

# Laguna Honda Hospital Patient's Gift Fund

Data Analysis by:

**Derek Kerr, MD, CNA and Maria Rivero, MD**



# San Francisco's Administrative Code

- Administrative Code Section 10: 100-201, Public Health Gift Funds, states the LHH Patient Gift Fund is:
  - “... to be used for the general benefit and comfort of patients ... without expense other than what may be necessary for proper maintenance ... are hereby accepted exclusively for such purposes.”



LHH Patient's Gift Fund

# “Patient’s Gift Fund” Policy: 1993

- Original LHH Policy first adopted in 1993
- Governed expenditures of donations
- **Purpose:** To ensure that the Patient’s Gift Fund expenses “add comfort, welfare, pleasure and happiness to the patients”
- Examples of valid expenditures:
  - Lunches at restaurants for patients
  - Ward entertainment
  - Purchase and repair of televisions ...



LHH Patient's Gift Fund

## **“LHH Gift Fund” Policy: 1998 – 2004**

- Between 1998 and April 14, 2010 LHH's Patient Gift Fund policy stated:
  - “To ensure that LHH Gift Fund expenditures ‘add comfort, welfare, pleasure and happiness to the residents.
  - This ‘restricted’ fund is available neither to support the minimum obligation of the City to operate the Hospital nor to fund routine City expenditures; rather the fund shall benefit residents beyond the basic care provided.”
- The policy was changed on April 15, 2010.



**LHH Patient's Gift Fund**

# **Big Bequests to LHH Patient Gift Fund**





LHH Patient's Gift Fund

# Martin Heller Bequest

- “For the benefit of the patients/inmates of Laguna Honda Hospital. To promote the welfare, pleasure, general happiness and comfort of the persons benefited. For the aged and infirmed.”
  - Value in 1961 = \$400,000
  - Value in 2004 = **\$772,000**
  - **Balance 2010 = \$ 57,100**



LHH Patient's Gift Fund

# William Lenahan Bequest

- “For the use of the patients of Laguna Honda Hospital, for their recreational, social and educational needs.”
  - Value in 1983 = \$100,000
  - Value in 2004 = **\$897,000**
  - **Balance 2010 = \$143,879**



LHH Patient's Gift Fund

# Marie Lewis Bequest

- “For the recreational, social and educational needs of the patients of Laguna Honda Hospital.”
  - Value in 1987 = \$ 64,400
  - Value in 2004 = **\$214,000**
  - **Balance 2010 = \$ 0**





LHH Patient's Gift Fund

## Where Did the Money Go?

- 2004 Gift Fund Balance: \$2,086,872
- 2010 Gift Fund Balance: \$ 726,808

**A Loss of \$1.3 million Over Six Years.**



**LHH Patient's Gift Fund**

# Creation of Staff Sub-Accounts

- On August 12, 2005, three new sub-accounts were carved out of the Patient Gift Fund:
  1. Administration Education (HLADMI)
  2. Nursing Education (HLNURS)
  3. Physician Education (HLMEDI)



## Laguna Honda Volunteers, Inc. (A Separate Non-Profit Entity)

- Between 2005–2007 Laguna Honda Volunteers, Inc. donated **\$54,636** to LHH:
- How were these donations used?
  - Administration Education ..... \$11,991
  - Nursing Education ..... \$35,426
  - Physician Education ..... \$ 7,085
  - **Patient Sub-accounts ..... \$ 0**



LHH Patient's Gift Fund

# Volunteers, Inc.'s June 14, 2007 \$18,540 Donation

LAGUNA HONDA HOSPITAL 01-75 WELLS FARGO BANK, N.A. 3433  
VOLUNTEERS, INC. 11-4288/1210  
375 LAGUNA HONDA BLVD  
SAN FRANCISCO, CA 94116

6/14/2007

PAY TO THE ORDER OF Laguna Honda Hospital Gift Fund \$ \*\*18,540.00

Eighteen Thousand Five Hundred Forty and 00/100 \*\*\*\*\* DOLLARS

MEMO  
Laguna Honda Hospital Gift Fund  
c/o Barbara Taormina, Vol/Ther Act  
Laguna Honda Hospital  
375 Laguna Honda Boulevard  
San Francisco, CA 94116  
2007-1ST h Quarter

