



Carla Short, Interim Director | Director's Office

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May 12, 2023

Mayor London Breed
City and County of San Francisco
City Hall, Rm. 200

The Honorable Board of Supervisors
City and County of San Francisco
City Hall, Rm. 244
Attention: Ms. Angela Calvillo, Clerk of the Board

Mr. Ben Rosenfield, Controller
City and County of San Francisco
City Hall, Rm. 316

Public Works Commission
City and County of San Francisco
Attention: Bob Fuller, Commission Affairs Manager

Subject: Emergency Declaration for the Laguna Honda Hospital and Rehabilitation Center (LHH) Recertification Project

Dear Mayor London Breed, Members of the Board, Mr. Rosenfield and Public Works Commission:

In April 2022, after deeming LHH out of compliance with applicable Medicare regulations, the California Department of Public Health (CDPH) and the federal Centers for Medicare & Medicaid Services (CMS) terminated LHH's CMS Medicare/Medicaid Provider Agreements and its certification in the Medicare/Medicaid programs.

LHH intends to reapply for certification in the Medicare/Medicaid programs. Should DPH's recertification efforts fail, DPH would begin to lose up to \$16 million monthly in Medicare/Medicaid funding. Further, without this funding, DPH could be forced to close LHH.

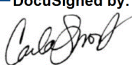
To obtain new Provider Agreements and its recertification into the Medicare/Medicaid programs, DPH must demonstrate that LHH substantially complies with all applicable Medicare regulations and pass certification surveys. To obtain new Provider Agreements and its certification in the Medicare/Medicaid programs, DPH must demonstrate that LHH substantially complies with all applicable Medicare regulations and pass certification

surveys. Non-conforming conditions that could jeopardize LHH's ability to achieve certification and maintain substantial compliance may include, but may not be limited to, the capital improvement and/or maintenance of:

- 1) Kitchen Freezer Area Repairs
- 2) Fire Alarm Separation Project
- 3) HVAC 3B Project
- 4) Fuel Line Replacement
- 5) Omnicell Cabinet Replacement
- 6) Pharmacy Compounding Room Repairs and Renovation
- 7) Station X-Ray Project
- 8) Water Tank Replacement Project

Pursuant to Section 6.60(c)(3) of the Administrative Code, which states an "actual emergency" includes, "Unforeseen occurrences of unusual character resulting in an insufficient number of hospital beds or the lack of hospital beds or the lack of hospital, surgical, mental health or hospital ancillary services so as to leave patients of the City without required hospital or medical services," Public Works declared an emergency at the request of DPH. Public Works will coordinate with DPH on the subsequent awards for each emergency project.

Sincerely,

DocuSigned by:

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Carla Short

Interim Director of Public Works

Enclosures: Public Works Order



San Francisco Public Works
General – Director’s Office
49 South Van Ness Ave., Suite 1600
San Francisco, CA 94103
(628) 271-3160 www.SFPublicWorks.org

Public Works Order No: 208106

**CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO PUBLIC WORKS
EMERGENCY DECLARED**

An **Emergency** exists at the **Laguna Honda Hospital and Rehabilitation Center (LHH)** located at 375 Laguna Honda Blvd., San Francisco, CA 94116.

LHH is a 769-bed skilled nursing facility (SNF) attached to an 11-bed acute care hospital unit. Nationwide, and specifically in the San Francisco Bay Area, there is a recognized shortage of SNF beds for low-income patients Medi-Cal (Medicaid) recipients. While San Francisco has the largest number of SNF beds in the Bay Area, between 2013 and 2020, there was a 23.4 percent decrease in hospital-based and 10.6 percent decrease in free-standing SNF beds in San Francisco. Excluding LHH, there were only 340 Medi-Cal-certified, hospital-based SNF beds and only 368 Medi-Cal-certified, free-standing SNF beds (out of approximately 845 total free-standing SNF beds) in San Francisco. San Francisco has only approximately 16 SNF beds per 1,000 adults. Closing LHH would have a significant impact on the availability of SNF beds in San Francisco.

In April 2022, after deeming LHH out of compliance with applicable Medicare regulations, the California Department of Public Health (CDPH) and the federal Centers for Medicare & Medicaid Services (CMS) terminated LHH’s CMS Medicare/Medicaid Provider Agreements and its certification in the Medicare/Medicaid programs.

LHH intends to reapply for certification in the Medicare/Medicaid programs. If the Department of Public Health (DPH) recertification efforts fail, DPH would begin to lose up to \$16 million monthly in Medicare/Medicaid funding. Further, without this funding, DPH could be forced to close LHH, resulting in an insufficient number of hospital beds or the lack of hospital beds or the lack of hospital, surgical, mental health or hospital ancillary services so as to leave patients of the City without required hospital or medical services.

