

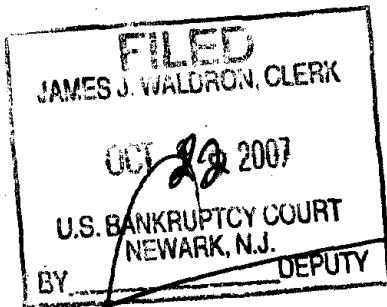


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October 22, 2007

VIA ELECTRONIC MAIL

The Honorable Rosemary Gambardella, U.S.B.J.
United State Bankruptcy Court
50 Walnut Street, 3rd Floor
Newark, NJ 07102

Re: In re Pascack Valley Hospital Association Inc.
Chapter 11 Case No.: 0723686

Dear Judge Gambardella:

I write to respond to the inquiry of Simon Kimmelman, Esq., counsel for the debtor, Pascack Valley Hospital Association Inc., regarding whether the Department of Health and Senior Services (the Department) can provide the Court with any documents generated in connection with the Department's recent surveys of Pascack Valley Hospital (the Hospital).

Because of the unique circumstances surrounding the closure of this Hospital, the Department is willing to provide the Court with copies of three reports that have been generated during the course of its surveys of the Hospital, which copies are attached. The Department is producing these documents as a courtesy, to assist the Court in its evaluation of whether the appointment of a patient care ombudsman is necessary in this case. The Department takes no position with respect to whether such an appointment is appropriate in this case. Moreover, the production of these documents should in no way be interpreted as an agreement by the Department



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to provide future reports to the Court in this or any other bankruptcy proceeding, or to take on any of the responsibilities of a patient care ombudsman.

Respectfully submitted,

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

By:


Susan J. Dougherty
Deputy Attorney General

Attachments

cc: Mitchell Hausman, Esq. (By Electronic Mail)
Simon Kimmelman, Esq. (By Electronic Mail)

Facility Name: Pascack Valley Hospital
Surveyor Name: Andrea Zawadzky, RNC/HCE
Survey Date: September 21, 2007

Concerns: Hospital Closure Plan

A visit was made to this facility due to the announcement that the hospital will be closing by the end of 2007.

Jane Connorton, President and CEO and Jane O'Rourke, Senior Vice President of Patient Care Services was interviewed. Administrative staff provided writer with the DOD Closure Plan - Draft, Clinical Service Proposed Phase Out Plan and copies of letters provided to all staff and patients.

The facility census is 94 and there has been no curtailment of services.

All staff has been notified of the impending closure and town hall meetings are being done today for each shift. The DOH Closure Plan outlines as parties that have been notified and a corresponding timetable. The closure plan addressed the hospital's responsibility in addressing all staff, media, physician, contracted and non-contracted services, the discontinuation of admission, disposition of the building and its contents, facility maintenance and security, drug and chemical disposal as well as radioactive materials, plan for record retention, staff payroll, benefits, employment opportunities and Board of Trustee oversight.

The following areas were toured which included both patient and staff interviews:

3 Medical-Surgical Units

5 West - Staffing - 2 RN's and census - 9

4 West - Staffing - 5 RN's, 3 techs and census - 27

3 West - Staffing - 5 RN's, 1 tech and census - 25

ICU-CCU - Currently CCU has 0 patients but ICU has a census of 9. Administrative staff reported that the census for both units has been low over the past few months and all patients are in ICU, but they have appropriate staffing if there is a need to admit to CCU.

Same Day Surgery and OR toured. 19 Cases scheduled for the day with no cancellations.

Pediatric Unit - Census of 3 with 2 anticipated discharges today. Administrative staff reported that when the 3rd patient is discharged they plan to close the unit. This plan is noted in the letter sent to the DOH.

Pharmacy Services toured and staff interviewed

Central Supply area toured and David Oviedo, VP of Support Services reported his role in overseeing all non-clinical areas of the facility. He reported that with a decision for COD of all supplies this would not create any problems. He reported that 90% of the hospital supplies come from Cardinal HealthCare and they do not anticipate any disruption.

Emergency Department was toured. Staffing consisted of 5 RN's with 1 Triage Nurse and a census of 5.

Cardiac Cath Lab was toured where they do emergency angioplasty. Infection Control Director was interviewed and reported the facility has numerous initiatives and training planned for staff. They are monitoring with no negative reports.