G. Savary Bentley  
NAW

003433 12104288 200242046738

LAGUNA HONDA HOSPITAL VOLUNTEERS, INC. 3433

718 HLH 050104  
S/o 78101

HL NURS	<del>78101</del> 12051.00
HL ADM	4078.80
HL MED	2410.20

ITB





LHH Patient's Gift Fund

# Details of Volunteers, Inc.'s June 14, 2007 \$18,540 Donation

**LAGUNA HONDA HOSPITAL** 01-76  
**VOLUNTEERS, INC.**  
375 LAGUNA HONDA BLVD  
SAN FRANCISCO, CA 94116

5/14/2007 3433

5/14/2007

\$ \*\*18,540.00

\$ \*\*18,540.00

PAY TO THE ORDER OF Laguna Honda Hospital Gift Fund

Eighteen Thousand Five Hundred Forty and 00/100 DOLLARS

Laguna Honda Hospital Gift Fund  
c/o Barbara Taormina, Vol/Ther Act  
Laguna Honda Hospital  
375 Laguna Honda Boulevard  
San Francisco, CA 94116  
2007-1ST h Quarter

MEMO

718 HLH 050104  
S/o 78101

HL NUMS ~~784263~~ 12 051.00  
HL ADM 4078.80  
HL MED 2410.20

HL

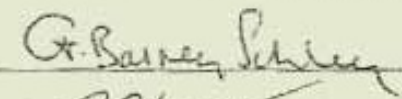

Laguna Honda Hospital Gift Fund  
c/o Barbara Taormina, Vol/Ther Act  
Laguna Honda Hospital  
375 Laguna Honda Boulevard  
San Francisco, CA 94116





LHH Patient's Gift Fund

# Volunteers, Inc.'s July 10, 2006 \$18,562 Donation

<b>LAGUNA HONDA HOSPITAL</b> 01-70 <b>VOLUNTEERS, INC.</b> 375 LAGUNA HONDA BLVD. SAN FRANCISCO, CA 94116		WELLS FARGO BANK, N.A. 11-42291210	3095  7/10/2006
PAY TO THE ORDER OF <u>Laguna Honda Hospital Gift Fund</u>		\$ **18,562.43	
<u>Eighteen Thousand Five Hundred Sixty-Two and 43/100*****</u>		DOLLARS	
Memo Laguna Honda Hospital Gift Fund c/o Barbara Taormina, Vol/Ther Act. Laguna Honda Hospital 375 Laguna Honda Boulevard San Francisco, CA 94116 2005-4th Quarter		 	
⑆003095⑆ ⑆121042882⑆0242046738⑆			

<b>LAGUNA HONDA HOSPITAL VOLUNTEERS, INC.</b> Laguna Honda Hospital Gift Fund		7/10/2006	3095
2005-4th Quarter		7,500.00	11,062.43

TC-718

1/C - H050104

S/O - 78101

Amounts:

NURS -	12,065.58
ADMI -	4,083.73
MEDI -	2,413.12
<b>TOTAL -</b>	<b>\$18,562.43</b>

Cash in Wells Fargo 2005-4th Quarter

65% - Nursing 22% - Admin 13% - Incls - CAC	18,562.43
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LHH Patient's Gift Fund

## Volunteers, Inc.'s Mission ...

- Laguna Honda Volunteers, Inc., a non-profit organization formed in 1956:
  - "...is dedicated to enhancing the quality of life of the residents at Laguna Honda Hospital ... by funding non-medical programs and services that would otherwise be unavailable."
  - "Still, our purpose stays the same, sponsoring the programs and purchasing the equipment that make for a more fulfilling life for the residents."





LHH Patient's Gift Fund

## “Interest Earned” Allocations

- On February 18, 2010 “Interest Earned” was deposited into four Staff Education sub-accounts:

<b><u>Fund</u></b>	<b><u>Balance</u></b>	<b><u>Interest Paid</u></b>
• Nursing Ed.	\$23,506	\$60,778
• Administration Ed.	\$16,602	\$17,357
• Physician Ed.	\$ 5,086	\$11,863
• <u>Geriatric Ed.</u>	<u>\$ 3,750</u>	<u>\$10,487</u>

**TOTAL: \$100,485**

- The allocations were prohibited by existing policy.



