

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3

Agenda

Senator Susan Talamantes Eggman, Ph.D, Chair
Senator Melissa Melendez
Senator Richard Pan, M.D.



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Consultant: Renita Polk, Ph.D.

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PUBLIC COMMENT

Public Testimony Toll Free Number: 877-226-8163

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4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**Issue 1: DDS Overview**

The Department of Developmental Services is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). The Lanterman Act provides for the coordination and provision of services and supports to enable people with developmental disabilities to lead more independent, productive, and integrated lives. Additionally, the Early Start Program provides for the delivery of services to infants and toddlers at risk of having a developmental disability. The department carries out its responsibilities through contracts with 21 community-based, non-profit corporations known as regional centers (RCs), as well as through state-operated homes and facilities.

**Department of Developmental Services
Expenditures by Fund Source**

* Dollars in thousands

Grand Total By Fund	Fiscal Year	
	2021-22	2022-23 (Proposed Budget)
General Fund	\$6,330,507	\$7,494,125
General Fund, Proposition 98	\$305	\$305
Federal Funds	\$87,450	\$56,850
Reimbursements	\$4,309,125	\$4,428,583
Lottery Education Fund	\$130	\$130
Developmental Disabilities Program Development Fund	\$629	\$629
Developmental Disabilities Services Account	\$150	\$150
Mental Health Services Fund	\$1,251	\$1,251
Home and Community- Based Services (HCBS) American Rescue Plan Act (ARPA) Fund	\$162,350	\$387,700
Total All Funds	\$10,891,987	\$12,369,723

Governor's Proposal. The Governor's Budget updates the department's 2021-22 budget to include \$10.4 billion (\$5.9 billion General Fund) and includes \$12.4 billion (\$7.5 billion General Fund) for 2022-23. The 2022-23 budget reflects a net increase of \$1.5 billion (\$1.2 billion General Fund) compared to the updated current year budget.

The Governor's budget also includes the following proposals not discussed elsewhere in this agenda document:

- Communications Assessments for Deaf Consumers. \$15 million (\$9 million General Fund) one-time to complete communications assessments for individuals who are deaf or hard of hearing to improve services. Funding includes \$700,000 to contract with an individual or entity to advise the department on the most appropriate assessment tools and services.
- Fairview & Sonoma Developmental Centers. \$18.2 million (\$11.7 million General Fund) to extend the warm shutdown for both Sonoma and Fairview Developmental Centers.
- Administrative Support for Stabilization, Training, Assistance and Reintegration (STAR) Homes, Crisis Assessment and Stabilization Teams (CAST) and Protective Services. \$968,000 (\$774,000 General Fund) for seven positions to provide administrative support and address related workload increases as the STAR homes move to community settings.
- Information Security Staffing Support. \$905,000 (\$774,000 General Fund) to meet federal and state information technology risk and compliance requirements, operate and maintain DDS' security systems infrastructure, and support the increasingly complex technology and data needs of DDS' business programs.
- Reimbursement System Project. \$428,000 (\$342,000 General Fund) ongoing for two positions, re-appropriation of \$6.1 million General Fund from 2021-22 to 2022-23, and one-time funding of \$1.7 million General Fund in 2023-24 for maintenance and operations costs to implement the new federal reimbursement system.
- Porterville Fire Sprinkler System Re-appropriation. A re-appropriation of \$3.9 million General Fund from 2021-22 to 2022-23 for the installation of an automatic fire sprinkler system in residences in the Secure Treatment Area at Porterville Developmental Center.

Caseload. The number of individuals served by regional centers is expected to be 386,431 in the current year and increase to 407,634 in 2022-23. The department is forecasting an increase of 21,203 consumers compared to the updated current year. The increase assumes a return to typical caseload growth as the state recovers from the public health emergency.

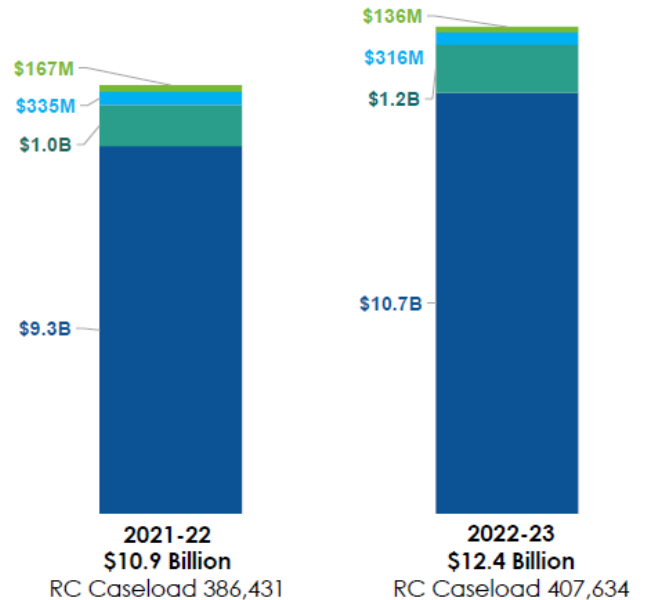
The graph below shows a breakdown of the 2021-22 and 2022-23 proposed budget for DDS.

