

Extracts from Laguna Honda Hospital – Joint Conference Committee Meeting

July 14, 2025

<https://www.youtube.com/watch?v=SU-C8Jlw1Oc>

Verbatim transcript by Patrick Monette-Shaw. Any errors or omissions are unintentional. Only select portions of the hour-and-37-minute meeting were transcribed.

Audiotape Counter	Speaker	Transcribed Remarks
0:5:35	Daniel Tsai, Director of Public Health	<p>Just Prior to Agenda Item #4, Executive Team Report</p> <p>I'm going to kick this [Executive Team Report from LHH's CEO, Diltar Sidhu] off with something, briefly. So, we have some relatively late-breaking news that we wanted to share with the [Health] Commission and the public. As folks know, we had been working hard on the request to CMS for the waiver for the additional 120 beds [Laguna Honda Hospital] that are offline, given they are triple [person] not double [person bedrooms]. I think we've discussed in this Commission [meetings] and provided publicly what I think is a very compelling, strong case in the [waiver request] letter [to CMS on April 11] with many exhibits and much evidence, in a very strong argument to CMS for why they should approve the waiver. We were notified the end of the past week that the waiver has not been granted to us again.</p> <p>There were also some justifications in the relatively short letter back from CMS noted two things: One, it noted historically the large number of [facility] incident reports or complaints from the facility as grounds for not approving the waiver [request]. It also invited us instead of having a blanket waiver [for all 120 beds] to ask for a waiver on a "one-off" basis [meaning case-by-case for each bed, when needed]. And I think on both of those [points] are very challenging. On the first [point], we want to be very clear on the record to the public, [and] back to CMS as well, that we have had issues historically at Laguna Honda. Our team collectively — our staff, the nurses, and others — have worked incredibly hard [to implement correct actions to reduce incident reports]. We now have a Five-Star [rating] from CMS and have turned around the facility with substantial work from all staff, and when you look at the number of incidents and [anonymous] complaints, and you adjust it for the size of the facility, they're looking at absolute numbers. Many nursing facilities have 100 to 200 beds, or fewer; we have close to 700 [beds]. And so I would be the first to say that I'm always very concerned about, we want to be extremely vigilant relative to complaints and incident reports. I also want to be on the record that we have turned things around significantly at Laguna Honda So, I want to make that point on the first CMS mention.</p> <p>On the second point about applying [for waivers] on a case-by-base basis ... [Not Transcribed. Director Tasi made long remarks about why applying for use of a single given bed on a case-by-case basis is impractical and not feasible on an operational level, given the need for urgent admission to a skilled nursing facility bed when needed for time-sensitive step-down discharges from an acute-care hospital is not a practical or workable idea or solution, that CMS must have known.]</p> <p>Number 2, I want to re-iterate how important safe, high-quality care is. How proud I am of the work that our clinical staff and our environmental [housekeeping] staff, and nutrition staff, and others have worked to really turn</p>

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		<p>things around at Laguna Honda, and that we want to do everything possible to support it.</p> <p>Third, I also just want to note that in terms of next steps, we’ve debated a few next steps here. This has been a priority for us and I think we put together a very compelling case for the Federal government [on why it should have approved our April 11, 2025 resubmitted 120-bed waiver request].</p> <p>We are not conceding on the merits of our arguments, but at this point — given what everybody sees on the Federal landscape and the number of things we need to be concerned about with [other] incredibly damaging things [San Francisco is at risk of losing] and cuts to reimbursement in the Medicaid [Medi-Cal] program that have it’s impacts at the Federal level, and other pressures — we want to make sure [when] we’re getting back to CMS to state on the record that we think we’ve turned things around at Laguna Honda, and to put some context on those claims to note that we’re not agreeing on the merits [of CMS’ denial rationale about our waiver request], but we are not intending at this point to pursue further appeals or [legal] actions. Just to be very wise about where and how we’re engaging with the Federal government, given the magnitude of cuts that are coming all around us at this point and that we need to be prepared to fight.</p> <p>So, I want to give [you] that update. I know this was very important. Our team has spent huge amounts of time working through this, and again, I think we presented a very compelling case [to save the 120 beds]. We’re very, very disappointed about the decision from CMS.</p>
0:12:00	Diltar Sidhu LHH CEO	<p>Agenda Item #4, Executive Team Report</p> <p>[Mr. Sidhu’s remarks not transcribed. Sidhu made no mention of CMS’ denial of 120-bed waiver request.]</p> <p>[Notes:</p> <ul style="list-style-type: none"> As a reminder, Mr. Sidhu presented a slide during the <i>April</i> 11, 2025 Executive Team presentation to the LHH-JCC noting LHH completed a mock inspection survey between March 31 and April 4 as part of the third organizational assessment performed by Health Services Advisory Group (HSAG), which is a CMS-regulatory expert LHH currently is using as a “<i>subject matter expert</i>” consultant to support compliance with CMS regulations and help LHH sustain the critical improvements made during LHH’s 26-monh decertification saga. The third mock survey showed improvement with significantly less findings for the Health Portion, and highlighted areas for improvement that LHH will use to strengthen its practices and prepare for its next CMS licensing survey. LHH developed a “Plan of Correction” in response to the deficiency areas identified during the Mock Survey, signaling LHH continues to have regulatory compliance problems — and suggests that LHH still keeps having the types of facility-reported incidents CMS used to deny the 120-bed waiver request. HSAG was awarded four contracts totaling \$26.7 million during LHH’s 26-month decertification to assist with identifying “<i>root cause</i>” management problems at LHH to help LHH become recertified. HSAG is now in the first year of a new five-year “<i>Quality Improvement Expert</i>” contract worth an additional \$10 million — at \$2 million per year — in part, to help LHH conduct additional “<i>mock surveys</i>” to prepare for passing for future CMS and

