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Battle on Home Front

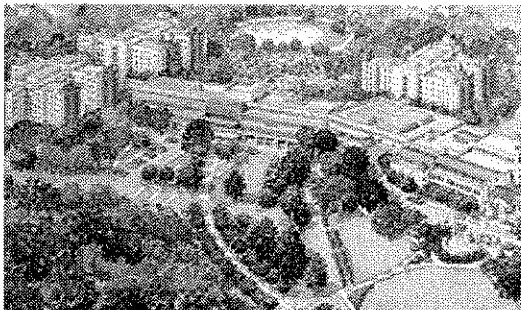
San Francisco's Massive New Nursing Facility Draws a Fight as Institutions Lose Favor

By LUCETTE LAGNADO
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SAN FRANCISCO -- On a hill overlooking the city, the cavernous Laguna Honda nursing home stands as a living relic of another era. Inside, hundreds of its residents live in impersonal wards of up to 28 beds each, an arrangement conjuring up institutions that warehoused the elderly and frail decades ago.

Next door, massive steel girders and slabs of concrete are rising from the ground to erect a modern replacement, with suites of rooms, Internet access and flat-screen televisions. Its officials promise a state-of-the-art nursing home.

SEE A PHOTO SLIDESHOW 



Anshen + Allen Architects, Gordon H. Chong & Partners
 Plans for the new Laguna Honda include more privacy for patients as well as more areas for socializing.


To advocates for the elderly and disabled, that's a contradiction in terms. They contend the new building is as bad as the old one -- repeating its fundamental mistakes at a tremendous new cost.

The city's effort to spend roughly \$600 million to replace a huge old nursing home with a huge new one bucks a tenuous trend across the country aimed at changing how the elderly and infirm live their last years. Increasingly, states and cities have begun to shift toward providing services in homes or home-like settings such as "assisted-living" facilities sprinkled through communities. That has put big, isolated nursing homes on the defensive.

The change has been encouraged by the federal government, and even many nursing homes are looking at shrinking their scale. Despite a long-running surge in the population over 75 years old, the number of people living in nursing homes has begun to edge down. "The country has rejected this -- people have said they'd rather die than go to a nursing home," says Elizabeth Clemmer, a just-retired director at AARP's Public Policy Institute, the nonprofit's research arm. "I think building a facility of that size is insane." The AARP is part of a lawsuit trying to force the city to provide alternatives to Laguna Honda's residents.

Nursing homes still are favored by federal Medicaid payment rules, which in recent years have

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allowed the elderly and younger disabled to seek alternatives but require them to clear more hurdles to qualify. The institutions also are prized by the influential unions that often represent their staff, in part because they tend to pay better than other settings. Many members of Laguna Honda's staff, represented by the Service Employees International Union, earn at least 50% more in wages and enjoy better benefits than they would elsewhere. The union campaigned hard for the nursing home to be replaced at full size.

LAWYERS EXPLAIN THEIR FIGHT

*"What is happening in San Francisco is representative of what is happening all around the country. Baby boomers want to have choice."
-- Elissa Gershon, lawyer and advocate for the disabled*

Read a Q&A² with two attorneys who have devoted years to fighting the rebuilding of Laguna Honda.

Prominent politicians such as Sen. Dianne Feinstein and House Speaker Nancy Pelosi are on board for the new building, despite the opposition of the AARP and local groups for the disabled. Both have received near the maximum campaign contributions from the SEIU since the Center for Responsive Politics began systematically tracking them in 1989. Representatives of Sen. Feinstein and Rep. Pelosi said that

contributions were irrelevant to their support and that the new facility's medical services are needed. "Sure it would be nice if you could reinvent the wheel," says Sen. Feinstein. "But I am more interested in seeing that very sick people have skilled nursing care and access to a physician 24 hours a day, and this facility can provide that."

San Francisco Mayor Gavin Newsom, who has received virtually no SEIU money, voted against a bond issue for the new building, but says he found that position "politically very damaging." He still wants to restrict the nursing home's size to 780 beds in the buildings already under construction for \$483 million -- instead of a planned 1,200 total -- and make an assisted-living facility part of the complex. But he says he continues to face intense pressure to build and fund the full nursing home as planned.