HEADQUARTERS SUPPORT
Sacramento and Costa Mesa

STATE-OPERATED SERVICES
STAR/CAST and State Facilities

REGIONAL CENTER (RC) OPERATIONS
Intake & eligibility, service coordination & administrative functions

REGIONAL CENTER PURCHASE OF SERVICE (POS)
IPP services and Community Resource Development



May not reflect exact amounts due to rounding

Community Services (Regional Centers). The 2021-22 updated Regional Center budget includes \$10.4 billion (\$5.9 billion General Fund), a net decrease of \$116.3 million (\$288.9 million General Fund decrease) as compared to the Enacted Budget. This includes a projected decrease of \$115.6 million in Purchase of Services (POS) expenditures and a decrease of \$117,000 in Operations costs. The 2022-23 Regional Center budget includes \$11.9 billion (\$7.1 billion General Fund), a net increase of \$1.5 billion (\$1.2 billion General Fund) compared to the updated current year. This includes a projected \$176 million increase in operations costs, and \$1.4 billion increase in POS expenditures.

State-Operated Facilities. The 2021-22 updated State Operated Facilities budget includes \$335.1 million (\$298.4 million General Fund), a net increase of \$7.7 million (\$6.1 million General Fund) compared to the Enacted Budget. The 2022-23 budget includes \$315.5 million (\$281.9 million General Fund), a net decrease of \$19.5 million (\$16.5 million General Fund decrease) compared to the updated current year. The decrease is for one-time funding for COVID-19 surge sites in 2021-22.

Headquarters. The 2021-22 updated budget includes \$167 million (\$86.8 million General Fund), a net increase of \$16.1 million (\$4.6 million General Fund decrease) from the Enacted Budget. The proposed 2022-23 budget includes \$135.5 million (\$80.7 million General Fund), a net decrease of \$31.5 million (\$6.1 million General Fund decrease) compared to the updated current year budget. The decrease is comprised of employee retirement and ongoing expenditure reductions and adjustments to employee compensation.

Staff Comment and Recommendation. Hold open.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of the proposed 2022-23 Governor’s budget for the department.
2. Please provide an update on caseload and how it was affected by the COVID-19 pandemic. Is caseload beginning to rebound from effects of the pandemic?

Issue 2: Children's Support and Early Start Coordination

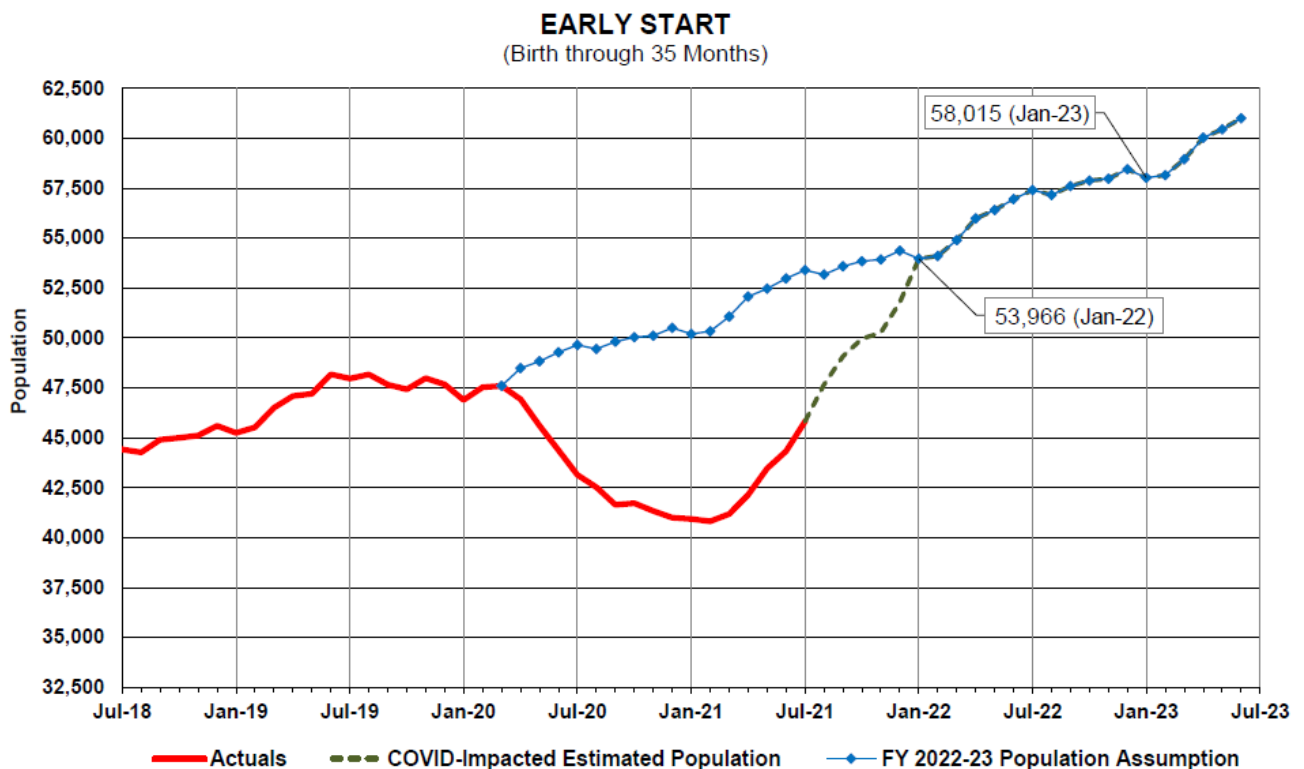
Governor's Proposal. The Governor's budget includes \$65.5 million (\$45.1 million General Fund) in 2022-23 and \$82.5 million (\$55.8 million General Fund) ongoing to support Early Start Transitions from Part C (Early Start) to Part B (special education services) and enhance oversight and outcomes of services for children and their families. Trailer bill language accompanies this proposal. A breakdown of the funds includes:

