

LAGUNA HONDA HOSPITAL ACUTE REHABILITATION CARE AND CONTRACTING UPDATE

Joint Conference Committee for
Laguna Honda Hospital & Rehabilitation Center

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Objectives

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- Provider overview of acute rehabilitation optimization project
- Provide update on commercial payor contracting strategy

Acute Care Census (as of 6.3.2026)

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- 11 acute care capacity
 - ▣ 2 acute care patients
 - ▣ 2 acute rehabilitation unit patients

Acute Rehabilitation Optimization Project

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- Of the 11 acute care beds at LHH, five (5) are designated for acute rehabilitation patients
- Underutilization of acute rehabilitation unit beds
- Project goal is to increase acute rehabilitation referrals from ZSFG to LHH
- Since launching the project in April 2026, average daily acute rehabilitation census at LHH has increased from 0 – 1 patients/day to 2 – 3 patients/day with the goal of getting to 4 – 5 patients/day

Project Components

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- Joint LHH-ZSFG planning group
- Education and outreach to ZSFG specialty services about LHH acute rehabilitation unit and its services
- Physical Medicine and Rehabilitation (PM&R) involvement Day 1 (rounding with neurology)
- Process mapping (e.g., Dept of Care Coordination)
- 4A SNF at ZSFG to LHH Acute Rehab bridge program opportunity
- Streamline referral workflow via Careport (enables hospitals and post-acute providers to streamline patient transitions, discharge planning, and referral management)
- Data to track performance

Skilled Nursing Census (as of 6.3.2026)

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- 636 SNF capacity
 - 618 resident SNF census (includes bed holds)

LHH Admission Priority Groups

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**Priority #1:
Former Laguna Honda residents**

**Priority #2:
San Franciscans not in medical settings**

**Priority #3:
Eligible SFHN patients**

**Priority #4:
San Franciscans receiving SNF and/or rehabilitation
services in other facilities**

**Priority #5:
Patients at non-SFHN medical facilities**

Why Enter Into Commercial Payer Contracts?

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- Excess clinical capacity – increase patient volume
- External demand exists for the service provided
- Clinical and administrative efficiency if currently serving some commercially insured, but ad hoc (i.e., via letters of agreement)
- Can meet all contractual requirements (e.g., access, quality, care coordination, billing, authorization, etc.)
- Diversify payor mix (expand patient base) or help sustain revenue levels
- Payer reimbursement exceeds the costs (administrative and service)
- Brand reputation is high

Considerations and Opportunities

Commercial Payor Contracting

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Considerations

- Avoid crowd out of traditional patient populations
 - ▣ Crowd-out in this context is that with limited supply (i.e., number of beds) serving more individuals with commercial insurance displaces LHH's historic resident population of Medi-Cal and uninsured patients
- Does not increase administrative burden

Opportunities

- Ability to offer continued care as a patient transitions into another form of health care coverage to another

Contracting Strategy

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- Given increasing census and admission priority groups:
 - Contracting focus will be on:
 - Kaiser Permanente – moving from Letter of Agreements to contracting to reduce administrative and clinical burden for existing and future patients; meeting scheduled for mid-June 2026
 - Post-acute and short-term skilled nursing and rehabilitation
 - Not pursuing contract with health plans offered to City & County employees and retirees at this time