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		CDPH annual certification inspections, and identifying Federal compliance problem areas.]
0:15:22	Terry Palmer, MD and Patrick Monette-Shaw	<p>Comments Following Item #4, Executive Team Report</p> <p>Testimony by Patrick Monette-Shaw and Theresa Palmer, MD, not transcribed; listen to audiotape remarks available on-line, at link provided at the top of this transcript.</p>
0:21:40	Laurie Green, MD LHH-JCC President	<p>LHH-JCC Commissioner Comments Following Item #4, Exec. Team Report</p> <p>...</p> <p><i>"... no one could have done a better job writing and putting so much time and effort into writing the [April 11] appeal [to CMS]."</i></p> <p>[Green questioned whether a private entity could bring a lawsuit against CMS's second denial of the 120-bed waiver request, and what might happen if the Federal Administration were to change.] <i>"Would there be any hope [to appeal the waiver denial in the future]?"</i></p>
0:22:280	Tsai	<p>[In response to Commissioner Green]</p> <p>The next step in cases like this typically would be ... we have not accepted <i>"No"</i> two times already ... Typically [after two tries] in situations like that, you'd pursue other legal avenues. For a range of reasons, and risk calculations with this [Federal] Administration, at this point, we've concluded it would not be ... it would be very challenging on that [to pursue legal litigation], but we intend to leave our options open. I want to be very clear about that. Should there be a change in [Federal] Administration, for example, which is why when we respond to CMS we would continue to — for the record — state that we believe that the perspectives and data that we put forward in that very exhaustive, clear, I think compelling [waiver request] letter in April [April 11] of this year continues to be our perspective, and to reaffirm that. And so, that will give us the option to pick things up at a future point, should the Federal Administration change.</p>
0:24:04	Edward Chow, MD LHH-JCC President	<p>LHH-JCC Commissioner Comments Following Item #4, Exec. Team Report</p> <p>...</p> <p>I think that President Green's suggestion [to see if the City could find a private entity to bring a lawsuit against CMS's second denial of the 120-bed waiver request] also is one that we should consider [pursuing].</p> <p>...</p>
0:27:53		<p>First, I believe that the rationale offered by the Director [Tsai] makes sense in the face of the hundreds of millions of dollars that we're talking about losing in the State of California [from impending Medi-Cal cuts coming from the Trump Administration]. The potential for loses in Medicaid in San Francisco particularly, and with the fact that they [CMS] have looked at [only] one data point [the number of incidents from facility incident reports and anonymous complaints at LHH] to actually turn us down [on the waiver request] I think is telling, that the rest of the appeal that they didn't feel ... or they actually didn't want to discuss.</p> <p>But the priority at the moment would seem to be also that it is very important that we be in a position that we don't fight too many battles on too many</p>

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		<p>fronts, and it's important to take [i.e., to pick the battles carefully to “protect”] the most vulnerable areas that we have so that patients who do need care are able to get it that are currently sponsored [funded] by the Federal government. [Chow was referring to the hundreds of millions in other Medicare (Medi-Cal) cuts California and San Francisco are facing from anticipated cuts involved with President Trump's "One Big Beautiful Bill."]</p> <p>So, I understand the [City] Administration's decision-making here in terms of actively pursuing, which would be then using our legal courts again, if that were the tac [tactic]. And we already know that the City Attorney is in many battles at the moment with the Federal Administration in regards to some very important [health] case issues. That is not to say Laguna is not important, and that's not to say we shouldn't have all these [120] beds [at LHH].</p> <p>...</p> <p>At the moment, we're fortunate to be recertified [at all] with the hard work staff and [SFDPH/LHH] Administration have done from a very serious series of issues at Laguna, and we should be then very pleased that we're able actually even to take the 500-plus [beds] that we're going to be to serve [at LHH].</p> <p>...</p> <p>[Chow kept referring to 500 beds, as if he didn't remember or couldn't calculate that eliminating 120 of LHH's 769 beds leaves LHH with still having 649 skilled nursing beds.]</p> <p>[Note: Chow's meandering reply San Francisco should be pleased to even have 500 beds does not inspire confidence about the City ever remembering in the future to pursue submitting another waiver request to get LHH's 120 beds back, if and when there's a change in the Federal government in the future.]</p> <p>We have a lot of non-government friends, perhaps most prominently former City Attorney Louise Renne [who might consider pursuing a legal action for us].</p> <p>...</p>