- \$1.2 million (\$1 million General Fund) ongoing to support six permanent positions and funding for contracts to improve the management and outcomes of statewide services for children with intellectual and developmental disabilities and their families. According to the department, the requested positions will improve coordination of supports for families, enhance coordination with the CDE and local education agencies, and oversee implementation of statewide initiatives. Contract resources will develop training materials and ways to solicit feedback from families on their transition experience.
- \$51.1 million (\$31.9 million General Fund) for reduced caseload ratios for children through age five. This proposal reduces the current caseload ratio to 1:40 for service coordinators supporting Early Start services, provisionally eligible children through age four, and Lanterman eligible children through age five. Approximately 91,400 children are included in this group.
- \$10 million General Fund for resources for preschools to increase inclusion of children served by Regional Centers (RCs).
- \$3.2 million for Individuals with Disabilities Education Act (IDEA) technical support for service coordinators. This would support IDEA specialists at each RC to train and support service coordinators guiding families through the transition. IDEA Specialists would also provide administrative guidance and expertise on IDEA through technical support to regional centers and local education agencies providing infant and toddler services.

The American Rescue Plan Act (ARPA) also included \$24 million for Early Start Part C. The funding is allocated to six initiatives: Family Wellness Pilot (\$7 million), development of culturally and linguistically sensitive services (\$4.5 million), outreach (\$4.2 million), technology (\$1.3 million), technical assistance and monitoring (\$500,000), and initiatives in collaboration with the CDE (\$6.5 million). This funding must be used by January 2024.

Background. DDS works in partnership with consumers, their families, the stakeholder community, 21 regional centers, and other state departments and federal entities to provide lifetime service coordination and specialized services to individuals with Intellectual and Developmental Disabilities (IDD). Services may begin as early as infancy and continue throughout all stages of life. The Early Intervention Program for Infants and Toddlers with Disabilities was enacted in 1986 under the IDEA. The Early Start program is California's program to ensure that early intervention services for infants and toddler with disabilities and their families are provided in a coordinated, family-centered system of services that are available statewide. Infants and toddlers from birth to age 36 months may be eligible for early intervention service.

Population. The 2022-23 proposed budget estimates the Early Start population at 58,015, an increase of 7.5 percent compared to the enacted 2021-22 budget.



COVID Impact on Early Start. During the 2021-22 budget process the Subcommittee discussed the impact of the COVID-19 pandemic on the Early Start program. As the pandemic set in and wore on, enrollment in the Early Start program declined by 13.9 percent over ten months, dropping from 47,594 infants and toddlers in March 2020 to 40,965 infants and toddlers in January 2021. As receiving early intervention services can be critical to a child's development the department made efforts to address this decline. The 2021 budget authorized Lanterman Act Provisional Eligibility for children ages three and four, who do not qualify for Lanterman Act eligibility, to receive regional center services if they meet provisional eligibility criteria. As of December 2021, 1,082 children had provisional eligibility status.

Many families express challenges with understanding and navigating the multiple service delivery systems. The 2019 Budget Act required research to guide the implementation of a comprehensive state early learning and care system. WestEd released a report of stakeholder recommendations to the Legislature in October 2021. In response to these recommendations, DDS proposes the strategies in this proposal such as enhancing regional center coordination, increasing coordination with CDE, expanding expertise, and providing resources to increase partnerships with local educational agencies.

Trailer Bill Language. The Administration also provided trailer bill language with this proposal. Draft trailer bill language can be found on the Department of Finance's website at

<https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/579#page=12>. Highlights of the trailer bill language include:

- Requirement that each Regional Center designate a main point of contact for coordinating transitions of a child and family from Part C to Part B.
- Requirements that parents be engaged in transition meetings.
- Requirement that information for parents specific to transition requirements and parent training opportunities be posted on the website.
- Requirement that local educational agencies designate a point of contact for coordination transitions of a child and family from Part C to Part B.
- At least quarterly reviews of the individualized family service plan for each eligible infant or toddler and their family by a service coordinator.
- Requirement that parent or legal guardian consent for referrals to the local family resource center be requested at the initial individualized family service plan meeting and any subsequent meeting if not previously obtained.
- By October 1, 2024, requires the department to update regulations to include a process for family feedback to update and improve the transition process, training, and family satisfaction.

Staff Comment and Recommendation. Hold open.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please discuss how the department will collaborate with CDE during the implementation of this proposal.
2. The proposed trailer bill language does not specify the reduced 1:40 caseload in statute and authorizes the department to specify caseload in regional center contracts. However, other caseload ratios are specified in statute. Why did the Administration choose to not specify this caseload ratio in statute?
3. Please discuss how the provided funding will help to promote inclusive preschool options. Will this funding be used for outreach and awareness campaigns? Will it be used to provide on-site supports for children needing assistance?
4. Please provide an update on the implementation of Lanterman Act provisional eligibility for children ages three and four approved in the 2021 Budget. Please describe any significant successes or challenges the department and/or RCs have faced during implementation.
5. The 2021 Budget provided resources to conduct outreach with tribal communities to improve access to Early Start Services. Please provide an update on those outreach activities and results.

