)

FIRST REPORT OF PATIENT CARE OMBUDSMAN

As the Patient Care Ombudsman (the “PCO”) appointed in the above-captioned chapter 11 cases (“Cases”) of Randolph Hospital, Inc. d/b/a Randolph Health, *et al.* (collectively, the “Debtors”), I respectfully submit this first report (the “First Report”).

PRELIMINARY STATEMENT

1. I was appointed as the PCO on May 5, 2020. This First Report covers the time period from May 5, 2020 to and including July 3, 2020, the date of filing of this First Report (the “First Reporting Period”).

2. During the First Reporting Period, I had lengthy and informative meetings (telephonic and virtual) with Randolph Health’s administration team. In addition, just prior to my appointment I spoke with Louis Robichaux, the Debtors’ Chief Restructuring Officer (the “CRO”), counsel for the Debtors and the Official Committee of Unsecured Creditors (the “Creditors Committee”), and the United States Bankruptcy Administrator for the Middle District of North Carolina (the “Bankruptcy Administrator”) concerning these Cases.

3. It is my understanding from discussions with Randolph Health’s administration team that a concerted and dedicated effort was, and continues to be, made to be transparent about

¹ The Debtors are Randolph Hospital, Inc. d/b/a Randolph Health, Case No. 20-10247; Randolph Specialty Group Practice, Case No. 20-10248; MRI of Asheboro, LLC d/b/a Randolph MRI Center, Case No. 20-10249.

the bankruptcy process. Their desire and effort to educate the employees appears to have resulted in easing concerns that employees may have had as a result of the bankruptcy filings. In addition, to date, there has been no noticeable, negative effect on patient care at Randolph Health as a result of the bankruptcy filings. Indeed, it appears that the COVID-19 pandemic has generally been more disruptive to operations and has received more of the surrounding public's attention than the bankruptcy itself.

BACKGROUND

A. General

4. On March 6, 2020 (the "Petition Date"), each of the Debtors filed a voluntary petition under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

5. It is my understanding that the Debtors and certain non-debtor affiliates operate as a comprehensive healthcare system in the Asheboro region. Randolph Health is a small community hospital with 145 beds located in Asheboro, North Carolina. It employs over 800 employees. Due to the location of the hospital, there are many regional practice groups, including radiologists, pathologists and anesthesiologists.

6. Following its vision to be the preferred provider for high-quality care, Randolph Health offers a wide range of services, including, among others, a cancer treatment center, home health agency, outpatient surgery, emergency department, comprehensive on-site lab and a maternity unit.

7. Patient mix consists primarily of Medicare and Medicaid patients. There is little commercial insured and a number of patients are uninsured.

8. The Debtors are committed to the quality and safety of patient care. There are a number of departments and policies in place to ensure patient care, including a quality management

department, daily patient safety huddle and multidisciplinary rounds, physician review process, board quality committee and a board of directors. Indeed, Randolph Health has received high scores on recent surveys and reviews related to patient safety; in particular, in its most recent Leapfrog Group Hospital Safety Scores report from 2018, Randolph Health received an overall grade of “A.”

9. Due to operational losses during the past years, the Debtors have been looking for a strategic partner. It is my understanding that although the Debtors were unable to find a successor organization prior to the Petition Date, the Debtors’ search for a successor organization has continued post-petition.

B. Appointment of the PCO

10. On May 5, 2020, the Court entered an Order directing the appointment of a patient care ombudsman under section 333 of the Bankruptcy Code (the “PCO Appointment Order”). [Dkt. No. 217]. On May 11, 2020, the Bankruptcy Administrator filed the Notice of Appointment of Patient Care Ombudsman Under 11 U.S.C. § 333 (the “Notice of Appointment”) thereby providing notice of my appointment as the PCO in these Cases. [Dkt. No. 231].

11. In accordance with section 333(b)(2) of the Bankruptcy Code, and as described in the Notice of Appointment, a patient care ombudsman shall:

- (i) monitor the quality of patient care provided to patients of the debtor, to the extent necessary under the circumstances, including interviewing patients and physicians;
- (ii) no later than 60 days after appointment (and no less frequently than at 60 day intervals thereafter), report to the court after notice to the parties in interest at a hearing or in writing, regarding the quality of patient care provided to patients of the debtor as per the order;
- (iii) If the ombudsman determines that the quality of patient care provided to the patients of the debtor is declining significantly or is otherwise being materially compromised, file with the Court a motion or written report, with

notice to the parties in interest immediately upon making such determination; and

- (iv) Maintain any information obtained by such ombudsman under Section 333 of the Bankruptcy Code that relates to the patients (including information relating to patient records) as confidential information. Such ombudsman may not review confidential patient records unless the court approves such review in advance and imposes restrictions on such ombudsman to protect the confidentiality of such records.

12. Rule 2015.1 of the Federal Rules of Bankruptcy Procedure generally requires that a patient care ombudsman file a notice that a report will be made to the court. On June 19, 2020, I caused such notice to be filed [Dkt. No. 293].

