

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:

KNOX CLINIC CORPORATION

No. 22-40018-MLO

Debtor.

Chapter 11- SUB V
Hon Maria L. Oxholm

PATIENT CARE OMBUDSMAN'S THIRD REPORT

Deborah L. Fish, patient care ombudsman, appointed by order dated January 25, 2022 (Docket #37); and in accordance with Section 333 of Title 11 of the United States Bankruptcy Code (the "Code"), submits this report on the status of the quality of patient care in the Chapter 11 Sub Chapter V case of Knox Clinic Corporation, (the "Debtor"). This written report covers the period from March 24, 2022 to May 12, 2022. It is based email communications with Dr. Sanjay Sharma, Debtors Counsel and Dawn Tatro who is head of human resources and chief of clinic operations in Illinois and on calls with Dawn Tatro, Dr Sharma, former and current medical and administrative staff and counsel for the Debtor.

INTRODUCTION

The Debtor filed a petition under Chapter 11 of the Code on January 4, 2022. The Debtor is a multifaceted health care entity.

The Debtor currently operates its only remaining medical practice-family care from its leased location at Galesburg Cottage Hospital facility, 834

N. Seminary Street Galesburg, Illinois. The Debtor is currently servicing less than 10,000 patients and expects this number will continue to decrease as non-family and family practice patients' transition away from the clinic. The Debtor currently employs 24 people. This number may be reduced as the number of patients decreases.

AREAS OF REVIEW

Listed below are the areas generally reviewed with management and staff for this report and will be continuously addressed in future reports.

- Licensing: All staff that maintain a license in Illinois or Michigan or both hold a current valid license.
- Supplies: The Debtor does not have any supply/vendors issues to date.
- Equipment: The Debtor owns minimal diagnostic equipment, 2 EKG machines. The Debtor is current with the maintenance.
- Lab: There are no reported issues with lab procedures or obtaining lab results. See additional lab information below.
- Security and Access: The maintenance staff unlocks the doors to the clinic building at 5:45 am, and the clinic opens at 8:00 am. The maintenance staffs

locks the doors to the clinic building at 6:00 pm. certain staff members have keys to the internal doors in the Debtor's second floor suite of offices.

- Medical Records: The Debtor maintains an electronic medical record system. The older paper medical records are housed on site.
- Staffing:
 - The Debtor's staffing is sufficient and the Debtor provides services in accordance with state licensing requirements
 - The Chief of clinic operations along with along with members of the medical staff have assured me that patient care is the foremost concern of the staff.
 - There are currently 24 employees.

Patient Care

The Debtor, without notice to PCO, patients, or the staff, terminated 5 medical staff personal on Friday April 29, 2022. They included, the remainder of the medical staff of the Women's Health Clinic, the Physician's Assistant and two nurses and the Nurse practitioner and an assistant in the Family Practice Clinic. As reported in my prior report, the Medical Doctor in Women's Health left in March and the remainder of the practice transitioned to Family Practice under Dr. Santiago as the MD provider. This practice continued until the remainder of the staff was terminated. Patients were informed that they could be re-scheduled with Dr. Santiago, Kristen Lee PA or would need to will establish a new provider elsewhere in

the area. This was of serious concern as I needed to make certain the patients were timely notified, labs and medications were followed up on by someone else and calls were being answered. Based on the discussions held, there are no material issues related to the above which would negatively impact patient care at this time. However, see below for additional concerns.

LIST OF CONCERNS

In my prior reports I listed five current concerns. In summary, they were Medical records request backlog, communication with staff, resignation of head of HR and clinical operations, cash-flow potential issues, and the lease of clinic location. In addition to those concerns some of which have been addressed I have additional concerns relating to the lack of notice to the patients and PCO and the transition of the patients if the family medical practice moves to a new location or to telehealth. These are described below.

Head of clinical operations: Dawn Tatro resumed her role as head of clinical operations and as the HR department. This is no longer an issue and will be eliminated from the list in my next report.

Medical records: I am pleased to report that as of May 4, 2022 the unfulfilled medical records request number was down to 28 and as of May 12, the number is 2. This number is down from over 1500 as noted in my first report and second reports.