Issue 3: Employment Opportunities for Individuals with IDD – Work Activity Programs, Paid Internship Programs, and Competitive Integrated Employment

Governor’s Proposal. The Governor’s budget includes \$8.4 million (\$5.1 million General Fund) for one position and funding for a three-year pilot of a service model focused on career readiness for consumers exiting Work Activity Programs or secondary education. The proposal also includes two-year limited-term resources of \$153,000 (\$122,000 General Fund) in 2022-23 and \$80,000 (\$64,000 General Fund) in 2023-24 equivalent to one position. These two-year resources would help to implement Senate Bill 639 (Durazo), Chapter 339, Statutes of 2021, to phase out subminimum wage work performed by individuals with IDD. Trailer bill language accompanies this proposal.

Background. As of 2020, approximately 4,000 individuals with IDD served by RCs earned subminimum wages throughout California including, but not limited to, individuals participating in work activity programs. Subminimum wage is a wage that is lower than the established minimum wage. Work activity programs typically pay subminimum wage, or base pay on productivity, and most often occur in a sheltered workshop setting. The department has seen a decline in consumer participation in work activity programs from approximately 6,100 individuals in 2018-19 to approximately 3,800 individuals in 2020-21. Currently, providers can receive a 14c license, authorizing the payment of subminimum wages to individuals with IDD. With the passage of SB 639, effective January 1, 2022, no new 14c licenses are being authorized. SB 639 required the State Council on Developmental Disabilities (SCDD), in consultation with stakeholders and relevant state agencies, to develop a multiyear phaseout plan by January 1, 2023. Current 14c licensed providers will be able to renew their licenses until January 1, 2025, or as determined in the phaseout plan, whichever is later. At that time all employees must be paid at least minimum wage or higher in California.

The phaseout plan must include: benchmarks of desired outcomes for each year of the plan, resources necessary to ensure employees with IDD receive services and supports to transition to Competitive Integrated Employment (CIE), a road map for applying to and using all federal funding programs, and data collection reporting requirements for tracking outcomes for employees with IDD who are transitioned out of subminimum wage employment. The SCDD is required to publicly post and submit to the Legislature an annual report beginning January 1, 2024 and continuing during the multiyear phaseout plan. The annual report will detail progress made, recommendations for funding levels, and data collection.

In preparation for the SB 639 multi-year plan to discontinue subminimum wage by January 2025, DDS recognizes the need to increase support to consumers who will be impacted. The proposed pilot project will be time-limited, person-centered, and focused on a pathway forward improving transitions to paid internship programs or Competitive Integrated Employment (CIE). DDS proposes to engage stakeholders in the development of the pilot project and establish a framework for reporting and evaluating the project outcomes. DDS will also explore opportunities for tracking individual outcomes using metrics such as wages, hours worked, and other indicators recommended by consumers, employers, or subject-matter experts.

The department will oversee the development of one or more service models designated for the pilot, and monitor implementation and effectiveness of services. RCs will need to identify interested consumers through the individual program plan (IPP) process and resource qualified service

providers. DDS proposes to monitor service utilization and project outcomes and coordinate ongoing stakeholder engagement to solicit feedback regarding experiences with the new service.

The requested position would act as DDS' lead in all aspects of the development and implementation of the SB 639 multiyear phaseout plan that will coincide with the proposed pilot project. The incumbent would attend all planning meetings with the SCDD, including preparing and presenting on current DDS data, DDS executive team insight, and feedback from consumers, RCs, and providers. They will also support stakeholder engagement needed for the development of any new rate models. Once the phaseout plan has been published they would be responsible for (1) developing guidance and providing training and technical assistance to RCs and providers, (2) data gathering and reporting of benchmarks as determined in the multiyear phaseout plan, (3) developing resources and materials specific to consumers who are transitioning out of subminimum wage work and work activity programs, and (4) monitoring and maintaining all information related to the phaseout plan and resource materials on DDS' website.

Trailer Bill Language. The department proposes statutory changes to accompany the proposal. Full language can be found on the Department of Finance website here: <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/562>. The proposed language would do the following:

- Make the establishment of the pilot program subject to an appropriation in the Budget Act.
- Require the pilot program be established by December 31, 2022.
- Require the department to consult with specified stakeholders by August 31, 2022.
- Require the provided services be person-centered and time-limited.
- Require providers report on outcomes, as determined by the department.
- Allow the department to implement the pilot program through written directive, without taking regulatory action.

There are many service options for consumers wishing to obtain employment. Those options can include individual supported employment, paid internship programs, apprenticeships, self-employment, tailored day services, or group supported employment.

Paid Internship Programs (PIP). The purpose of the PIP is to increase the vocational skills and abilities of consumers who choose, through the IPP process, to participate in a paid internship. Goals of this program include the acquisition of experience and skills for future paid employment, or for the internship itself to lead to full- or part-time paid employment in the same job.