13. This First Report generally describes my observations to date based on, among other things, meetings with Randolph Health's administration team and my review of materials made available to me by the administration team.

SUMMARY OF OBSERVATIONS

14. In view of travel restrictions and social distancing protocols in place because of the ongoing COVID-19 pandemic, the PCO Appointment Order requires that I perform my duties by telephone or videoconference to the maximum extent possible. I have adhered to the Court's mandate set forth PCO Appointment Order and have been performing my duties telephonically and virtually. This has not been a deterrent to the performance of my duties because the administrative staff of Randolph Health has adhered to the same practice, keeping direct contact on patient floors to a minimum to minimize patient safety risks.

15. I, along with my counsel, participated in an initial telephone conference with Dr. Charles West, who has been the Chief Medical Officer for Randolph Health for about six-to-seven years, and Ms. Tremonteo Crawford, who has been with Randolph Health for nearly 18 years, eight of which she has served in the capacity as the Chief Nursing Officer. A virtual meeting was

thereafter held with Dr. West, Ms. Crawford and Angela P. Orth (Chief Executive Officer) to follow up on matters previously discussed and to review recent events.²

16. During the course of the meetings, each of which lasted more than an hour, we spoke about my role and responsibilities as PCO, as well as the history and background of the hospital, the employees, the impact of the bankruptcy and the impact of the COVID-19 pandemic. The administration team has been cooperative in working with me to enable me to review statistical information to gain a broader appreciation of the impact sustained on the hospital's operations and/or patient care as a result of the bankruptcy filings and COVID-19.

17. In order to ensure confidentiality of hospital records, Randolph Health provided me with a personal email address at the facility. In this way, there is no danger of inadvertent sharing of hospital documents outside of the facility.

A. The Bankruptcy

18. During my discussions with Randolph Health's administration team, I was advised that the leadership team has been communicating with the staff about the bankruptcy, the need to find a good strategic partner, and the Debtors' general financial situation. Randolph Health has been sharing information and notifying staff of issues regarding the hospital for the last couple of years, and has been educating its staff with respect to the bankruptcy filing. Consequently, it is my understanding that the staff is appreciative, and the relationship between the senior leadership team and staff is strong and trusting. It is also my understanding that the senior leadership team has been together for about 6 years, with the members each having a similar perspective. That uniformity in vision and approach has likely helped Randolph Health transition into the bankruptcy

² Just prior to my appointment as PCO, I also spoke with the CRO, counsel for the Debtors and the Creditors Committee, and the Bankruptcy Administrator concerning these Cases and my responsibilities were I appointed as PCO.

proceedings with minimal disruption and enabled it to cope with the aftermath of the filing and the COVID-19 pandemic.

19. There has been some loss of employees, but the turnover has been generally consistent with historical turnover rates. Significantly, the reason for the loss of employees does not appear to be based solely, if it is at all, on the bankruptcy filings. The remaining staff appears dedicated, loyal and engaged and it is my understanding that Randolph Health has been able to maintain adequate staffing notwithstanding the loss of some employees.

20. I also learned that Randolph Health was proactive with its vendors. It is my understanding that the CRO spoke with Randolph Health's individual vendors to ensure that supplies would still be provided to the hospital throughout the bankruptcy.

B. COVID-19

21. Randolph Health's bankruptcy had the unfortunate challenge of taking place just prior to the Country experiencing the COVID-19 pandemic. Consequently, Randolph Health has had to juggle its responsibilities related to the bankruptcy while, at the same time, decide how to deal with the virus and its impact on operations.

22. Based on my discussions with Randolph Health's administration team, the virus, which spread to the region about a week after the commencement of these Cases, has actually been more disruptive to operations than the bankruptcy itself. I was advised that when the pandemic hit, Randolph Health made the decision to redeploy services offered due to limited resources and for patient and staff safety and quality care measures. Randolph Health focused its response in its emergency department (the "ED") and to assure that there was appropriate personal protective equipment (PPE) to care for patients in that arena. The intensive care unit (the "ICU") was closed and the nurses and staff who worked in the ICU were temporarily redeployed to the ED. Several

staff members who were passionate about working in the ICU decided to leave Randolph Health, but the remaining staff was and is willing to be assigned where needed. The remaining ICU nurses received weeks of one-on-one training so that they would be prepared for their role in the ED and the influx of patients. Some ventilators were redeployed to a nearby inpatient COVID-19 facility. An ample supply of ventilators were assigned to the ED to meet patient needs. The surrounding hospitals, of which there are many, are aware of Randolph Health's role in the pandemic and have agreed to take COVID-19 patients requiring inpatient care.

