

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	§	CHAPTER 11 CASE
NORTH BAY GENERAL HOSPITAL, INC.	§	CASE NO. 08-20368
Debtor.	§ § § § §	

SIXTH REPORT OF PATIENT CARE OMBUDSMAN

TO THE HONORABLE JEFF BOHM,
UNITED STATES BANKRUPTCY JUDGE:

Carol E. Jendrzey, the duly appointed Patient Care Ombudsman (the "Ombudsman"), submits this her Sixth Report pursuant to 11 U.S.C. § 333(b)(2) and respectfully would show:

BACKGROUND

1. The Debtor, North Bay General Hospital (hereafter, the "Debtor" or the "Hospital") filed for bankruptcy relief under Chapter 11 of the United States Bankruptcy Code on July 8, 2008. The Debtor is a health care business. Thus, on August 11, 2008, the Bankruptcy Court, pursuant to 11 U.S.C. § 333 ordered the appointment of a Patient Care Ombudsman. Thereafter, on August 14, 2008, the Office of the United States Trustee appointed the undersigned to act as the Patient Care Ombudsman (the "Ombudsman Order").

2. The Ombudsman filed her First Report on October 13, 2008, her Second Report on December 12, 2008, her Third Report on February 12, 2009, her Fourth Report on April 13, 2009 and her Fifth Report on June 12, 2009.

3. On September 24, 2008, the Court entered an order to limit service of the notice (Docket No. 105). This report shall be served on the Debtor and its counsel, entities or

individuals that request a copy of this report, the Office of the Attorney General on behalf of DSHS and HHSC, and the United States Trustee's Office.

4. On November 30, 2009, the Ombudsman filed a Notice of Sixth Report (the "Notice") and served the Notice to parties on the ECF pacer system and asked the Debtor to (i) post the Notice on all patient care floors and (ii) to distribute the Notice to each patient admitted to the Hospital during the period of November 30, 2009 through December 10, 2009. This Sixth Report is for the period of June 12, 2009 through December 10, 2009 (the "Sixth Period").

UPDATE

5. During this period, the Ombudsman has received no complaints from patients, physicians or the state agencies. Although the Hospital continues to have financial issues, the Chief Nursing Officer (the "CNO") reports that the staff has been able to obtain necessary patient care supplies and medications. According to reports from Debtor's counsel, the post petition Lender has been reluctant at times to release funds to the Debtor, including when the Debtor was to fund payroll. The Ombudsman has not been asked to intervene in these situations. However, the Ombudsman is concerned about the tension between the Debtor and its Lender, because a funding failure for critical items such as payroll could have an adverse effect on the number of available staff to care for patients.

6. The census continues to be low; thus, staffing has not been an issue. The CNO also informed the Ombudsman that she has hired licensed nursing staff for the intensive care unit ("ICU"). Thus, the Hospital has been able to open the ICU. The lack of an ICU has limited the types of patients the hospital can accept. Thus, the opening of the ICU should have a positive effect on the census, as well as the type of care now available to this community.

7. The Ombudsman also spoke with counsel and understands that a potential buyer for the Hospital has been identified. In light of the ongoing financial issues and the difficult relationship with the current lender, the Ombudsman supports the Debtor seeking expedited asset sale. Although the staff of the Hospital have served the needs of their patients well, the continuing financial issues, which contribute to issues with supplies and staff retention is not good for the staff or for patients if allowed to continue. A new owner will provide more stability and certainty for the employees and vendors, which in turn will have a positive impact on the quality of care delivered to the patients.

8. Further, and as a reminder to the Debtor, the Ombudsman again recommends that in negotiating with the potential buyer that the Debtor make arrangements for the new owner to assume custody of medical records. If the new owner does not assume custody of the medical records, the Debtor must make arrangements for the storage of the medical records for the requisite periods established in Section 351 of the Bankruptcy Code.

CONCLUSION

9. The Ombudsman will continue to monitor patient care and the sales process. Wherefore, the Ombudsman requests that the Court accept her Sixth Report.

Dated: December 10, 2009

Respectfully submitted,

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By: /s/ Carol E. Jendrzey

Carol E. Jendrzey

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PATIENT CARE OMBUDSMAN

CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of December, 2009, a true and correct copy of the above and foregoing document was served via electronic mail on the on the parties listed below.

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/s/ Carol E. Jendrzey
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