



San Francisco
Health Network

SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH

Update on Laguna Honda Bed Waiver and Recognition of Staff Achievements

Dear Laguna Honda Staff,

We want to provide you with an important update on our efforts for a waiver to reinstate 120 skilled nursing beds at Laguna Honda Hospital, and to take a moment to recognize the incredible progress this team has made.

As many of you know, when Laguna Honda's new hospital building opened in 2010, federal regulations allowed three beds per room (known as "triples"). In 2016, those rules changed—now only two residents per room are allowed. As part of our recertification process, we were required to decommission all triple rooms, reducing our skilled nursing bed count from 769 to 649 beds.

After successfully achieving full recertification in June 2024, Laguna Honda applied to the Centers for Medicare & Medicaid Services (CMS) for a waiver to add back the 120 decommissioned beds. We made a strong case, highlighting the critical need for skilled nursing care in San Francisco and the quality of life our facility offers residents.

While CMS initially denied our request, they invited us to submit additional documentation. Thanks to the hard work of our staff—who supported a successful annual survey and developed a comprehensive sustainability plan—we submitted a renewed application in December 2024. Unfortunately, on July 7, 2025, CMS informed us that the waiver has been denied once again.

CMS emphasized that it may only grant rare exceptions for individual rooms, not for large-scale increases like our request. They cited concerns around resident privacy, infection control, and safety—despite the fact that many of our former triple rooms were suite-style with shared bathrooms and offered high standards of care.

Your dedication and commitment have not gone unnoticed. Since our return to the Medicare and Medi-Cal programs, this team has implemented and sustained system-wide reforms that have significantly improved care quality, resident safety, and regulatory compliance. Because of your efforts, Laguna Honda is now a Five-Star rated facility—an achievement that reflects the heart and excellence of this workforce.

While we strongly disagree with CMS's decision to deny the waiver, Laguna Honda and the San Francisco Department of Public Health have made the strategic decision not to appeal or pursue litigation. Given CMS's broad discretion and the current climate of federal Medicaid cuts, litigation would be costly, time-consuming, and unlikely to succeed.

We know this news is disappointing. The need for skilled nursing beds in our city is real and growing. But this moment is also a reminder of how far we've come. Laguna Honda is back. We are a stronger, more resilient institution, and your continued dedication ensures that we remain a place of healing, compassion, and safety for those who need it most.

Thank you for your hard work and commitment to our residents and our mission.

With gratitude,

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