Laguna Honda benefits from unusually friendly treatment from Medicaid: It is licensed as a hospital as well as a nursing home, which almost doubles its Medicaid reimbursements for all its patients to \$338 a day -- though it has just 20 hospital beds. With additional payments it gets from the city, Laguna Honda collects an average \$431 per patient per day in total government reimbursements, the hospital says -- compared to an average of about \$171 that nursing homes in the area typically receive from California's Medicaid program. But the new Laguna Honda nursing home would collect closer to \$500 a day per patient, partly thanks to added payments by Medicaid and the city to defray costs related to the rebuilding, said city health department and Laguna Honda officials.

While San Francisco has its own roster of home and community programs for the elderly, critics say the new Laguna Honda's existence will push residents into it who otherwise could be in more homey settings. The money to be spent to construct all of Laguna Honda's planned nursing-home beds -- enough to buy each resident a \$500,000 condominium -- will starve other alternatives of funds, they contend.

Ricardo Leons, 83 years old, is one Laguna Honda resident who moved there only because he couldn't find a better choice. In his 60s, Mr. Leons was an activist pushing for services to help the elderly live at home and avoid large facilities. Four years ago he succumbed to just the type of situation he had tried to eliminate.

Mr. Leons's growing problems managing pain from

rheumatoid arthritis forced him out of his federally subsidized senior complex. He is luckier than the roughly two-thirds of his fellow residents who are in open wards divided only by curtains or lockers: He shares a room with just one other person, but doesn't have his own bathroom or phone. Among his only possessions are a prized collection of books including profiles of historical figures ranging from Jean-Jacques Rousseau to John D. Rockefeller, jammed into a pair of metal crates strapped together with medical tape. When he sees a mouse scurrying across the hallway, he shrugs. "I am an animal lover," he says. He seems a candidate for a less-restrictive setting, Laguna Honda officials acknowledge -- but only if the city or state would pay the bills.



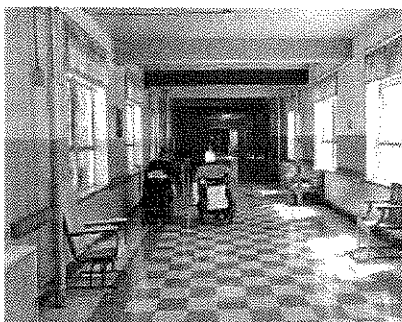
David Paul Morris/Getty Images

Ricardo Leons in his room at the Laguna Honda Hospital and Rehabilitation Center in San Francisco

A debate has long raged over whether it's cheaper to care for the elderly and frail in institutions or at home. The federal government now believes it can save Medicaid dollars and improve elderly people's lives by encouraging more home care. States have some flexibility over how they spend Medicaid money, and some, including New Mexico, Vermont and Minnesota, are aggressively shifting away from institutional settings. New Mexico now devotes 70% of its Medicaid long-term care budget to home and community services. Minnesota has shut down 5,000 nursing-home beds. Vermont calls nursing homes an "outdated model" and gives seniors and the disabled on Medicaid a straight-up choice of home care or assisted living as well as nursing-home care.

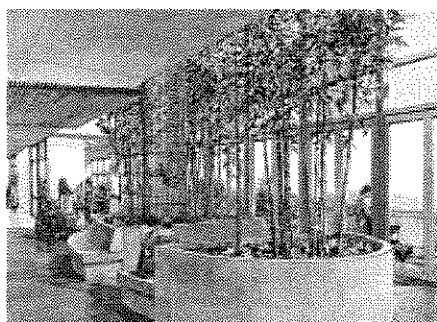
In New York state, Gov. Eliot Spitzer labeled the SEIU "guardians of the status quo" as he waged a bruising battle earlier this year to cut Medicaid by \$1.3 billion, arguing that the health system is too centered on hospitals and nursing homes. He settled for \$940 million in cuts, and aides say he wants to begin to shift dollars and care to alternative settings.

