



June 2010

Dear Laguna Honda Community:

As the Executive Administrator of Laguna Honda, I want to set the record straight about the hospital's gift fund. It is my responsibility to make sure that donations to the fund are spent the way our donors want them to be, and I take that responsibility seriously.

When I became Laguna Honda's executive administrator 18 months ago, I ordered a review of our gift policy as well as other hospital policies that I believed needed to be updated in order to ensure that all our resources were being properly managed.

The gift fund story has been driven by sensational TV rather than by facts. You deserve to know the truth.

The Staff Gift Fund and The Resident Gift Fund Are Separate

Donations automatically go into the resident gift fund unless donors specifically say they want to contribute to the staff gift fund – as many of our employees have. It's that simple.

Lunches at staff training workshops, and small gifts like pedometers given to nurses for their good work, are paid for by the staff gift fund, not the resident gift fund.

Two Reviews of the Gift Fund Have Concluded the Money Has Been Spent Appropriately

I have zero tolerance for the misuse of resources. When allegations were made about the gift fund I directed our Chief Financial Officer to review the books and take immediate action to correct any problems. None were found.

In addition, the Department of Public Health requested a review by the city Controller's Office. Again, the review concluded there was no mismanagement.

After two reviews, there has not been a single instance of gift fund mismanagement.

The Gift Fund Is Easy to Understand: The Staff Fund Pays for Staff and the Resident Fund Pays for Residents

Here is a list of the accounts in the gift fund: **1.** Resident Activities, **2.** Other Resident Support, **3.** Hospice Support, **4.** Nursing Training and Support, **5.** Physician Training and Support, **6.** Administration and Other Staff Training and Support. The resident accounts provide care and comfort for residents. The staff accounts provide support for staff members. The funds are separate.

No Money from the Resident Gift Fund has Paid for Staff Activities.

City law says that the patient gift fund can be used only for patients. It also directs that gift fund donations are to be used as the donor directs. If you make a donation, it is automatically deposited into the patient gift fund unless you specifically direct that it be used for staff support.

The Controller's Office Says the Gift Fund is Properly Managed

The city Controller's Office reviewed the gift fund and concluded that the hospital is managing it according to city law. The Controller recommended that to avoid confusion over the use of the name "gift fund," the hospital should move its staff support accounts out of the gift fund so that everyone is clear that when we talk about "the gift fund" we mean the patient gift fund. We will implement the recommendation in July, at the beginning of the new fiscal year. Until then, we will not use the staff gift fund at all.

The Hospital Has Released All Records Requested by the Former Employees Who Made Charges About the Gift Fund; the Records Show the Money Was Used Properly

When former employees made allegations about the gift fund on KGO-TV, the hospital provided its gift fund records under the city's Sunshine Ordinance to those employees and to KGO. None of the records demonstrate mismanagement.

The Hospital Did Not Cut Back on Resident Bus Trips

Bus trips fluctuate depending on many factors.

- The number of residents at Laguna Honda has decreased since 2008 from 1200 to 780.
- As residents who can live at lower levels of care move out of Laguna Honda, many residents who remain are less able to go on frequent bus trips.
- In 2009, we lost one of our two bus drivers and there were fewer trips until he was replaced.
- Also in 2009, buses were going out half full or less, and we made an effort to combine trips.

All of these issues contribute to changes in bus trips.

We Have So Much to Be Proud Of

I want to take this moment to assure you that this issue has been put to rest, because we have so much to celebrate.

The new Laguna Honda is a testament to the people of San Francisco, who have time and again shown overwhelming support for Laguna Honda at the ballot box.

Laguna Honda has cared for San Francisco's families for generations, and in a few short years, as San Franciscans discover the new Laguna Honda, I know they will feel the same sense of pride as the communities around other great hospitals and healthcare centers feel.

San Francisco is on the move.

Sincerely,



Mivic Hirose
Executive Administrator