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*Proposed Counsel to Suzanne Koenig, Solely
in her Capacity as Patient Care Ombudsman
for the Facilities Located in Alabama, Delaware,
Maryland, North Carolina, Tennessee, Virginia,
and Pennsylvania*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

GENESIS HEALTHCARE, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-80185 (SGJ)

(Jointly Administered)

**SPECIAL REPORT OF SUZANNE KOENIG, PATIENT CARE
OMBUDSMAN, RELATING TO THE CLOSURE OF MAGNOLIA RIDGE**

Suzanne Koenig, solely in her capacity as the Patient Care Ombudsman (the “Ombudsman”) for the facilities located in Alabama, Delaware, Maryland, North Carolina, Tennessee, Virginia, and Pennsylvania that are part of the chapter 11 cases of Genesis Healthcare, Inc. and its affiliated debtors and debtors in possession (collectively, the “Debtors”), files this

¹ The last four digits of Genesis Healthcare, Inc.’s federal tax identification number are 4755. There are 299 Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://dm.epiq11.com/case/genesis/info>. The location of Genesis Healthcare, Inc.’s corporate headquarters and the Debtors’ service address is 101 East State Street, Kennett Square, PA 19348.

special report (the “Report”) to bring to the Court’s attention the pending closure of the Magnolia Ridge facility located in Alabama.

Special Report Summary

1. The Ombudsman personally visited the Facility with her team, met several times with the Facility staff and the Debtors’ corporate team and has reviewed the regulatory violations and pending Medicare decertification (effective Monday, September 15) that are leading to the Facility’s closure. The Ombudsman believes that the Facility is providing satisfactory care to its residents based on observations of the Facility since the bankruptcy filing and is disappointed that these regulatory matters are leading to the displacement of over 100 residents from their home. This Facility had more than 100 residents as of Friday, September 12, 2025, 11 residents were discharged on Friday and all remaining residents will be displaced from their home to nearby facilities over the next several weeks. The Ombudsman will work with the Facility and Debtors’ corporate team to oversee the closure process and transfer of the residents given that the transfer process can be disruptive and harmful to the residents’ wellbeing. The Debtors have assured the Ombudsman that they are working to ensure that all residents are transferred in a manner ensuring that resident care and safety are maintained throughout the process.

Relevant Background on Magnolia Ridge and Its Potential Closure

2. Magnolia Ridge is a 148-licensed bed skilled nursing facility in Gardendale, Alabama serving Jefferson County, Alabama and its surrounding communities. Some of Magnolia Ridge’s core services include post-hospital, short-term rehabilitation and long-term and respite care services.

3. As of September 12, 2025, census at Magnolia Ridge was 105 residents, with 11 scheduled to be discharged that day.

4. On March 2, 2025, surveyors conducted an annual licensure and recertification survey for Magnolia Ridge. During this annual survey, all reportable events dating back to the last licensure survey in 2019 were reviewed. There had been no licensure survey conducted from 2020 to 2024. Surveyors ultimately issued citations to Magnolia Ridge as part of this March 2025 survey. The Facility has had two revisit surveys since the March 2025 survey during which alleged deficiencies were written. Magnolia Ridge and the Debtors' corporate team have drafted plans of correction and attempted to work collaboratively with the Alabama Department of Health to resolve the deficiencies.

5. Magnolia Ridge has taken extensive measures to ensure compliance with regulations and to address the alleged regulatory violations. For example, Magnolia Ridge implemented several leadership changes, including hiring a new Licensed Nursing Home Administrator and Director of Nursing and Medical Director. In addition, the governing body of the Facility, which is responsible for establishing and implementing policies regarding the management and operation of the Facility, was reconstituted to add the Debtors' Chief Operating Officer and Associate Chief Clinical Officer in response to the regulatory findings. Corporate leadership has been onsite to provide support and to oversee implementation of the plan of correction. Further, Magnolia Ridge has engaged consultants to assist with education and monitoring. Most recently, the Facility offered to employ a full-time daily monitor to oversee care and services at Magnolia Ridge as an additional comfort to regulators. Despite these efforts, Magnolia Ridge has been unable to achieve substantial compliance with the regulators.

