JOEL NICO GOMEZ
CHIEF EXECUTIVE OFFICER

MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA
OKLAHOMA HEALTH CARE AUTHORITY

March 25th, 2015

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Shadow Mountain Behavioral Health System, LLC RTC 91 7199 9991 7033 2626 3042
Attn: Michael Kistler
6262 S. Sheridan Rd.
Tulsa, OK 74133

And

Universal Health Services, Inc. 91 7199 9991 7033 2626 3325
Attn: Chief Executive Officer
367 South Gulph Road
King of Prussia, PA 19406

Re: Notice of Intent to Terminate SoonerCare
Contract Provider #[redacted]

Dear Mr. Kistler:

This letter is written to notify you that the Oklahoma Health Care Authority (OHCA) intends to terminate your SoonerCare provider contract for the above-referenced location. There are multiple reasons for the contract termination. Based upon an on-site review on February 12th, 2015, OHCA learned that:

1. On the 11:00 p.m. – 7:00 a.m. shift, there were two (2) Registered Nurses (RN) and one (1) Licensed Practical Nurse (LPN) – who was listed as a RN – on duty for seven (7) separate units encompassed in three (3) separate buildings. The two (2) RNs were assigned to the Acute Adolescent and Acute Children's units. There was not a RN dedicated to the Adult Acute unit, nor were there RNs to provide adequate coverage for the four (4) residential level of care units;

2. Per O.A.C. 340:110-3-168, the required Psychiatric Residential Treatment Facility (PRTF) staffing coverage ratio during hours of sleep is one (1) tech for eight (8)

patients (8:1) and during waking hours is one (1) tech for six (6) patients (6:1). The facility staffing sheets for the 11:00 p.m. – 7:00 a.m. shift on the PRTF units documented a ratio of 10:1. However, 10:1 is out of compliance with required staffing levels during hours of sleep. It was observed during the review that the PRTF units for this contract location were staffed at a ratio of 15:1 and 22:1. These ratios exceed the maximum ratio and are a violation of policy and the terms of the contract;

3. Of the staff interviewed, 42 of 56 identified lack of tech coverage as an issue. Further, 38 of 56 staff interviewed identified lack of nursing coverage as an issue. Areas staff identified as being affected by insufficient staff coverage include: patient safety; staff safety; no experienced or core staff; decreased coverage during breaks; responses to "code greens" decreases coverage and sometimes no one responds at all; no staff adjustments to cover 1:1 ratios; and medication errors. According to some staff, requests to increase staffing to adjust for acuity were discouraged by administration;

4. Some 11:00 p.m. – 7:00 a.m. shift nurses were observed administering the day shifts early morning medications. However, due to the lack of nursing coverage some patients received their medications well over an hour late. When the team left for break after 9:00 a.m. some morning medications were still being administered. Some staff reported that medications were often administered late; however, this was not reflected on the medication error report. Many staff, including tech staff, stated that they needed to make sure the nurses were administering medication to the patients;

5. Some staff reported there was an incident they termed a riot, although they stated administration threatened to fire anyone they heard calling it a riot. This incident reportedly included a patient being injured, a staff member sustaining an ankle fracture, and a staff member being stabbed in the forehead with a pencil. None of these occurrences were documented on the critical incidents provided to the Service Quality Review (SQR) team. The police reportedly used pepper spray on the patients and some staff were inadvertently sprayed with pepper spray. The Chief Operating Officer indicated verbally that they did not do an incident report about the use of pepper spray on their patients because they were not the ones to use the spray. Staff reported the incident was the result of a combination of inadequate staff coverage and a lack of experienced staff on the unit. Per O.A.C. 317:30-5-95(d)(3), serious injuries are required to be reported to OHCA, which was not done;

6. Some staff reported allegations of sexual contact between patients and sexual misconduct between a staff member and some patients that were not properly reported to OHCA. These had not previously been reported to OHCA. Per O.A.C.

317:30-5-97, instances of child abuse or neglect are to be reported both to OHCA and DHS.

7. Additionally, Shadow Mountain has various contract locations, including the location that is the subject of this letter, on Corrective Action Plans (CAPs) with OHCA. In fact, this contract location, as well as several others, has been on a CAP for at least the past two (2) years for several of the issues listed in this letter. More specifically, inadequate staffing ratios continue to be an area of concern. The point of a CAP is for a contracted provider to address and remedy deficiencies, areas of concern, and any other contractual non-compliance that OHCA has investigated and brought to the attention of the provider. Shadow Mountain does not appear to be complying with the terms of the CAPs entered into with OHCA.

8. Lastly, it appears that you have not kept your corporate ownership information up-to-date with OHCA, as required. While OHCA has received updated ownership information for several of Shadow Mountain's numerous contracts, not all of the contracts have been properly updated to reflect the current corporate ownership information. Your corporate ownership information on file with OHCA for this particular contract is still listed as Psychiatric Solutions, Inc., 6640 Carothers Parkway, Ste. 500, Franklin, TN 37067. It is a provider's responsibility to make sure all information is current and correct for every entity and contract location.

When a provider enters into a contract with the OHCA, the provider agrees to abide by all terms of the contract. The contract states that providers agree to comply with all applicable laws, including but not limited to, state laws, federal laws, and federal and state Medicaid statutes and regulations. OHCA believes that you have failed to abide by the terms of your contract and have failed to adhere to the regulations, policy, and laws governing Psychiatric Residential Treatment Facilities.

For the above reasons, the OHCA intends to terminate your contract pursuant to Section 8.1(i). Based upon OHCA regulations, at O.A.C. 317:2-1-12, you have the right to request a review of this decision by submitting documents and written arguments stating why you believe your contract should not be terminated. A copy of the rule is enclosed. If you would like to request a review, your request must be received in writing by the OHCA **no later than the close of business 20 days from the date of this letter.** Your letter must state the reasons you believe this decision to be incorrect and provide written documentation to support the letter's reasoning. If the OHCA receives a letter from you with written documentation, the OHCA will consider the letter and issue a decision. Please send the letter to:

Oklahoma Health Care Authority
P.O. Drawer 18497
Oklahoma City, OK 73154-0497

If the OHCA does not receive a letter by close of business in 20 days then your contract will terminate effective April 25th, 2015.

Sincerely,

Becki Burton
Deputy General Counsel

Enclosure as stated

cc: Garth Splinter, M.D.
Sylvia Lopez, M.D.
Melody Anthony
Kelly Shropshire
Kenneth Goodwin
Kimrey McGinnis
Becky Pasternik-Ikard
Traylor Rains, ODMHSAS
Provider Enrollment