



State of New Jersey
DEPARTMENT OF HEALTH

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KAITLAN BASTON, MD, MSc, DFASAM
Commissioner

SECOND INFORMATION REQUIREMENT
ORDER

CareWell Health Medical Center
(NJ Facility ID#10704)

TO: Paige Dworak, FACHE, President and Chief Executive Officer
CareWell Health Medical Center
300 Central Avenue
East Orange, NJ 07018

The Health Care Facilities Planning Act (N.J.S.A. 26:2H-1 et seq.) (the Act) provides a statutory scheme designed to ensure that all health care facilities are of the highest quality. General hospitals are licensed in accordance with N.J.S.A. 26:2H-1 and N.J.A.C. 8:43G. Pursuant to the Act and N.J.A.C. 8:43G, Hospital Licensing Standards, and N.J.A.C. 8:43E, General Licensure Procedures and Standards Applicable to All Licensed Facilities, the Commissioner of the Department of Health (the "Department") is authorized to enforce N.J.A.C. 8:43G and N.J.A.C. 8:33, Certificate of Need: Application and Review Process. On May 6, 2024 the Department issued an Information Requirement Order requiring EOH Acquisition Group, LLC, a Delaware limited liability company doing business as CareWell Health Medical Center (CareWell) to file with the Department within 24 hours its disaster plan required by N.J.A.C. 8:43G-5.16 (a). **As explained below, the Department is now issuing a Second Information Requirement Order requiring CareWell to file with the Department within 24 hours the complete information required by N.J.A.C. 8:43G-5.16 (a).**

BACKGROUND AND FINANCIAL STATUS

The Department has been actively monitoring the financial health of CareWell. From its review, the Department determined that CareWell was in financial distress and appointed a monitor on March 11, 2024. After the appointment of the monitor, the Department continues to track the financial stability of the Hospital. The Department appointed a second monitor on May 6, 2024. Unfortunately, its continued financial observation of the Hospital led the Department to determine that the hospital is in serious financial distress and at risk of further financial deterioration. Specifically, the Department found that the CareWell has consistently maintained low days cash-on-hand, maintained negative operating margins, and a high number of days in Accounts Receivable (AIR) and Accounts Payable (AIP). In addition to the concerns related to financial reporting, the hospital requested an advance on its annual Charity Care subsidy payments for two State Fiscal Years (SFYs) in a row, citing emergency cash flow and other financial issues as the basis for the requests. Based on projections recently shared with the Department, CareWell

anticipates needing an advance again in State Fiscal Year 2025. Additionally, the Hospital has not made any payments for the entire fiscal year for the assessments it owes to the Department. After repeated warnings, the Department recently took action to offset the unpaid revenue with reductions in the Hospital's Medicaid payments.

INFORMATION DUE TO THE DEPARTMENT WITHIN 24 HOURS

After the May 6, 2024 Information Requirement Order was issued to CareWell requiring the submission of its disaster plan in accordance with N.J.A.C. 8:43G-5.16 (a), CareWell submitted to the Department its Code Triage Disaster Policy and a CWH Utilities Management Plan on May 6, 2024. However, CareWell's submitted disaster plan failed to meet all of the requirements of N.J.A.C. 8:43G-5.16 (a). As set forth below, CareWell must submit the required information within 24 hours of this Order.

N.J.A.C. 8:43G-5.16 (a) 6 requires the disaster plan to identify the facility and an alternate facility to which evacuated patients would be relocated. CareWell's Code Triage-Disaster policy at p. 4, D.4.a.i provides that "[Case Management will coordinate with receiving hospitals to ensure patients are transferred to the appropriate hospital and their medical records are appropriately transferred with them. Patients will be prioritized to be transferred to a hospital where there is an established MOU in place." In your response of May 6, 2024, you wrote that "[w]e do not have an agreement with any particular hospital to receive evacuees, so we would work with the local OEM and Northeast Regional Medical Coordination Center (MCC) for placement."