Since Laguna Honda was founded in 1866 as the City and County Alms House, it has mixed two functions sometimes at odds: a long-term home for the poor and elderly, and a public hospital. In early days it took both homeless men and the overflow of patients languishing in the city hospital, all known as "inmates" though they weren't incarcerated. The facility, situated on several dozen acres of city land on the Twin Peaks hills southwest of downtown, cared for victims of late 19th-century smallpox epidemics and San Francisco's 1906 earthquake, and in the next decades gradually emphasized its medical bent.



David Paul Morris

A hallway in the current building



Archibren & Allen, Gordon H. Cheng

Architect's rendering of new hallway with aviary

By the 1960s it was a licensed hospital and a city icon: Celebrities including Bing Crosby and Danny Kaye performed at Christmas shows there, and socialites from the city's tony Nob Hill neighborhood adopted it as a favorite charity.

Extreme Makeover: Nursing Home Edition

Some comparisons of the planned new Laguna Honda Hospital and Rehabilitation

In the 1970s, the disability-rights movement was born in protests across the bay in Berkeley, with a push against institutionalization. By the 1980s and 1990s, Laguna Honda was taking in large numbers of people with AIDS, drug addictions and other complex medical and social problems. As large institutions fell out of favor, facilities with big open wards gradually subdivided them. But Laguna Honda resisted: Earthquake-related building and fire codes meant such construction would cost too much and reduce its number of beds too much, says its executive administrator, John Kanaley.

Then in 1998, a U.S. Justice Department investigation found a "pattern of egregious conditions" that it said violated the civil rights of Laguna Honda residents, and suggested patients were languishing there because of a lack of alternatives. Mr. Kanaley disputes the allegations. The report criticized the open wards, then around 30 beds each, and federal authorities overseeing Medicaid said it was time to end their use. Sen. Feinstein later intervened for fear the whole facility would have to shut. Instead the open wards were reduced slightly to 28 beds each, overall capacity shrank to 1,067 from 1,200, and the push was on to replace the old building to help resolve the federal authorities' concerns.

Around that time, Bill Thomas, a leading proponent of homelike settings for the elderly, visited Laguna Honda. He recalls opining that it should be closed and sold rather than rebuilt on a similar scale, with the profits used to fund home services. "The arrow in history is pointing in one direction and they are going in the exact opposite direction," he says of the current plans. "There is no one in the world that would do what they are doing....It is like deciding to expand your buggy-whip factory in 1920."

But a new Laguna Honda quickly got a boost from an unexpected source: San Francisco's 1998 settlement of its suit alleging tobacco companies had misrepresented cigarettes' addictiveness. Louise Renne, the city attorney at the time who won the settlement, spearheaded a voter proposition that pledged the first \$100 million to a new building and approved a bond measure for another \$299 million toward construction. The tobacco payments also are being tapped for \$84 million in cost overruns so far.

Advocates for the elderly and disabled -- who don't always work together -- have joined to say the windfall should instead go to myriad causes trying to keep the aged and frail at home. "A folly," AARP attorney Bruce Vignery calls the new complex. "You would think a progressive city like San Francisco would be at the forefront of getting people out of institutions."

San Francisco officials cite a demographic imperative based partly on the city's status as a destination for people fleeing convention and seeking alternative lifestyles. Many of them have aged without spouses or families to help support them, notes the city's public health director, Mitchell Katz. One in nine people over 65 in San Francisco now lives alone, spurring an urgent need for more accommodations. But Baltimore and Philadelphia are in similar demographic straits, with other cities, including New York and Detroit, close behind.

Laguna Honda's management and the union both contend that something with Laguna Honda's size and medical services is needed for impoverished patients with complicated medical needs, regardless of what other choices are provided. "We are the safety net," says Mr. Kanaley, the administrator, who cites the building's waiting list as one proof of need, though critics contend it's evidence of a lack of alternatives. Union officials said they were looking out for their members, many of whom are in low-paying jobs, as well as patients. The union wants to help the elderly and disabled live "as independently as possible," Ed Kinchley, health-care industry chairman for the local representing Laguna Honda, said in a statement -- but he said all 1,200 nursing-home beds

planned for Laguna Honda are needed.

