



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](http://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](mailto:Grant.Colfax@sfdph.org)

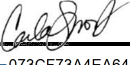
SFPW BDC: [Christine.Tang@sfdpw.org](mailto:Christine.Tang@sfdpw.org); [Roger.Hay@sfdpw.org](mailto:Roger.Hay@sfdpw.org); [Julia.Laue@sfdpw.org](mailto:Julia.Laue@sfdpw.org); [Charles.Higueras@sfdpw.org](mailto:Charles.Higueras@sfdpw.org)

Deputy Director: [Ronald.Alameida@sfdpw.org](mailto:Ronald.Alameida@sfdpw.org)

Contract Admin: [ContractAdmin.Staff@sfdpw.org](mailto:ContractAdmin.Staff@sfdpw.org)

X

DocuSigned by:



---

Short, Carla -073CF73A4EA6486...

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  
Mayor

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