Please provide to the Department the facility and an alternate facility to which evacuated patients would be relocated as required by N.J.A.C. 8:43G-5.16(a)6.

N.J.A.C. 8:43G-5.16 (a) 8 requires the Disaster Plan to include the system or procedure to ensure that medical charts accompany patients in the event of patient evacuation, and that supplies, equipment, records, and medications would be transported as part of an evacuation.

In your response of May 6, 2024, you stated the following: "Medical Records discussed in the Code Triage – Disaster Plan (noted above)".

CareWell's Code Triage-Disaster Situation Policy states that "Case Management will coordinate with receiving hospitals to ensure patients are transferred to the appropriate hospital and their medical records are appropriately transferred with them." p. 4, 4.a.i.

CareWell's Code Triage-Disaster Situation Policy does not include a system or procedure, as required by N.J.A.C. 8:43G-5.16(a)8, to ensure that medical charts accompany patients in the event of patient evacuation, and that supplies, equipment, records, and medications would be transported as part of an evacuation.

Please provide to the Department CareWell's system or procedure to ensure that medical charts accompany patients in the event of patient evacuation, and that supplies, equipment, records, and medications would be transported as part of an evacuation.

In addition, N.J.A.C. 8:43G-5.16 (a) 2 requires the Disaster Plan to contain an emergency procedure for evacuation of the hospital.

The policy CareWell submitted provides only a general overview but does not address specific, emergency procedures for evacuation of the hospital, as required by N.J.A.C. 8:43G-5.16 (a) 2.

Please provide to the Department CareWell's emergency procedure for evacuation of the hospital.

Due to CareWell's significant financial distress, CareWell may experience a disruption in services or be forced to close abruptly. To ensure the health and safety of CareWell's patients in the event of a closure or disruption of services, the hospital shall, within 24 hours of this Order, submit to the Department the additional information required by this Order to demonstrate that CareWell's Disaster Plan meets all the requirements of N.J.A.C. 8:43G-5.16 (a), which are set forth below:

a) The hospital shall have a written, comprehensive disaster plan. The disaster plan, and any updates or changes to it, shall be submitted to the Department and shall include the following:

1. Identification of potential hazards that could necessitate an evacuation, including internal and external disasters such as a natural disaster, labor work stoppage, or industrial or nuclear accidents;

2. Emergency procedures for evacuation of the hospital;

...

5. Procedures in the case of interruption of utilities services in a way that affects the health and safety of patients;

6. Identification of the facility and an alternate facility to which evacuated patients would be relocated;

7. The estimated number of patients and staff who would require relocation in the event of an evacuation;

8. The system or procedure to ensure that medical charts accompany patients in the event of patient evacuation, and that supplies, equipment, records, and medications would be transported as part of an evacuation; and

9. The roles and responsibilities of staff members in implementing the disaster plan.

The additional information required by this Order shall be emailed within 24 hours to: Stefaniej.mozgai@doh.nj.gov; Michael.kennedy@doh.nj.gov; gene.rosenblum@doh.nj.gov; walter.kowalski@doh.nj.gov and lisa.king@doh.nj.gov.

In the event that CareWell is required to implement its disaster plan, the facility is reminded of the other requirements of N.J.A.C. 8:43G-5.16(b) through (k).

N.J.A.C. 8:43E-3.4(a)11 provides a \$250 penalty for the failure to report information to the Department as required by statute or licensing regulation, after reasonable notice and an opportunity to cure the violation, which may be assessed for each day noncompliance is found.

On all future correspondence related to this Notice, please refer to Control AX24005.

Thank you for your attention to this important matter and for your anticipated cooperation. Should you have any questions concerning this order, please contact Lisa King, Office of Program Compliance at (609) 984-8128.

A handwritten signature in blue ink, appearing to read "Gene Rosenblum", written over a horizontal line.

Gene Rosenblum, Director
Office of Program Compliance
Division of Certificate of Need and Licensing

DATE: May 15, 2024

REGULAR AND

CERTIFIED MAIL:

RETURN RECEIPT REQUESTED

Control #AX24005