To obtain new Provider Agreements and its certification in the Medicare/Medicaid programs, DPH must demonstrate that LHH substantially complies with all applicable Medicare regulations and pass certification surveys. Non-conforming conditions that could jeopardize LHH’s ability to achieve certification and maintain substantial compliance may include, but may not be limited to, the capital improvement and/or maintenance projects outlined in the attached letter DPH issued to Public Works on May 11, 2023 titled “LHH Emergency Declaration Request to DPW”.

Therefore, an Emergency is declared to exist under the provisions of Section 6.60 of the San Francisco Administrative Code to address LHH re-certification requirements. The estimated cost for the emergency work is expected to exceed \$250,000.

Any Contractor shall be required to indemnify and hold harmless the City & County of San Francisco, its officers, agents and employees and furnish certificates of insurance protecting Contractor, any sub-contractors and the City & County of San Francisco and its officers, agents and employees against claims arising out of work performed pursuant to this order with the City & County of San Francisco, its officers, agents and employees named as additional insureds.

Attachments: LHH Emergency Declaration Request to DPW

DISTRIBUTION:

LHH: Grant.Colfax@sfdph.org

SFPW BDC: Christine.Tang@sfdpw.org; Roger.Hay@sfdpw.org; Julia.Laue@sfdpw.org; Charles.Higueras@sfdpw.org

Deputy Director: Ronald.Alameida@sfdpw.org

Contract Admin: ContractAdmin.Staff@sfdpw.org

X

DocuSigned by:



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Interim Director of Public Works



San Francisco Department of Public Health

Grant Colfax, MD
Director of Health

City and County of San Francisco
London N. Breed
Mayor

May 11, 2023

Dear Director Short:

The Department of Public Health (DPH) respectfully requests that the Director of Public Works declare an emergency under San Francisco Administrative Code Section 6.60 to enable the City to perform construction-related repairs and other emergency work at Laguna Honda Hospital and Rehabilitation Center (LHH).

Background:

LHH is a 769-bed skilled nursing facility (SNF) attached to an 11-bed acute care hospital unit. Nationwide, and specifically in the San Francisco Bay Area, there is a recognized shortage of SNF beds for low-income patients Medi-Cal (Medicaid) recipients. While San Francisco has the largest number of SNF beds in the Bay Area, between 2013 and 2020, there was a 23.4 percent decrease in hospital-based and 10.6 percent decrease in free-standing SNF beds in San Francisco. Excluding LHH, there were only 340 Medi-Cal-certified, hospital-based SNF beds and only 368 Medi-Cal-certified, free-standing SNF beds (out of approximately 845 total free-standing SNF beds) in San Francisco. San Francisco has only approximately 16 SNF beds per 1,000 adults. Closing LHH would have a significant impact on the availability of SNF beds in San Francisco.

In April 2022, after deeming LHH out of compliance with applicable Medicare regulations, the California Department of Public Health (CDPH) and the federal Centers for Medicare & Medicaid Services (CMS) terminated LHH's CMS Medicare/Medicaid Provider Agreements and its certification in the Medicare/Medicaid programs.

LHH intends to reapply for certification in the Medicare/Medicaid programs. If DPH's recertification efforts fail, DPH would begin to lose up to \$16 million monthly in Medicare/Medicaid funding. Further, without this funding, DPH could be forced to close LHH, "resulting in an insufficient number of hospital beds or the lack of hospital beds or the lack of hospital, surgical, mental health or hospital ancillary services so as to leave patients of the City without required hospital or medical services." (See S.F. Admin. Code § 6.60(c)(3)).

To obtain new Provider Agreements and its certification in the Medicare/Medicaid programs, DPH must demonstrate that LHH substantially complies with all applicable Medicare regulations and pass certification surveys. Non-conforming conditions that could jeopardize LHH's ability to achieve certification and maintain substantial compliance include, but may not be limited to, the following capital improvement and/or maintenance projects at LHH. These projects must be underway and/or completed on or before November 13, 2023, when Medicare/Medicaid funding for LHH is scheduled to terminate:

1. Kitchen Freezer Area Repairs
2. Fire Alarm Separation Project



San Francisco Department of Public Health

Grant Colfax, MD
Director of Health

City and County of San Francisco
London N. Breed
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3. HVAC 3B Project
4. Fuel Line Replacement
5. Omnicell Cabinet Replacement
6. Pharmacy Compounding Room Repairs and Renovation
7. Station X Ray Project
8. Water Tank Replacement Project

Emergency Contract Authorization:

Pursuant to Section 6.60(c)(3) of the Administrative Code, which states an “actual emergency” includes, “***Unforeseen occurrences of unusual character resulting in an insufficient number of hospital beds or the lack of hospital beds or the lack of hospital, surgical, mental health or hospital ancillary services so as to leave patients of the City without required hospital or medical services,***” DPH respectfully requests that the Director of Public Works declare an emergency and authorize the projects listed above to proceed under a Public Works emergency declaration.

A handwritten signature in blue ink, appearing to read "Grant Colfax".

Dr. Grant Colfax
Director
San Francisco Department of Public Health