LHH Patient's Gift Fund

# Report Showing \$60,778 in Interest Allocations Deposited Into Nursing Education Account

FAMLE220 V5.1  
LINK TO: CITY AND COUNTY OF SAN FRANCISCO--NFAMIS  
GRANT SUMMARY INQUIRY

BALANCE (Y,M,Q,A) : Y CORR/PRIOR PRD : CURRENCY CODE :  
FISCAL MO/YEAR : 11 2010 MAY 2010 GRANT END DATE: 06/30/2013  
GRANT : HLNURS NURSING EDUCATIONAL FUND  
GRANT DETAIL :  
CHARACTER :  
OBJECT CODE :  
FUND TYPE :  
FUND :  
SUBFUND :

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S	SHBOBJ DESCRIPTION	BUDGET	ACTUAL	PREENC/ENC	BALANCE
30150	INTEREST EARNED -	60,778	60,778		
78101	GIFTS AND BEQUESTS	550	550		
99999B	BEGINNING FUND BAL	23,506	23,506		
	REVENUE TOTAL	84,834	84,834		





**LHH Patient's Gift Fund**

# **Irregularities**



LHH Patient's Gift Fund

# Pleasure Endeavors

- An organization named “Pleasure Endeavors” was “paid” \$33,001 in 2009 ...
- ... But it went defunct in 1997 !
  - “Top Tek Micro Center, Inc.” actually received \$30,920 of the “Pleasure Endeavors” disbursement.



LHH Patient's Gift Fund

## **“Food” Expenses Paid From the “Miscellaneous” Patient Sub-account**

- 2001 = \$ 0
- 2002 = \$ 0
- 2003 = \$ 0
- 2004 = \$ 0
- **2005 = \$8,892**

**“Food” Expenses First Appeared in 3rd Quarter 2005**



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## **“Food” Expenses Paid From the “Miscellaneous” Patient Sub-account (Continued)**

- 2005 = \$21,540
- 2006 = \$41,648
- 2007 = \$42,429
- 2008 = \$34,819
- 2009 = \$19,496

**“Food”** expenses between 2005 and 2009 **totals \$159,932!**

**Why did “Food” expenses averaging \$3,000 per month  
start in July 2005 — and whom did the “Food” benefit?**



LHH Patient's Gift Fund

# The Initial "Food" Expense in Third Quarter 2005 (July/August/September 2005)

```

FAML6300 V5.1          CITY AND COUNTY OF SAN FRANCISCO--NFAMIS          11/17/2009
LINK TO:                TRANSACTION DETAIL INQUIRY                        11:54 AM

DOCUMENT      -- POST PERIOD -- POST DATE  ----- POSTED BY ----- UNIT
GEHL06000009 02 04 2006 OCT  2005 11/04/2005 RUAN, WYNNIE

-----
TRANS CODE      : 405    ADJUSTMENT TO INCREASE EXPENDITURE ACCOUNT
DOCUMENT REF    :
TRANS DESC.     : CHARGE MISC. FND FOOD & SVS FOR JUL,AUG AND SEP05
AMOUNT         :      8,891.83 DUE DATE      : SINGLE CHECK :
VENDOR NUMBER  :
INDEX CODE     : HLH450221      GIFT FUND EXP
SUB-OBJECT     : 04699          FOOD
USER CD        :
GRANT / GR DTL : HLMISC        MISCELLANEOUS GIFT FUND
PROJ / PJDTL   :
START DATE     :
END DATE      :
G/L / SUBSID   :
BANK NO/ SUBSID :
TREAS NUM      :
CURRENCY CODE  : CONV DATE : FRGN CURR AMT:
F1-HELP        :           F4-PRIOR   F5-NEXT
                F9-LINK             F11-NOTEPAD F12-APPR HIST

G014 - RECORD FOUND
  
```





LHH Patient's Gift Fund

## No Public Records?

- Department of Public Health response to a public records request for Purchase Orders for 6 “Food” expenses in 2009:

**“... there are no public documents responsive to this request.”**

— *Eileen Shields*, DPH Public Information Officer  
July 1, 2010



LHH Patient's Gift Fund

# Art for Healing

- An organization named “Art for Healing” was “paid” \$9,000 during 2006–2007 for:
  - Invitations, printing
  - Stamps
  - Research
  - Consultation
  - Design work
  - Website development
  - Restoration of photographs
- The \$9,000 in expenses were funded from the patient “Miscellaneous” sub-account.



**LHH Patient's Gift Fund**

# Art for Healing Mission Statement

- “Art for Healing collects works of art through donation and places them in a wide range of hospitals, hospices, community clinics, children's centers, retirement homes ... throughout the San Francisco Bay Area.”



