



U.S. Department of Justice
Civil Rights Division

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*Special Litigation Section - PHB
950 Pennsylvania Avenue, NW
Washington, DC 20530*

May 23, 2008

VIA FED EX

Aleeta Van Runkle
Deputy City Attorney
City and County of San Francisco
Office of the City Attorney
1390 Market Street, Suite 1008
San Francisco, CA 94102

Re: Laguna Honda Hospital - CRIPA Investigation

Dear Ms. Van Runkle:

Thank you for your cooperation in finalizing the Settlement Agreement between the United States Department of Justice and the City and County of San Francisco regarding the Laguna Honda Hospital and Rehabilitation Center ("LHH"). We have enclosed a copy of the final document.

We have set forth below our understanding of the specific steps the City will take in implementing paragraph II.A.6 of the Settlement Agreement. As referenced in paragraph II.A.6 of the Agreement, in the next year or so, the City will finish construction of several new inter-connected buildings on the LHH campus to replace the aging infrastructure of the existing physical plant. The number of skilled nursing beds will be reduced from the 1,035 capacity of the existing facilities to approximately 780 skilled nursing and acute beds in the new inter-connected structure. In shifting over from the old to the new physical space, LHH will also increase its emphasis on providing services and supports, through a continuum of care model, with a focus upon enhancing community living options to help enable individuals to age in place outside of LHH. Whenever admission to the skilled nursing facility is medically necessary, LHH will work to care for and rehabilitate individuals in order to return them to the community as soon as possible and appropriate under the circumstances. To help achieve this, as set forth below, the City shall develop and implement specified measures. Overall, the measures are to be developed to enhance affected individuals' ability to age in place in the community with appropriate services and supports.

In order to accomplish this, the City agrees to take the following specific steps:

1. The City shall divert individuals from pending admission to LHH whenever possible. Specifically, the City shall expand and enhance a collaborative unit to plan for, and provide case management to, individuals to enhance their success in living in the community.
2. The City agrees to continue to provide services and supports to the larger community to help individuals age in place. Specifically:
 - a. The City shall pursue its plan to create an expanded outpatient clinic at LHH.
 - b. The City agrees to continue to expand the community support adult day health services program at LHH (currently at Clarendon Hall), further emphasizing a preventive health care/maintenance component to the day program's offerings.
 - c. The City agrees to continue to develop a wellness center at LHH to encourage exercise and therapeutic interventions, including aqua therapy, that will be a resource for the community at large.
3. The City shall provide more intensive services and supports and placement activities for current LHH residents so as to rehabilitate them and place them into the community with appropriate services and supports. Specifically:
 - a. The City shall continue the activities of the Targeted Case Management Placement Unit to assess and help transition individuals appropriate for placement back to the community.
 - b. The City shall track and analyze the length of stay of affected individuals at LHH so as to better understand the causes and reasons for extended stays. The City shall then use this information and analysis to develop and implement measures with a goal to shorten future lengths of stay at LHH for these and other similarly situated individuals if the length of stay is inappropriate to the condition.
 - c. The City agrees to expand efforts at LHH to help prepare affected individuals for the community before they leave.
 - d. The City agrees to expand the LHH Community Reintegration Program for all individuals across the entire LHH facility to foster clinical integration and teamwork to improve the discharge process.
 - e. The City shall emphasize and expand short-term rehabilitation beds, services, and supports to meet the needs of the affected individuals so as to encourage shorter stays at LHH and more prompt discharge and return to the community.

- f. The City agrees to develop and implement a protocol, based on the experience of the TCM program, the Community Reintegration Program, and other successful community integration programs, to assess affected individuals at LHH and find them alternative integrated community services and supports as soon as possible upon admission to LHH. This protocol shall establish community integration as part of LHH's operating procedures.
4. The City agrees to further develop community capacity to help meet the residential and other service and support needs of affected individuals who are and/or have traditionally been placed at LHH, such that they may age in place at home or elsewhere in the community. Notwithstanding the federal prohibition on the use of Medicaid funding to provide housing for these affected individuals, the City agrees to the following:
 - a. The City agrees to continue to work with community service and support providers, including the Program for All-Inclusive Care for the Elderly (PACE) at On Lok, residential care facilities such as Autumn Glow, and the Home Team, to expand available home and community services and supports for affected individuals as an alternative to LHH.
 - b. The City agrees to continue to develop and implement a program to expand available housing, residential services and supports for affected individuals as an alternative to LHH. This program shall draw upon successes achieved through recent service-rich residential initiatives such as the development of the Plaza Apartments and the Mission Creek residences through the City's Direct Access to Housing program. This program shall address how to make sufficient housing affordable for individuals with limited income, and how to expand accessible housing alternatives. This program shall also incorporate the need to subsidize and develop 2-3 bedroom living arrangements in the community to accommodate affected individuals with compatible, more intensive health care needs. The program shall also stress the need to develop housing, services, and supports to address specific health and other needs, such as behavioral health issues.
 - c. The City agrees to expand assisted living alternatives for affected individuals as an alternative to nursing home care. Assisted living shall be just one of many alternatives offered along a continuum emphasizing integrated services and supports. Assisted living initiatives shall further supportive housing goals and plans. The goal of assisted living alternatives should be to allow for the enhanced independence of the affected individuals and promote their interests in privacy.
 - d. The City will maximize use of LHH skilled nursing facility beds and services for short-term, transitional stays.

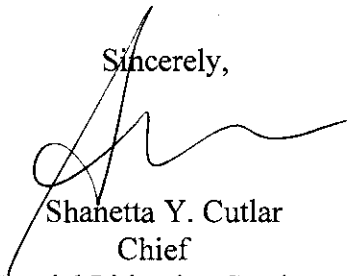
- e. The City agrees that the current LHH re-build will include no more than 780 skilled nursing beds. The City shall introduce as much flexibility as possible into existing and ongoing construction efforts at LHH so as to maximize adaptability of use from skilled nursing facility services to other integrated services going forward.
- f. The City has determined that it will continue to pursue the State's approval of the City's Home and Community-Based Waiver application to support the passage of A.B. 2968, the "Leno Bill," which will create new Waiver slots for the benefit of affected individuals who are residents or may become residents of LHH, especially those who are at risk of homelessness.
- g. The City agrees to continue to help affected individuals access home and community-based services and supports beyond what is available right now through the Community Living Fund.
- h. The City shall enhance its collaborative efforts with local advocates and interest groups so as to share information and resources that will better enable the City to meet the needs of affected individuals for services and supports in integrated community settings.

The measures set forth in the Settlement Agreement are unique and tailored to the particular facts and circumstances in San Francisco and at LHH. The size of LHH is notable among public nursing homes nationwide in that the facility is licensed for a large number of beds, approximately 1,200 beds in recent years, and has typically served a large number of persons, most recently, approximately 1,000 persons. The City, partly on its own initiative and partly in response to our findings and the findings of its long-term care consultants, has already taken and will take many important steps to address the needs of affected individuals. Many of these steps are expressly referenced in the Settlement Agreement; others are referenced above in this letter. It is notable that the City has already made a major commitment to supportive housing for the elderly and adults with disabilities.

We trust that you and Dr. Katz will now sign the enclosed Settlement Agreement and return it to us as soon as possible. We will then obtain the necessary signatures here within the Department and make the effective date designation at the bottom of the document. We will return to you a fully signed and executed copy of the Agreement for your files.

Thank you again for your cooperation.

Sincerely,



Shanetta Y. Cutlar
Chief
Special Litigation Section

Enclosure