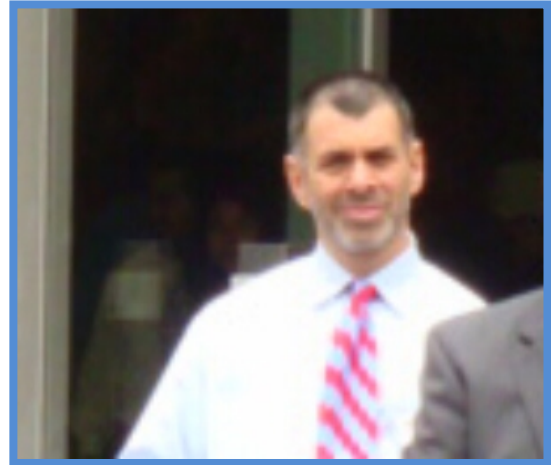


Public health director implies Laguna Honda Hospital patient gift funds used for staff morale is OK

by Patrick Monette-Shaw
SF Examiner.com | SF Hospital Examiner



Dr. Katz thinks donations diverted to staff still benefits patients by contributing to staff morale.



How much fuzzier does Katz's logic get?

San Francisco's director of public health, Mitch Katz, has implied in a TV interview that Laguna Honda Hospital patient gift funds diverted to beef up staff morale may be OK.

ABC TV's San Francisco affiliate (KGO, Channel 7) broadcast an "I-Team" follow-up story on Monday, September 15 about LHH's patient gift fund, reporting that multiple problems persist.

Dan Noyes' new broadcast corrects previous misinformation that all contributions intended for patient benefit have actually been put back into the fund. He openly questions whether charitable donations may still not be getting to the residents who need them.

Noyes noted, "When gift fund money started to run dry, the hospital was forced to make cuts to patients like bus outings." This resulted in the California Department of Public Health first citing LHH last May for failing to meet the recreational needs of patients.

Noyes reports the State issued a second citation against LHH in late September, this time for trying to override San Francisco's administrative code regarding the patient gift fund.

Disturbingly, Katz attempted to justify the diversion of funds intended for patients to staff amenities, by claiming it was an issue of who "you feel the greatest gratitude to," suggesting donors contribute due to having greater gratitude for people who had cared for their relatives, not for the comfort of actual patients.

Katz goes on to imply that having "high morale on staff" may be justified to raid patient funds, and that it's OK to "mix" funds in order to boost staff morale. It is thought he meant by "mixing" funds the practice of mixing the use of funds intended for patients on expenditures for both staff and patients.

Appealing to "the greatest gratitude" may be a mistake, alienating potential donors.

Dr. Katz, long known for his fuzzy math, must have known before being interviewed by the I-Team about preliminary results of the audit of LHH's gift fund.

In a press release Katz issued on September 2 — a week after a potential conflict-of-interest audit of LHH's patient gift fund began — he claimed that only two errors totaling \$37,102 had been made with the patient gift fund and claimed the errors had “in no way influenced the amount of money available for patient activities.”

As Noyes reported on November 15, the City Controller's office has already ordered \$100,000 in interest earned moved out of the staff education accounts, and back into accounts benefitting patients. The total amount restituted to date is thought to be \$139,000, which is a far cry from the mere \$37,102 Katz tried to pass off on September 2.

Katz had to have known by September 2 about the interest earned being returned from the staff sub-accounts.

Katz appears to swing back and forth between whether the raided funds had “no impact on expenditures for patients” and his bald attempt implying that raiding patient funds to improve staff morale may be OK if the higher staff morale benefits patients.

On November 2, DPH's chief financial officer, Gregg Sass, submitted data to the Health Commission, routed first through Katz, indicating that in the fiscal year ending June 30, 2010 contributions earmarked for the staff sub-account embedded in the patient gift fund totaled only \$3,550 in contributions, but expenditures just in FY 09–10 for “staff education-related” expenses totaled \$25,729.

Sass' report asserts LHH funded programs and services for patients and staff between July 1, 2009 and June 30, 2010 using donations received during this period, along with donations from previous years.

Sounds to me like deficit spending: \$3,550 in donated revenue earmarked for staff, but \$25,729 spent on staff expenses.

Katz did not reveal to the I-Team that contributions from individual donors (excluding donations received from Laguna Honda Volunteers, Inc.) dropped from \$27,023 in the year ending June 2009 to just \$10,206 in the year ending June 2010 — a 62.2 percent drop off in private donations — according to the “Annual Report of Gifts Received in FY 2009-10” DPH's CFO, Gregg Sass, presented to the Health Commission on November 2, which Katz must have seen much earlier.

LHH's 62.2 percent drop off in individual donations to the patient gift fund stands in stark contrast to the 11 percent decline in charitable giving nationwide in 2009. Something is going on with LHH's individual donors, which can't be blamed on negative publicity resulting from Channel 7's exposé of LHH's gift fund scandal.

The fall off in individual donations to the patient gift fund occurred just one month after the I-Team's initial May 20 broadcast. It is unlikely that the 62 percent drop in giving can be attributed to the 30-plus-day period between May 20 and June 30.

It is more likely that the long-standing mismanagement of LHH, and the many construction-related problems with the rebuild of LHH's replacement facility, have led to the loss in donor confidence in LHH's administration.

Remarkably, the audit of LHH's patient gift fund was initially supposed to be released to the public on October 30. But on October 30, news broke of a new development that LHH's CFO, Tess Navarro, was resigning and moving on to take a position with Muni.

The City Controller's office fuzzily claims there has been no delay, even though as of today, November 21, the audit still has not been released to the public. It's not yet known whether Navarro's departure may have contributed to the delayed release of the gift fund audit.

Dr. Katz's implication the raid of LHH's patient gift fund to benefit staff members can be justified on the basis that “the greatest gratitude” should be owed to staff caregivers, and to boost staff morale, is despicable.

For one thing, the morale of LHH's remaining staff is reported to be at its lowest in decades, despite (or potentially because of) raiding of the patient gift fund.

For another, LHH has pushed propaganda for the past several years that "our residents come first." But Katz seemed to imply in the November 15 I-Team interview that staff morale comes first.

What about the morale of patients languishing in the facility with fewer community outings, or donor morale?

LHH's public relations spin doctor, Marc Slavin — who is purportedly pursuing an advanced college degree in the fine art of linguistic "deconstruction" — initially claimed in the May 20 I-Team broadcast that the patient gift fund was "not for patients."

To the extent Slavin's nonsense last May was damaging, then Dr. Katz's boorish comments a week ago about "gratitude" and "high-morale for staff" may presage Last Rites for LHH's patient gift fund.

Katz's reported philanthropic-motive comments may be acceptable to Louise Renne's secretive Laguna Honda Foundation, but why would reasonable donors continue contributing to LHH's patient gift fund now?

And will individual donations to the patient gift fund further fall off by the end of June 2011, as a direct result of Slavin claiming the gift fund wasn't for patients, and Katz's claim that patient funds should bolster staff morale is more important?

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