LHH Patient's Gift Fund

# Report Showing First \$5,000 “Art for Healing” Payment

```
AML6300 V5.1      CITY AND COUNTY OF SAN FRANCISCO--NFAMIS      11/17/2009
LINK TO:          TRANSACTION DETAIL INQUIRY                      11:13 AM

DOCUMENT          -- POST PERIOD -- POST DATE ----- POSTED BY ----- UNIT
PRHL07000173 01 09 2007 MAR 2007 03/23/2007 QUEVEDO, CYNTHIA
-----
TRANS CODE       : 210   ESTABLISH A V/P-DIRECT EXPENDITURES      NOTEPAD : Y
DOCUMENT REF     :
TRANS DESC.     : *20071*RESEARCH, RESTORATIN-HISTORICAL PHOTOGRAPHS
AMOUNT          :       5,000.00 DUE DATE : 03/16/2007 SINGLE CHECK : Y
VENDOR NUMBER   : 58562 01   ART FOR HEALING
INDEX CODE      : HLH450221  GIFT FUND EXP
SUB-OBJECT      : 04999    OTHER MATERIALS & SUPPLIES
USER CD         :
GRANT / GR DTL  : HLMISC   MISCELLANEOUS GIFT FUND
PROJ / PJDTL   :
START DATE     :
G/L / SUBSID   :
BANK NO/ SUBSID :
TREAS NUM      :
CURRENCY CODE   : CONV DATE :
F1-HELP        :
F9-LINK        :
FRGN CURR AMT:
F4-PRIOR      F5-NEXT
F11-NOTEPAD   F12-APPR HIST

G014 - RECORD FOUND
```





LHH Patient's Gift Fund

# Report Showing Second \$4,000 “Art for Healing” Payment

L6300 V5.1	CITY AND COUNTY OF SAN FRANCISCO--NFAMIS	11/17/2009
NK TO:	TRANSACTION DETAIL INQUIRY	10:55 AM

DOCUMENT	-- POST PERIOD	-- POST DATE	----- POSTED BY	----- UNIT
PRHL08000048	01 04 2008 OCT	2007 10/10/2007	QUEVEDO, CYNTHIA	

---

TRANS CODE	: 210	ESTABLISH A V/P-DIRECT EXPENDITURES	
DOCUMENT REF	:		NOTEPAD : Y
TRANS DESC.	: *AFH090607*LHH/AFH	INVITA, PRINTING, STAMPS EXPENSES	
AMOUNT	: 4,000.00	DUE DATE : 10/09/2007	SINGLE CHECK : Y
VENDOR NUMBER	: 58562	01	ART FOR HEALING
INDEX CODE	: HLH450221	GIFT FUND EXP	
SUB-OBJECT	: 04999	OTHER MATERIALS & SUPPLIES	
USER CD	:		
GRANT / GR DTL	: HLMISC	MISCELLANEOUS GIFT FUND	
PROJ / PJDTL	:		
START DATE	:	END DATE :	
G/L / SUBSID	:		
BANK NO/ SUBSID	:		
TREAS NUM	:		
CURRENCY CODE	:	CONV DATE :	FRGN CURR AMT:
F1-HELP			F4-PRIOR F5-NEXT
	F9-LINK		F11-NOTEPAD F12-APPR HIST

G014 - RECORD FOUND





**LHH Patient's Gift Fund**

## **“Art for Healing” Conclusion**

- It is not clear how \$9,000 in “Art for Healing” expenses from the main patient-benefit sub-account provided “comfort and benefit to patients.”



LHH Patient's Gift Fund

## Open 4 Business Productions

- Open 4 Business Productions was “paid” \$8,500
  - As a “Filming Location fee” for the TV Show “Trauma”
- The \$8,500 “fee” was deposited into LHH’s Administration Education sub-account, as a “gift or bequest,” when it was actually a “fee.”



LHH Patient's Gift Fund

# Deposit Slip for "Open 4 Business" Into Administration Education Sub-Account

CITY AND COUNTY OF SAN FRANCISCO Department of Public Health LAGUNA HONDA HOSPITAL			NO 66809	
SAN FRANCISCO, <u>6-9</u> 20 <u>09</u>				
RECEIVED FROM <u>Open 4 Business Productions LLC #6</u>				
FOR MAINTENANCE OF:				
<u>TC 712</u>			<u>8,500</u>	<u>00</u>
<u>H24 UNIDENT</u>				
MISCELLANEOUS				
TOTAL			<u>8,500</u>	<u>00</u>
MITCH KATZ, MD DIRECTOR, PUBLIC HEALTH				
BY <u>168</u> DEPUTY				
CONTROLLER-WHITE				



LHH Patient's Gift Fund

# San Francisco Paramedic Association

- A CPR class for Nurses and MDs in October 2008 given by the San Francisco Paramedic Association cost \$1,800 ...
- ... was paid for by the “Activity Therapy” sub-account, an account reserved to provide therapeutic activities for residents.