Director of Security was interviewed concerning their role throughout the closure process. Volunteer staff asked to be interviewed during writers walk through the hospital. Note: Numerous staff and patients spoke to writer and cried throughout the process. The staff vented that this is their community hospital and are deeply saddened and hurt with the prospect of closure. Several staff members were unable to continue talking with writer, as they were clearly distraught and sad.

DOH notified of findings and report faxed.

Facility Name: Pascack Valley Hospital
Surveyor Name: Andrea Zawadzky, RNC/HCE
Survey Date: October 11, 2007

Concerns: Monitoring – Hospital Closure

Met with Jane Connorton, President and CEO and Jane O'Rourke, Senior Vice President of Patient Care Service for an update concerning the hospital closure plan. Mrs. Connorton presented an updated Pascack Valley Hospital Proposed Closure Plan – Summary which she reported was FedEx to the Department of Health and Senior Services on Monday, October 9, 2007, to the attention of John Calabria and Alison Gibson for their review. The plan was reviewed and reflected the projected time frames for services with a closure date for patient care on November 21, 2007. The facility will remain open until December 31, 2007, with finalized closure activities for Administration, Finance, Payroll, General and Patient Accounting and Medical Records.

The hospital census is 69.

On October 10, 2007, the first scheduled job fair was held with full staff attendance and administration reported that staff felt "hopeful" and were encouraged about future job possibilities. She reported that the hospital plans to conduct 50 more employment activities and fairs which will be geared to assisting staff in obtaining jobs once Pascack Valley Hospital closes.

A tour of the facility was conducted at 10:30 a.m. with Jane O'Rourke, Senior Vice President of Patient Care Services. Since the last monitoring visit on October 3, 2007, the census has decreased slightly from 86 to 69. The community continues to rally for support with hopes of keeping the facility open. Staff and patient interviews are consistent with staff expressing a desire to remain in the facility until it closes. Although the staff admits to the reality of the closure some are venting their anger and dismay of leaving this facility and moving on.

Westwood Anesthesia provided administration with a plan to remain in the hospital providing 24x7 coverage until November 21, 2007. They will staff the hospital with 5 anesthesiologist beginning October 31, 2007. This plan was reviewed and accepted by the Executive Team and Medical Director.

Facility Tour:

4 West – staffing with 7 RN's, 1LPN, 4 nursing assistants and Census = 27
3 West – staffing with 6 RN's, 2 tech, 1 LPN and Census = 24

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Both units were noted to be clean, organized, very busy and with sufficient supplies on hand. 3 West had 4 pending discharges and 4 West anticipated 3 discharges. Both units have students from Farleigh Dickinson University and due to the facility closing the nursing school has added additional hours and plans to fulfill their required time by November 21, 2007.

ICU/CCU:

CCU has 0 patients and ICU has a census of 4 with 4 RN's. Nursing staff was interviewed and reported there are no long utilizing perdiem nurses on this unit. There is one perdiem ADON being utilized during the evening shift because the evening ADON resigned last week. The perdiem ADON is very familiar with the hospital and works in house in the ED. The unit was quiet, ample supplies and physician coverage appropriate. Jane O'Rourke reported that they anticipate a great deal of supplies being left and plans are to see if the vendors will take the supplies back and credit their account.

SameDay Surgery and OR toured

The OR has 6 rooms but currently they are running only 4. Interview with the Same Day Surgery Nurse Manager who reported that as of November 1, 2007, they will work with only one endoscopy room and one OR. She also reported that all patients are being notified individually of the closure and advised to make appropriate arrangements for future services. Patient interviews revealed that patients are following the recommendations of their primary care physician.

L&D/Nursery:

Unit was toured noting a busier unit with 3 patients and 3 more expected by noon. Staffing consisted of 3 RN's one resident and one physician. The Nursery had 7 babies with 2 intermediate level babies and Post Partum had 8 patients. The mood was positive with a great deal of family members visiting. Family members and volunteers reported their pleasure at being in this facility and report all positive remarks concerning patient care.

Pharmacy Services:

Toured and reported no disruption in receiving both formulary and nonformulary medications. Staffing remains intact though the Director continues to encourage and support staff as they attempt to relocate.