Competitive Integrated Employment (CIE). CIE, is defined as full or part-time work for which an individual is paid minimum wage or greater in a setting with others who do not have disabilities. Welfare and Institutions Code Section 4870(d) authorizes funding to the department for incentive payments to providers for placement and retention of regional center consumers, consistent with a consumer's Individual Program Plan (IPP).

2021 Budget. The 2021 Budget Act included several changes to CIE and PIP. To encourage CIE opportunities for individuals with developmental disabilities, WIC Section 4870 authorizes 1) paid internship opportunities with internship placement incentives to providers, and 2) incentive payments, paid at specified milestones, for providers who place and support consumers to maintain competitive, integrated employment. The 2021 budget doubled the incentive payments to service providers for placing an individual into competitive integrated employment, if specified milestones are met. It also modified the paid internship program by replacing the earnings cap with a cap of 1,040 hours per year.

The 2021 budget also included \$10 million General Fund for the department, along with the Department of Rehabilitation, to administer one-time grants to increase CIE opportunities. One-time funding, with expenditure authority until 2023-24, will expand current efforts to achieve increased competitive integrated employment opportunities, to include targeted technical assistance, local collaboration with community colleges, small business associations and chambers of commerce and other targeted pathways leading to meeting established targets.

Staff Comment and Recommendation. Hold open.

Staff notes that the budget change proposal and proposed statutory changes do not provide much detail on the structure of the proposed program as the department wants to invite stakeholder participation in the design of the program. However, the Legislature may wish to provide input and codify some aspects of the program in statute. For example, the proposed language requires providers to report outcome measures as determined by the department. The Legislature may want to provide input on specific outcome measures it deems important to include.

As discussed above, SB 639 requires a workgroup to develop a multi-year plan to phaseout subminimum wage. Staff notes that there is the possibility for overlap between the proposed pilot and the SB 639 workgroup. The Subcommittee may want to inquire as to how the proposed pilot and the SB 639 workgroup would work together, complement one another, and not duplicate efforts.

Questions. The Subcommittee has requested DDS respond to the following:

1. The department has seen a steady decline in participation in work activity programs. Can the department provide detail on what activities consumers chose to participate in after leaving those programs? Are those consumers currently participating in competitive integrated employment or a paid internship program?
2. Please provide information on the timeline for the design and implementation of the proposed pilot program and the anticipated capacity of the pilot program.
3. Please discuss how the department's proposal for a pilot program complements the work that is currently being carried out to implement SB 639. Will the stakeholder process the department plans to use to develop the pilot program coincide with the SB 639 workgroup? How will the department ensure that it does not duplicate the efforts of the SB 639 workgroup or slow down the workgroups statutorily set timeline?
4. Please provide an update on the implementation of grants to increase employer participation in the competitive integrated employment program funded in the 2021 Budget.

5. Please provide an update on enrollment in the paid internship program and competitive integrated employment. Have the statutory changes made in the 2021 Budget Act helped to increase consumer enrollment and employer participation in those programs? What challenges has the department identified to increasing enrollment in these programs?

Issue 4: Compliance with Home and Community Based Services (HCBS) Requirements

Governor's Proposal. The Governor's Budget includes \$1.2 million (\$993,000 General Fund) in 2022-23 and \$811,000 (\$669,000 General Fund) ongoing for five permanent positions and one-year limited-term resources equivalent to three positions to comply with federal requirements necessary for continued federal funding for HCBS programs. This includes \$100,000 General Fund to establish an interagency agreement with the State Council on Developmental Disabilities (SCDD) to support legislative reporting requirements on the effectiveness of the Self-Determination Program. Additionally, it includes \$550,000 General Fund in 2022-23 and \$400,000 General Fund ongoing for screening activities for regional centers and vendors, staffing to coordinate screening, and contract resources to conduct the federal database checks.

Background. DDS receives approximately \$3.3 billion annually in federal Medicaid funding for services to RC consumers through two 1915(c) HCBS Waivers and an HCBS State Plan Amendment authorized pursuant to section 1915(i) of the Social Security Act. Compliance with various federal laws, regulations and policies is required as a condition of receipt of this funding.

Medicaid Provider Enrollment. As a recipient of federal reimbursements, DDS is subject to federal audit reviews. The Improper Payments Information Act of 2002 requires the federal Centers for Medicaid and Medicare Services (CMS) to annually review Medicaid to identify areas susceptible to significant payments and report the improper payment estimates to Congress. During the 2016-17 review of DDS' federal claims, errors were cited due to DDS, RCs, and providers not meeting Medicaid provider enrollment requirements. DDS, in conjunction with the Department of Health Care Services, developed a corrective action plan to address the issues identified. Part of that plan made DDS responsible for overseeing compliance with Medicaid provider enrollment activities for RCs and certain activities for vendors. This includes completing required screening of RC managing employees and board members. DDS is also responsible for reviewing vendorization denials and terminations and overseeing fingerprinting/background checks for vendors designated as high-risk pursuant to federal regulations.

HCBS Waiver Eligibility Determination. HCBS Waivers, authorized under Section 1915(c) of the Social Security Act, allow states the option to provide community-based services as an alternative to individuals receiving services in a health facility. One requirement for HCBS Waiver eligibility is that a determination must be made that the individual could potentially be eligible to receive services in a health facility. These determinations have historically been carried out by the RCs. However, the CMS has indicated that responsibility for these determinations may only be delegated to a governmental entity.