LHH Patient's Gift Fund

# Report Showing \$1,800 Payment to Paramedics Association from Activity Therapy Sub-Account

FAML6300 V5.1  
LINK TO:

CITY AND COUNTY OF SAN FRANCISCO--NFAMIS  
TRANSACTION DETAIL INQUIRY

11/30/2009  
12:18 PM

DOCUMENT -- POST PERIOD -- POST DATE ----- POSTED BY ----- UNIT  
VCHL09002300 01 04 2009 OCT 2008 10/16/2008 CARVAJAL, EVELYN

-----  
TRANS CODE : 205F ADPICS INTERFACE TO ESTABLISH A V/P-ENCUMB. EXPENDITURE  
DOCUMENT REF : DPHL09000433 01 NOTEPAD : N

TRANS DESC. : \*00043487\* LHH/GIFT FUND

AMOUNT : 1,800.00 DUE DATE : 10/17/2008 SINGLE CHECK : N

VENDOR NUMBER : 21895 01 SAN FRANCISCO PARAMEDIC ASSOCIATION

INDEX CODE : HLH450221 GIFT FUND EXP

SUB-OBJECT : 02201 TRAINING COSTS PAID TO EMPLOYEES \*

USER CD :

GRANT / GR DTL : HLACTH ACTIVITY THERAPY \*

PROJ / PJDTL :

START DATE : END DATE :

G/L / SUBSID :

BANK NO/ SUBSID :

TREAS NUM :

CURRENCY CODE : CONV DATE : FRGN CURR AMT:

F1-HELP F4-PRIOR F5-NEXT

F9-LINK F11-NOTEPAD F12-APPR HIST

G014 - RECORD FOUND



LHH Patient's Gift Fund

# Paramedics Association Conclusion

- The CPR training classes provided to LHH staff was funded from the Patient Gift Fund's "Activity Therapy" accounts, which is designated exclusively to provide "therapeutic activities" for LHH's patients.
- The "Activity Therapy" sub-account for patients should not have been tapped to pay for required training for salaried professional staff.



LHH Patient's Gift Fund

# Annual LHH Staff Barbecue

- A precedent-setting annual staff barbecue:
  - **Cost:** \$7,805
  - **Date:** September 30, 2009
  - **Paid by:** Gift Fund (Administration Education)
  - **Precedent:** **None**
- In all previous years, the annual staff barbecue was paid for by the Employee Activity Committee (comprised of staff volunteers) from employee fund-raising and raffles.



LHH Patient's Gift Fund

## Were Patient Amenities Cut?

- Average Number of Patient Restaurant Bus Trips:
  - **1st Quarter 2009**  
16.3 trips/month
  - **1st Quarter 2010**  
**5.7 trips/month**
- Average Number of Patients Taken to Restaurants:
  - **1st Quarter 2009**  
162 patients/month
  - **1st Quarter 2010**  
**55 patients/month**
- Therefore, there was a 65% decrease in restaurant bus trip outings over one year.





**LHH Patient's Gift Fund**

# State of California's Department of Public Health

- On April 2, 2010 the State's Licensing and Certification Division investigated a complaint about LHH's Patient Gift Fund.
- On April 15, 2010, LHH changed its Gift Fund Policy.



LHH Patient's Gift Fund

## Hazards — LHH's New Gift Fund Policy:

- Adds staff employees as “beneficiaries”
- Trustees (Administration) become “beneficiaries”
- Eliminates the Gift Fund Management Committee, resulting in:
  - No review of expenses over \$500
  - No patient representation
  - No Health Commission oversight



LHH Patient's Gift Fund

## The State's May 19, 2010 Citation Against LHH

- The State's Report: Patients from 4 Wards complained about cuts in Restaurant Bus Trips
- Reason given to Patients for the cuts: **“No Money”**



**LHH Patient's Gift Fund**

# Remedies





LHH Patient's Gift Fund

# Remedies

- Perform an **Independent Audit** of the Gift Fund
- Restitution of funds to patient accounts
- Restore Safeguards:
  - Gift Fund Management Committee
  - Patient Representative
  - Expenses >\$500 recorded in minutes of Gift Fund Management Committee
  - Quarterly Reports to Health Commission
- Restore Gift Fund for Patients Only



**LHH Patient's Gift Fund**

# Questions ?