Central Supply:

Toured and David Oviedo, VP of Support Services who reported that the COD process is working though the vendors are always seeking assurance that it is in

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affect. Unit supplies were checked and there are ample supplies throughout the facility.

Emergency Department:

Toured with a census of 9 – staffing consisted of 3 RN's with 1 triage nurse and a one additional nurse scheduled to arrive at 11:00 a.m.

Cardiac Cath Lab:

Unit was toured – No change in services though they are seeing a decline in their census.

Infection Control Director:

Interviewed and reported that there were no negative reports for this area and are continuing with scheduled rounds, staff education and ongoing monitoring.

Security:

The Director of Security was interviewed and reviewed their role through the hospital closure process. They explained that the front door is locked as of 9 pm and anyone entering the facility must come through the ED. All doors into and out of units require security badges and the security monitors the perimeter of the building nightly through on ground patrol and video camera. The Director was familiar with the closure plan as it exists and will be in place until the final day of December 31, 2007.

Additional Information:

Administrative staff reported that in their continual weekly town hall meetings the staff is told that if when the census drops this will result in releasing of employees.

Pascack Valley Hospital
250old Hooke Road
Westwood, NJ 07675

Hospital closure monitoring visit: Tuesday, 10/16/07

Entrance conference held at 10:40 a.m. with Jane Connorton, Acting CEO and COO. Today's Census=63: 39 medical surgical patients, 3 ICU patients, 11 OB, 8 new born, and 2 special care nursery. The ED had 36 visits on 10/15/07 with 2 admissions.

There has been a total of 35 resignations with 6 administrative positions. The director of ICU's effective date of resignation was 10/12/07 and the ER Director is covering ICU for managerial purposes. The Sleep Disorders Center supervisor's effective date of resignation is 10/17/07. The Sleep Center's scheduled last day of operation/ accepting outpatients is 11/9/07. The technicians will continue to operate the Sleep Center under the supervision of the director of Case Management. The following positions have an effective resignation date of 11/2/07: Director of PI/ Risk Management, Director of Engineering, Assistant Director of Patient Financial Services, and the Assistant to the President. The Director of Engineering position will be filled thru facility promotion.

As of Wednesday, October 24th there will be no night shift, 12 a.m.- 6a.m., Pharmacy coverage. The Pharmacy will have an on call pharmacist and the night Nursing Supervisor will be oriented to the pharmacy in the event she/he will need to enter the pharmacy, with security, during the night hours. The evening pharmacist, in conjunction with the nursing supervisor, will anticipate any needs of the floors / units prior to the end of the evening pharmacist's shift end.

Per Jane Connorton, There has been no interruption of vendor delivery, and delivery continues on a COD basis. The contracted services, Pharmacy, Environmental, and Medical Records have agreed to continue services until the projected closure date and payment arrangements have been made for these services. Elective admissions will stop on 10/19/07 and the final admission date for OB patients is 11/12/07. The OB service is scheduled to close 11/16/07. Westwood Anesthesia will provide 24 hour hospital coverage as previously outlined on survey date 10/11/07. A copy of the hospital's proposed closure plan, previously submitted to Alison Gibson and John Calabria was reviewed.

A tour of the facility was initiated at 10:15 a.m. in the presence of Jane O'Rourke, VP Patient Care Services:

Emergency Department:

Census is two now, no patients were in the waiting area. Charge nurse denies any difficulties delivering patient care. Supplies ample, emergency equipment checked. On call physician list evident. Staffed with 3 RN's, 1 Aide, and a unit secretary.

OB/ Nursery:

Labor and Delivery had one scheduled induction in progress and one active labor. L&D was staffed with 3 RN's and the unit was clean and orderly. Staff denied any issues with delivery of care, i.e. staffing, access to supplies, MD response.

The Post-Partum unit had a census of 10 now, with two anticipated discharges and two anticipated admissions from L&D. Staffing included 3 RN's, 1 unit secretary and one Aide. A Patient interviewed (had a C-Section 10/15/07 and is breastfeeding) was positive. The patient stated everyone is kind, assistance is prompt when needed, and the lactation nurse has been in to see her and is helpful.

The Nursery census was 10 with one discharge and two anticipated admits. Staffing included 3 RN's.

The Special Care nursery had a census of 2 with 2 RN's staffing the unit.

Per Jane O'Rourke, the Pediatrics unit was closed to admissions mid September, shortly after the hospital's bankruptcy was announced.