DDS requests three additional permanent positions: one Staff Services Manager I - Supervisory, and two Community Program Specialists II to address the increased workload associated with HCBS waiver eligibility determination and Medicaid provider enrollment.

HCBS Statewide Transition Plan Activities. In January 2014, CMS published final regulations (HCBS Final Rule) defining requirements for home and community-based settings where services are provided under Section 1915(c) HCBS Waivers and Section 1915(i) HCBS State Plan programs. Specifically, HCBS settings must be integrated in, and support full access to, the greater community

to continue to receive federal funding. While initially CMS expected compliance with these regulations by March 2019, the transition has been extended to March 17, 2023. As required by these regulations, a Statewide Transition Plan was developed, which outlined the steps and activities needed for compliance. Included in these activities are assessments of all HCBS providers to determine their level of compliance with the federal regulations and continued outreach with stakeholders.

DDS received limited-term funding equivalent to three three-year positions, effective July 2019. With the timeframe for HCBS Final Rule compliance extended to March 2023, these positions are requested for an additional year. The extension of these positions will focus on oversight and management of provider assessment and the validation process for approximately 9,000 providers.

Monitoring of the Self-Determination Program (SDP) HCBS Waiver. As a condition of CMS approval of HCBS Waivers, the state must provide evidence of its oversight. DDS provides oversight with on-site monitoring conducted by DDS staff. Consistent with statute, the SDP transitioned from a three-year phase-in process that was limited to 2,500 consumers to opening statewide on a voluntary basis to all eligible consumers on July 1, 2021. With the expansion of the SDP and the increasing number of RC consumers enrolling in the program, workload related to SDP monitoring will increase.

DDS requests an additional two permanent Community Program Specialist II positions to assist with workload and activities necessary to comply with the requirements of monitoring the SDP Waiver.

AB 79 (Committee on Budget), Chapter 11, Statutes of 2020, requires the SCDD to collaborate with the state Protection and Advocacy agency and the University Centers for Excellence in Developmental Disabilities (UCEDD) to survey participants regarding satisfaction under the SDP. The SCDD is required to issue a report to the Legislature no later than December 2022 and provide recommendations to enhance the effectiveness of the program. The 2022-23 proposed Governor's budget includes an extended deadline of June 30, 2023, for that report.

The 2021 Budget included \$11.6 million to improve consumer onboarding in the SDP. This funding was meant to support participant choice specialists, intensive transition support services, regional center training, and the establishment of the Office of the Self-Determination Program Ombudsperson. Trailer bill language also required the department to prioritize the use of funds to increase services access and equity and to reduce disparities.

Staff Comment and Recommendation. Hold open.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an update on the state's HCBS transition plan activities. What proportion of providers have been assessed for HCBS compliance? How many providers were found to be compliant? What is the plan to address non-compliant providers? How has the COVID-19 pandemic impacted these activities?
2. Please provide an update on the expansion of the Self-Determination program to all consumers. How many individuals have enrolled in the program since it was opened up to all consumers last year?

3. Have the participant choice specialists funded in the 2021 Budget Act been hired at each RC yet?
Please provide an update on RC training funded in the 2021 Budget.
4. Please provide an update on the staffing of the SDP Ombudsperson's office.

Issue 5: Safety Net Services and Supports

Governor’s Proposal. The Governor’s budget includes \$546,000 (\$437,000 General Fund) ongoing for three positions to enhance the developmental services safety net program. Two positions would support the enhancement of the safety net program for all consumers and one position would serve as an aging inclusion specialist that focuses on resource and navigation needs of consumers and/or their caregivers who are aging.

The Governor’s budget also includes \$698,000 (\$558,000 General Fund) ongoing to support the development and monitoring of specialized community homes and services for consumers currently placed in, or at risk for placement in, congregate/institutional type settings and/or consumers in crisis. The specialized community homes include Adult Residential Facilities for Persons with Special Health Care Needs (ARFPSHNs), Group Homes for Children with Special Health Care Needs (GHCSHNs), Enhanced Behavioral Supports Homes (EBSHs), and Community Crisis Homes (CCHs).

Background. With the closure of state-operated developmental centers, a developmental service “safety net system” was developed to be person-centered, trauma-informed, and to prevent or transition individuals from placements and interventions that are highly restrictive. The safety net system was designed to support individuals who have IDD and co-occurring behavioral and/or mental health needs requiring supports from multiple agencies, including for mental health, special education, psychiatric, and crisis services, as well as medically complex individuals, who are living longer. In compliance with Senate Bill 81 (Committee on Budget and Fiscal Review), Chapter 28, Statutes of 2019, DDS submitted to the Legislature an update to the safety net plan. The plan was developed in consultation with stakeholders and evaluated the progress made to create a safety net, identify areas for further evaluation, and made other recommendations. The plan considered new models of care for individuals whom private sector vendors could not or would not serve.