Supporters say the new building will resemble the current one only in size. Amenities will include two swimming pools for physical therapy, a large petting zoo, an orchard, and an aviary in place of the bird cages that dot the current hallways. But opponents say those touting the style and amenities are missing the point of what's wrong with building a massive new institution. "They have a tendency to treat Laguna Honda as if it were an interior decorating issue," says Herb Levine, a leading San Francisco disability activist. "It is an issue of choice."

Among patients suing the city in U.S. District Court to provide an alternative is Woodrow Falls, a 56-year-old Vietnam War veteran who uses a wheelchair. He has lived in open wards at Laguna Honda for a decade -- currently he resides in Ward C3. He is dependent on aides to get him out of bed and takes low doses of methadone to combat an old drug addiction. Elissa Gershon, an attorney for Protection and Advocacy Inc., a nonprofit law firm that teamed up with the AARP and other groups for the lawsuit, says "he could live independently in the community." It's clear that's Mr. Falls's goal: "Laguna Honda is where a person goes to die," he says. Mr. Kanaley, the Laguna Honda administrator, says Mr. Falls is a clinically complex case, and he questions whether there are enough community services for someone of Mr. Falls's means to safely live independently.



John Kanaley

California supports home care, but unlike many states it hasn't sought Medicaid payments for assisted living statewide -- a popular replacement for nursing homes among families who can afford them because the best can offer more privacy, less rigid lifestyles, and more semblance of a home environment. State officials say they have concerns about cost and quality. San Francisco is now seeking its own waiver to allow Medicaid to pay, says Dr. Katz, the public health director. Overall, the city and state's ratio of nursing-home beds to the elderly population are both low compared to other parts of the country, he says, and San Francisco offers a wide range of home and community programs. For instance, it helped establish a national model for home services with a program helping elderly residents in the city's Chinatown.

Average Medicaid costs for home care may be almost a third less than for nursing homes -- \$34,400 versus \$46,612 per year -- even when factors for rent and food at home are counted in, according to a study published last year in the Journal of Health and Social Policy. Study author Martin Kitchener, a professor of health policy and management at the University of California, San Francisco, argues that if the cost is less for home care, there's "no argument" for a nursing-home placement. His staff surveyed states' waiting lists for home care and found them growing to more than 262,000 people nationwide in 2005 from 194,000 in 2002.

The Centers for Medicare & Medicaid Services agrees home care generally is better for patients and more economical, says spokeswoman Mary Kahn. She says the agency has no significant quarrel with Mr. Kitchener's study, but adds nursing homes are still needed for cases requiring care too intense to be provided at home. Spokesmen for private and nonprofit nursing-home associations also raised no dispute with the findings but made the same distinction. Ms. Kahn's agency has been trying to make it easier for states to fund more home services and shorten waiting lists, she says: "I absolutely believe there is a sea change coming, that we are on the cutting edge of fundamental change" away from nursing-home care.

Unemployed Demand

Mr. Leons, the book lover at Laguna Honda, wants to make

such a move. He entered the nursing home for help dealing with arthritic pain, and with medical help there it has been brought under control. Now, day in and day out, he can usually be found reading, a solitary figure on his small twin bed. Meals arrive regularly at 7:30 a.m., 11:30 a.m., and 5:30 p.m. on a plastic tray. A nurse brings his medication. He eats the way he reads: alone, while sitting up in bed. He has few visitors.

About twice a month, his friend Philip Klasky drives him to Golden Gate Park. Mr. Leons has a massive roast beef sandwich at his regular table in his favorite cafe, the Blue Danube, and then browses through bins of free books at the Green Apple bookstore. On a recent visit, Mr. Klasky asked his friend to describe his ideal living situation. "A small apartment, with a front room, a kitchen," his own bathroom and a library, he replied.

"Ricardo could be in a situation more appropriate to him," Mr. Klasky says. "A situation with more dignity and stimulation." He and Ms. Gershon, the nonprofit lawyer, are trying to get Mr. Leons into a small 45-bed assisted-living center in a trendy residential neighborhood that offers some skilled nursing care -- if the city will help pay. Mr. Kanaley, the Laguna Honda administrator, says he's all for it. But he adds that at Laguna Honda, Mr. Leons "seems happy."

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