23. Critically, Randolph Health also decided not to admit COVID-19 patients. Rather, in keeping with Randolph Health's Management Services Agreement with Cone Health ("Cone"), Randolph Health will not provide long term treatment for COVID-19 in-patients, but will refer and transfer those patients to Cone. Support equipment was also sent to Cone. I was advised that this arrangement has been working out well for both parties. Although Randolph Health does not admit patients with the COVID-19 virus, it still performs COVID-19 testing and has an on-site testing lab. Additionally, Randolph Health developed a comprehensive plan to care for maternity patients testing positive for the COVID-19 virus. On average, Randolph Health has been performing between 15-18 tests a day. One general concern, however, is that Randolph Health may exhaust its COVID-19 testing supplies, so everything is carefully monitored, i.e., personal protective equipment, laboratory assay tests and specimen collection kits. At the same rate, it is my understanding that there was never an instance that testing supplies were not available at any given moment.

24. Consistent with national and State health protocols, certain rules and policies have been put in place to avoid the spread of the COVID-19 virus. Patients are monitored and given masks as they come in. Visitors are not allowed in the ED or inpatient units. As time has passed,

Randolph Health has made certain exceptions which include (a) a person with dementia who needs a familiar face; (b) for labor and delivery, one person is allowed so long as they stay in the hospital (absent emergency situations); and (c) for patients experiencing a decline in health, family members can visit on a case-by-case basis. Randolph Health has been mindful of the hardships caused by the COVID-19 restrictions on personal contact. To minimize such hardships on patients and their family members during this difficult period of time, Randolph Health's nurses and doctors have been speaking with their patients and family members as much as possible, and the hospital has been providing smart devices to allow patients to communicate with family members.

25. Like many, Randolph Health is observing and reacting to the virus on a day-by-day basis. Randolph Health always puts patient and staff safety first, and therefore, it wants to make sure that precautions are in place before making any changes. Their Operating Room Advisory Group (physicians and hospital leaders) looks at the guidelines of the North Carolina Health Department to make sure they can and are following any and all safety guidelines. To my knowledge, there have not been any changes in administrative practices. There have been no discernible changes in regulatory inspections and oversight.

26. I learned that elective surgeries were suspended in March of this year. This suspension was required due to safety concerns about COVID-19 but had significant adverse economic impact on Randolph Health. As of May 10, 2020, however, Randolph Health has slowly resumed some of its elective surgeries. The decision on whether to resume certain elective surgeries depended upon certain factors. For example, the administration team considered whether the elective surgery involved inpatient or outpatient treatment. The Operating Room Advisory Group helped to ensure that all safety measures were taken. This included only allowing surgeries in ASA Class 1 and 2 patients who were not required to stay overnight. There is a rigorous

prescreening process of patients undergoing elective surgeries. They have gone to great lengths to maintain social distancing, including but not limited to ensuring they are not scheduling the same density of patients, and allowing more time in-between procedures. All post-acute care arrangements are made, to the extent possible, before the surgery takes place.

27. It is anticipated that the steady resumption of elective surgeries will bolster the hospital's operations. Although elective surgeries are slowly being reintroduced back at the hospital, the public's willingness to undergo elective surgeries in the face of the COVID-19 pandemic remains an open question.

28. Like many other hospitals, the decrease in the number of elective surgeries performed has had a negative financial impact on the hospital. I was, however, pleasantly surprised to learn that Randolph Health will be receiving some federal relief in connection with the COVID-19 pandemic through the CARES Act. It is my understanding that the relief to be received is not considered a loan and therefore does not need to be repaid, provided that the hospital complies with certain requirements (*e.g.*, attesting as to funds accepted and received; issuance of quarterly reports on the use of the funds; *etc.*).

29. Based on my discussions with the administration team, it appears that the community is very supportive of Randolph Health. Equally apparent from my discussions with the administration team is that the hospital's employees have great pride in serving the community, which is reflective in their continued commitment and professionalism on daily display under challenging circumstances. Thus, it is no surprise that morale is not an issue. The general sense is that most employees and patients seemed unconcerned by the bankruptcy. Indeed, as noted, the day-to-day operation of the hospital has generally been impacted more by the COVID-19 pandemic and less by the bankruptcy.

CONCLUSION

30. Notwithstanding the bankruptcy filing of these Cases, patient care does not appear to have been impacted in any noticeable, negative manner. The Debtors' overall challenges appear to be related to the COVID-19 pandemic rather than as a consequence of the bankruptcy filings.

31. In the coming weeks it is my intention to continue to hold virtual meetings with Randolph Health's administration team to monitor the impact, if any, of the bankruptcy proceedings on the quality of patient care. In addition, subject to the Debtors' convenience, it is my intention to conduct a virtual tour of the hospital's facility with the assistance of Randolph Health's administration team. I also intend to communicate with the CRO, Debtors' counsel and the Creditors Committee regarding the progress of the Cases.

Dated: July 3, 2020
New York, New York

**MELANIE L. CYGANOWSKI, SOLELY IN
MY CAPACITY AS THE COURT
APPOINTED PATIENT CARE OMBUDSMAN**

By: */s/ Melanie L. Cyganowski*
Melanie L. Cyganowski