The Debtor took this issue seriously, assigned additional staff and trained staff from a related company to fulfill the outstanding requests. The Debtor is fulfilling the requests within the parameters dictated by Illinois State Law.

Communication: My prior reports indicated the communication needed to improve and that the Debtor was committed to provide better communication to the staff. This is still an area of concern, while since my requests the Debtor has communicated with staff more than in the past, however, that communication has been reactive (and based on my request following an event) and not the pro-active communication I am seeking. Dawn Tatro, chief of clinic has done her best in communicating and answering questions of staff based on the information she is given. I have repeatedly advised the Debtor that the staff and patients must be made aware of the changes otherwise the rumors mills start and staff will quit and patients will go elsewhere. We are seeking a stable environment for patients and staff through the confirmation and plan process. This requires disclosure of information and effective communication. I believe the Debtor has the message and the communication will continue to improve.

Cash-Flow: The Debtor is closely monitoring cash flow and I should note that the Debtor does provide the UST analyst and attorney, the Sub V trustee, and me with cash flow projections which are updated on a weekly basis. It is raised as a concern to be monitored because of the continuous downsizing of the clinic. It is especially

important to examine the downsizing effect on cash-flow so as to not be caught off guard and not be able to make payroll or purchase necessary supplies. Either of these scenarios would have an immediate adverse effect on the quality of patient care. The Debtor has yet to hire a third party collection agency to collect private pay and co-pay receivables. These collections should increase cash flow starting in the late July or August depending when the agency commences (60-90 days from hire) its work . The Debtor's plan relies on these collections and it is imperative that the hiring process is completed soon to stabilize and provide cash flow for plan payments.

Leased facility: The Debtor currently operates from a suite in a medical facility. The landlord changed in April from a related party to an unrelated third party. The Debtor has secured the lease for the current premises through June 30, 2022. The Debtor is exploring a new location for the clinic that is substantially smaller and more cost effective.

Downsizing Without Notice

The Debtor failed to inform the Ombudsman that it intended to terminate the remaining Women's Health staff and the Family medicine Nurse Practitioner. The Physician Assistant and the Family Medicine Nurse Practitioner were terminated on a Friday and had scheduled patients the following Monday and throughout the week and coming months. The scheduled patients were notified late Friday and

were left to re-schedule with the Family Practice clinic or seek services elsewhere. The PCO worked with the Debtor to make certain the Debtor provided up-coming patients with as much notice and information as possible. This included personal calls to all scheduled patients in the upcoming two weeks, automated calls to all patients with scheduled appointments and letters to all patients of the practice advising them of the changes and how to re-scheduled their appointment or obtain their medical records. The PCO also confirm that the patients where notified of any pending lab results and that any patients that had to be seen were fit into the schedule of Dr. Santiago or Kristen Lee, PA.

Plan to Transition Patients

I requested that the Debtor put together a plan to notify patients of the new clinic location or to assist them in obtaining telehealth services in the event the Debtor does not maintain a physical office after June 30, 2022. There are many concerns the Debtor needs to address in the Transition Plan including to not limited to how the debtor will notify patients, what the call center will say, what the messages on the phone lines will say, how long will the unused numbers be in service, what will the Debtor do with paper medical records, scheduling of patients appropriately so that there are no or limited outstanding patients issues that cannot be serviced via telehealth, pending lab work, and who will report results. The Debtor has already posted a notice at the clinic.

CONCLUSION

While there are areas of concern, the Debtor has taken action to address issues. The Debtor will be closely monitored; however, to date, as to the patients that are being seen, their care has been delivered in the same manner post-petition and with the same quality of care as it was pre-petition. The medical records department is now also operating at the same manner or better than it did pre-petition. I will file additional reports as necessary or required under the code. Additionally, I will instruct the Debtor to post a copy of this report on its web-site and at the clinic.

/S/Deborah L. Fish
Patient Care Ombudsman
1001 Woodward Avenue
Suite 850
Detroit, MI 48226
(313) 309-3171
dfish@allardfishpc.com
P36580

Dated: May 12, 2022
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