6. Magnolia Ridge has been in discretionary denial of payment by the Centers for Medicare and Medicaid ("CMS") since April 22, 2025. The Facility has seen continued survey activity and additional citations since the denial of payment and is now facing decertification by

CMS, effective September 15, 2025. CMS has determined that Magnolia Ridge has failed to substantially comply with Medicare and Medicaid health and safety participation requirements and is terminating the Medicare provider agreement between the Secretary of Health and Human Services and Magnolia Ridge effective September 15, 2025. Such decertification is forcing Magnolia Ridge to plan for an abrupt closure and transfer or discharge all of its residents. It is the Ombudsman's understanding that Magnolia Ridge will receive payment from CMS for its provision of care through and including October 15, 2025, provided that the Facility is actively relocating all residents.

7. Unfortunately, if the Debtors' only recourse with respect to the regulatory issues and Medicare decertification is to appeal, that appeal process will take many months and during this appeal period the Facility will close. Absent another solution, the Debtors will be left with no choice but to close Magnolia Ridge and relocate over 100 residents to other facilities in the surrounding area.

Ombudsman's Observations

8. Overall, Magnolia Ridge provides quality and safe care to its residents, is an asset to the communities it serves, and does not pose imminent danger to the current residents it serves.

9. The Ombudsman and her representative were onsite on September 3, 2025. Corporate leadership and consultants were also onsite on the date of their visit. The Ombudsman and her representative toured the Facility and reviewed policies, procedures, clinical documentation, and audit tools. The Ombudsman also interviewed staff and residents.

10. The Ombudsman observed that the Facility had sufficient supplies and food items to meet residents' needs, and the Facility was staffed appropriately. On review of the staffing pattern, Magnolia Ridge increased staffing to further resident care and the services provided.

Magnolia Ridge was actively completing audits and reviews of residents' clinical records to ensure implementation of the plan of correction.

11. Residents reported being satisfied with care, activities, and meals. Importantly, no residents reported abuse or neglect. The Ombudsman personally spoke with the resident who is the subject of one of the immediate jeopardy citations, and the resident confirmed that they were not harmed. During observations, residents' rights were maintained.

12. Following a review of the information provided and from direct observations, the Ombudsman believes that the Facility has adequate support and oversight from the Facility staff, the Debtors' corporate team, and consultants and is disappointed with the forced shuttering of Magnolia Ridge.

13. The Ombudsman has reviewed the Facility's proposed closure plan. The closure plan has no end date. As noted earlier, the Debtors will only be compensated by CMS for care provided to residents during this transfer process for 30 days after the September 15 decertification. It is challenging to transfer all residents within 30 days. Because of that, the Debtors' current draft closure plan has no end date and the Ombudsman has been assured that the Debtors will safely transfer residents for the time frame needed – whether during that 30 day period or beyond.

Conclusion

14. The Ombudsman is disappointed that the residents of Magnolia Ridge are facing relocation to other facilities. Magnolia Ridge provides satisfactory care for its residents. It is disruptive, and potentially traumatic, for residents to be relocated. Even the most well executed relocation can cause transfer trauma, as moving is often a stress-inducing event. In its Notice to

Public of Involuntary Termination of Magnolia Ridge, dated September 4, 2025, CMS acknowledges that “the relocation of residents can be challenging.”

15. The Ombudsman will continue to work cooperatively with the Debtors to ensure resident safety and care during this closure. The Ombudsman will continue to closely monitor resident safety and care during this closure period; while remaining hopeful the parties can arrive at a solution that will allow Magnolia Ridge to remain open.

Dated: September 14, 2025

**SUZANNE KOENIG, AS COURT APPOINTED
PATIENT CARE OMBUDSMAN FOR THE
FACILITIES LOCATED IN ALABAMA,
DELAWARE, MARYLAND, NORTH
CAROLINA, TENNESSEE, VIRGINIA, AND
PENNSYLVANIA**

By: /s/ Suzanne Koenig

Suzanne Koenig, solely in her
capacity as the Patient Care Ombudsman

CERTIFICATE OF SERVICE

I hereby certify that on September 14, 2025, I caused a true and correct copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas.

By: /s/ Jared R. Weir

Jared R. Weir