The department’s safety net continuum of care consists of the following:

- Preventative support services (e.g., respite, START services)
- Mobile crisis services (e.g., Crisis Assessment Stabilization Teams or CAST)
- Residential services (e.g., Community care facilities)
- Homes/Services for complex support needs (e.g., Community crisis homes)
- Acute crisis options (e.g., Porterville Developmental Center Secure Treatment Area (STA))
- Step down homes (e.g., Institutions for Mental Disease, STA step down homes)
- Stabilization/Wrap-around

Systemic, Therapeutic, Assessment, Resources and Treatment (START). The START training model is a comprehensive approach to crisis prevention and intervention for people with developmental disabilities and co-occurring mental health conditions. This model provides

wraparound services that support individuals at-risk for acute crisis or loss of residential placement, and individuals who are currently experiencing crisis. The START model has demonstrated positive outcomes in other states with reports of reductions in psychiatric hospitalizations and emergency room visits, improved mental health symptoms, reductions in challenging behavior, and maintaining residential placements in the community. The 2021 Budget approved resources for nine additional START teams. As the safety net continuum expands to meet the needs of the community, DDS requests additional resources to coordinate current START programs across multiple RCs and approximately 19 counties and oversee the expansion and implementation of START programs that will serve approximately 30 counties. With the 2021 Budget Act investments, there will be a total of fifteen START teams statewide.

Crisis Assessment Stabilization Teams (CAST). CASTs provide state-operated mobile crisis services. The CAST is designed to provide partnerships, assessments, training and support to individuals continuing to experience crises after regional centers have exhausted all other available crisis services in their catchment areas. CAST also serves individuals who are at risk of having to move from their family home or out of home placement and admitted to a more restrictive setting.

The current safety net program is staffed by two positions within the department. The safety net program currently measures outcomes based on deliverables, tasks, and community development.

Increase in Specialized Homes. Based on the continued need for specialized residential services for consumers with complex needs, both behavioral and medical, the number of specialized homes across California is rapidly increasing. These specialized homes were designed and developed specifically to provide community living options for consumers who are currently placed in, or at risk for placement in, congregate/institutional type settings, based on their high acuity, complex health care and behavioral support needs. ARFPSHNs were developed for adults with developmental disabilities who are medically fragile and require 24/7 licensed nursing supports. EBSHs are residential facilities that provide 24 hour non-medical care in a homelike setting to individuals with developmental disabilities with challenging behaviors who require additional supports, staffing, and supervision. CCHs are residential facilities that provide 24-hour non-medical care to individuals with developmental disabilities in need of crisis intervention services who would otherwise be at risk of placement in an institutionalized setting. The table below shows projected numbers, based on currently approved projects, of specialized homes and associated DDS monitoring positions through 2022-23.

Approved Projects and Associated Monitoring Positions

	ARFPSHN	EBSH	CCH	CCH STAR
# Homes Certified and Currently Operating	92	51	14	2
# Homes in Process	2	58	16	5
Total Number of Homes	94	146		
Current number of Clinical Monitoring Staff positions:	7 Nurse Consultant III positions	6 Behavior Specialist II positions		
Additional Projected Need (1:15 Ratio)		+ 4 Behavior Specialist II positions		

DDS requests four additional Behavior Specialist II positions to maintain a clinical staff to facilities ratio of 1:15. In addition to the requested clinical staff positions, DDS also requests to add one Staff Services Manager II, Specialist position to provide broad technical support in the areas of specialized home budget review and approval process, home and census data compilation, tracking, trending and reporting home review associated outcome measures, and technical support for clinical staff in the development and implementation of statewide training events and workshops.

Safety Net Investments in Past Budgets. RC consumers who are arrested and determined to be incompetent to stand trial are referred to competency training so that they may participating in court proceedings. In past years, there has been a waitlist for admission to competency training at Porterville Secure Treatment Area. The 2021 budget included \$2.3 million (\$853,000 General Fund) for three positions and resources to develop community-based competency restoration programs. Additionally, the 2020 budget included trailer bill language that made it easier for courts to divert people with IDD away from the criminal legal system and provided parity for diversion options for individuals who have committed non-violent crimes. While DDS provides competency training and treatment at Porterville Developmental Center Secure Treatment Area, this may not be the optimal setting for particular individuals, such as those who have been charged with non-violent felony offenses and could be safely served in a community setting. Despite funding, the development of community-based competency programs for RC consumers has been slow.

Coordination with Master Plan for Aging and Other Departments. Since late 2019, DDS has redirected staff to participate in a variety of workgroups led by the Department of Aging to identify priorities and gather input for the Master Plan for Aging. Due to changing support needs of individuals and caregivers as they age, the coordinated implementation of the Master Plan for Aging, and increasing needs for local resource development, DDS requests a dedicated position within the safety net team to support an aging population.

Currently, safety net-focused efforts include participation and coordination among a variety of program areas within DDS and with other state departments. As a result, the data-driven outcome and accountability measures for each program are decentralized. Safety net staff work to pull data from a variety of data sources to compile information and update resources and reports to inform RCs, community stakeholders, the Administration, and legislative staff. Safety net information and data is currently collected and maintained via manual processes including Excel. The additional resources will support and improve upon the current processes and be the liaison to other data and information sources, processes and systems across DDS. Currently, the safety net program has no assigned data analyst to support the data efforts to make recommendations informed by comprehensive and cohesive data. As such, DDS requests one Research Data Specialist I.

Staff Comment and Recommendation. Hold open.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please elaborate on how the requested resources will help with collaboration and coordination between the department and other state departments/agencies.
2. Please provide an update on the development of the nine START teams funded in the 2021 Budget.