4 West Medical Surgical:

Census was 21 out of a 35-bed capacity. Staffing included 5 floor RN's + the Charge RN, 5 Aides and 2 unit secretaries. 8 beds have telemetry capability and two patients are being monitored. Patient interview at 11:10 a.m. was positive regarding patient care, although this patient has had frequent admissions to the hospital in the past for cancer and expressed his sorrow at the hospital's closure and his gratitude to the staff he has come to know.

3 West Medical Surgical:

Capacity 35, which includes 6 IMCU beds. Census 19, one patient is intermediate level but is being discharged today. Staffing: 1 RN for the intermediate area, 4 floor RN's + the Charge RN, 4 Aides and a unit secretary.

ICU / CCU:

CCU is closed due to low volume. Census of ICU was 3 with 3 RN's staffing the unit. One patient was ventilated and the vent was inspected by bio-med 7/07 and due for reinspection 7/08.

SDS /OR:

Interviewed the Director of Peri-Op. The last day of surgery will be 11/19/07. On call will be used from the evening of 11/19 until hospital closure 11/21/07. 7 outpatient and 1 a.m. admission is scheduled for today's surgical cases. There are 6 outpatient endoscopy cases today. 4 operating Rooms are utilized out of the 6 the hospital has. The director denies any difficulty with obtaining supplies or equipment and denies any physician complaints regarding OR services.

Cardiac Services:

2 RN's and 2 Technicians were staffing the cardiac cath lab for the possibility of an emergent case from the ED. No cardiac cath were scheduled today otherwise. Emergency equipment checks completed, staff deny supply shortage. Area clean and organized.

5 Technicians were staffing the outpatient cardiac service area for procedures such as EKG, and stress tests. One stress test was completed today on an outpatient and one EKG.

Radiology:

Toured the nuclear testing area. 3 Technicians scheduled for 9 outpatient procedures and 2 in-patients. Hours of operation are 7a.m.-4p.m. After 4p.m. a technician is on call. Cat Scan schedule included 6 out patient and 1 ED patient. 3 technicians staffed the CT area. Interviewed Colleen Smorra, Director of Radiology services and she denies any problems with patient services. There is a radiologist on call 24/7, but the hospital also utilizes 'Imaging on Call', a contracted service to interpret CT scans at night. Physicians may also access radiology films outside the hospital via the PAC computer system. The Director did state that there was a temporary shortage of film discs after the hospital closure was announced due to the increased volume of patient requests for disc/film copies of their tests, but the shortage has been satisfied, as well as patient requests.

Laboratory:

Out patient lab services to stop 11/9/07. Nursing Home and Assisted Living Phlebotomy Services to end 10/31/07 and memo signs of these dates posted for staff in the lab. Mary Emma, Director of Lab services denies any difficulty with supplies or reports for the lab, histology and pathology

Respiratory:

Interviewed the Director of Respiratory, Bill Mactaggart at 11:46 a.m. There has not been any staff resignation in his department. Denies any difficulty with supplies or medications. No agency utilized. Staffed with FT, PT and weekend Per Diem Therapists.

Dietary:

Interviewed Vito Muti, Director of Food Services at 11:45 a.m. and he has at least a 3 day supply of food, if not more, and also has emergency supplies of aseptic milk, juice, canned soup. There is a chief clinical dietician on staff as well as 2 FT and 1 PT dietician. He denies any problems or difficulty with pt. care services and states everything is running smoothly.

Discharge planning/ Social services:

Interviewed Carol Dejesus, MSW, Director of Case Management and Social Work at 11:50 a.m. There has been one resignation of a Case Manager of 5 West Medical Surgical effective 11/2/07. 5 West Medical Surgical has closed due to low volume, so the case manager is assigned to other areas of the hospital as needed until his/her resignation date.

Additional information:

Jane Connorton, Acting CEO and COO, reported at 12 Noon that she has received an e-mail from Dr. Lastella, ED Physician Director, stating that his physician group malpractice insurance is due to expire 10/31/07 and if he is unable to secure a more

affordable malpractice insurance plan, his physician group may be terminating their contracted service in the ED as of 11/01/07. According to the contract, the physicians are supposed give notice 180 days prior to termination of the contract. Hospital attorneys are reviewing the situation.