



**July 14, 2025**

### **Laguna Honda Hospital and Denial of Waiver to Recertify 120 Beds / Triples Overview**

- Laguna Honda Hospital (LHH) applied to the Centers for Medicare & Medicaid Services (CMS) to recertify 120 beds that were required to be removed from service based on CMS current regulations during the hospital's decertification in April 2022.
- When Laguna Honda's new hospital building opened in 2010 regulations permitted three beds to a room (triples), however since 2016 regulations have changed and now only permit two beds per room (doubles).
- As part of the CMS recertification process undertaken by Laguna Honda, the hospital was required to decommission 120 beds, transitioning all triples into doubles. This changed the skilled nursing bed count from 769 beds to 649 beds (the 11 acute care beds were not impacted).
- After achieving full recertification in June 2024, Laguna Honda submitted a waiver application to add back the 120 beds citing the many benefits to residents and the need for more SNF beds in San Francisco.
- While it was initially denied, CMS invited additional content for consideration, acknowledging that granting a waiver would be rare.
- Thanks to a successful annual survey in Fall 2024 and a robust sustainability plan, Laguna Honda submitted another waiver application in December 2024.
- On April 11, 2025, Laguna Honda submitted another formal request, informed by direct feedback from CMS and continued improvements at Laguna Honda.
- **On July 7, 2025, Laguna Honda received a communication from CMS that the 120 bed waiver was again denied.**
- CMS communicated to Laguna Honda that it can make rare exceptions for individual rooms when necessary. However, they cannot approve extra certified beds just because there's a general need or request for more beds.
- CMS noted that private rooms are preferred by most nursing home residents and that more than two residents per room infringes on a resident's privacy and dignity, creates issues with infection control and resident safety and that rooms without bathrooms increase risks related to falls and quality of care.

### **Mischaracterization of Compliance**

- CMS also noted in its communication that Laguna Honda's re-entry into the Medicare Program with its initial certification December 1, 2023 has since received hundreds of



allegations of non-compliance, including allegations of abuse, neglect, and resident rights violations.

- Laguna Honda vigorously disputes this characterization of its performance since December 2023 as well as the implication.
- Laguna Honda follows all state and federal regulations, including mandatory self-reporting of incidents. The majority of these reports are generated by the facility itself, reflecting a culture of transparency—not evidence of wrongdoing.
- CMS referenced a high volume of reported incidents, but included both pre-2022 decertification reports and anonymous complaints not verified through formal survey findings. Only 6 of the 276 reports since December 2023 resulted in an actual deficiency.
- Compared to other large skilled nursing facilities in California (299 beds or more), Laguna Honda ranks in the middle tier for reported incidents and well below the median for survey deficiencies. This reinforces that Laguna Honda's performance is consistent with sector norms.
- Since Laguna Honda's re-entry into the Medicare and MediCal Programs staff have made and sustained the facility-wide improvements necessary to improve resident care and safety and has made significant changes to meet the rigorous regulatory requirements set by CMS.
- This denial is disappointing given the high demand for a skilled nursing beds that is only expected to increase.

### **Not Appealing or Pursuing Litigation**

- While Laguna Honda and SFDPH strongly disagree with CMS's decision, we have made the strategic choice not to pursue legal action.
- Pursuing legal action would be costly, time-consuming, and unlikely to yield a timely or favorable result—especially given CMS's broad discretion and the current political climate.
- In the face of ongoing federal and state threats to Medicaid funding, local health departments like SFDPH must focus on protecting the broader system of care.
- Instead of litigation, we are prioritizing proactive efforts to expand skilled nursing capacity across the system and continuing to engage with CMS and the State on potential alternative pathways.