3. The 2020 Budget and the 2021 Budget provided additional resources to help divert consumers away from the criminal legal system and to develop community-based competency restoration programs. Please provide an update on how those resources are being used and the timeline for the development of community-based programs.

Issue 6: Home and Community Based Services (HCBS) American Rescue Plan Act (ARPA) Overview

Budget Issue. The state's ARPA HCBS spending plan includes \$1.6 billion (\$1.1 billion ARPA) made available through 2023-24. The funding is allocated to six initiatives:

- Service Provider Rate Reform (\$1.4 billion)
- Restoration of Social Recreation and Camp Services (\$121.1 million)
- Language Access and Cultural Competency (\$45.8 million; \$10 million General Fund ongoing)
- Coordinated Family Support Services (\$41.7 million; \$25 million General Fund ongoing)
- Enhanced Community Integration for Children and Adolescents (\$12.5 million)
- Modernization of Developmental Services Information Technology Systems (\$7.5 million).

Service Provider Rate Reform. The 2021 budget included statutory authority for a five-year phase-in of rate reform to achieve the rates in the 2019 DDS Rate Study. The budget begins to phase in rate reform on April 1, 2022. Annual funding includes resources for the development and implementation of a quality incentive payment program focused on improving consumer outcomes and service quality. The department must implement a quality incentive program to improve consumer outcomes, service provider performance, and the quality of services, with input from stakeholders, within the 2022-23 fiscal year. The language requires the department to implement rate models for providers consisting of a base rate (90 percent of the rate model proposed in a 2019 rate study) and a quality incentive payment (up to 10 percent of the rate model proposed in a 2019 rate study) by July 1, 2025. Quality payments would be paid to providers that meet certain quality measures and benchmarks. Finally, the language required the department to provide an update to the Legislature on or before March 1, 2022, regarding progress toward implementing rate reform and creating an enhanced person-centered, outcomes-based system.

Social Recreation and Camp Services. The 2021 budget restored access to regional center services including camping services, social recreation activities, educational services, and nonmedical therapies such as social recreation, art, dance, and music for individuals who have IDD. The department requested all RCs to provide information to service coordinators and conduct outreach to consumers, families, providers and local community organizations about the availability of these services. Additionally, each RC was required to submit an outreach plan to the department by December 15, 2021.

Language Access and Cultural Competency. COVID-19 highlighted the continued need to assist families of children who are regional center consumers from underserved communities to navigate systems – to improve service access and equity and meet basic needs. The 2021 budget included funding for language access and cultural competency orientations and translations for regional center consumers and their families. This additional investment may be used for identification of vital

documents for translation, regular and periodic language needs assessments to determine threshold languages, coordination and streamlining of interpretation and translation services, and implementation of quality control measures to ensure the availability, accuracy, readability, and cultural appropriateness of translations. DDS will also coordinate with the California Health & Human Services Agency on this initiative.

Coordinated Family Support Services. Currently, adults living outside the family home have more coordinated supports than individuals living with their families. DDS data shows a higher percentage of adults who identify as non-white (75 percent) live with their family as compared to adults who are white (52 percent). To improve service equity for adults who live with their family, and improve individual supports at home, this proposal would pilot a new service for families similar to supported living services provided outside the family home. The pilot would assist families in coordinating the receipt/delivery of multiple services.

Enhanced Community Integration for Children and Adolescents. This proposal would support community social recreational connections for children through a multi-year grant program. The grant program will be for regional centers to work with CBOs and local park and recreation departments to leverage existing resources and develop integrated and collaborative social recreational activities.

Modernization of Developmental Services Information Technology Systems. The one-time investment supports the initial planning process to update the RC fiscal system and implement a statewide Consumer Electronic Records Management System.

The existing RC fiscal system was implemented in 1984. The current information technology systems for billing and case management are unable to quickly adapt to changing needs given the age of the systems and lack of standardization. Changes require DDS and regional centers to create and apply patches independently to each individual RC system. The process for reporting data from the regional centers to the department is delayed, resulting in significant data lags that can delay identification of problems and hinder decision-making given outdated information. Replacement of the RC fiscal system, which processes provider payments, will improve efficiencies as the system is modernized and provide more detailed expenditure data consistent with CMS payment system expectations.

The RCs do not have a statewide standardized client case management system. Securing timely and accurate data is extremely challenging due to system differences. Additionally, there is not an outward-facing option for self-advocates and families to access their information, such as IPPs, current authorizations, appointments, and outcomes data. Instead, that information is being delivered by mail or email. This proposal will increase the availability and standardization of information to include measures/outcomes, demographics, service needs, and special incident reports. The system will allow consumers, via the web or app, to access their records. This investment will also support efforts to develop an outcomes-based system for purchase of services.

Staff Comment and Recommendation. This is an informational item. No action is needed.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of the progress and timeline for each of the initiatives included in the department's HCBS spending plan.
2. Have all RCs submitted their outreach plan for the restoration of camp and social recreation services to the department? How is the department working with RCs to ensure consistent statewide implementation?
3. Please provide additional detail on what specific services the department plans to include as part of the coordinated family support services proposal. What is the timeline for implementation of this proposal?
4. Please provide additional detail on how the department plans to implement the grant program to support community social recreational connections for children. What is the timeline for implementation? How will the grant program be structured?
5. What is the timeline for development of the new IT infrastructure and how does that timeline interact with the need for outcomes data for rate reform?