

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 1
ON HEALTH AND HUMAN SERVICES

Assemblymember Hector De La Torre, Chair

MONDAY, APRIL 25, 2005
STATE CAPITOL, ROOM 437
4:00 PM

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ITEMS ON CONSENT

ITEM 4120 EMERGENCY MEDICAL SERVICES AUTHORITY

ISSUE 1: CHILD HEALTHCARE PROVIDER TRAINING

The 2004-2005 fiscal year budget, proposes an increase in expenditure authority of \$77,000 from the Training Approval Fund for Emergency Medical Services Authority. The increased funding would be for a full-time permanent position to staff the Preventive Health Training Program. Fees collected from training program approvals and from course completion sticker sales fund would fund the Child Care Unit. The fee collections are deposited in the Training Program Approval Fund.

The EMS Authority is required by statute to set standards for and approve training programs in first aid and CPR for child day care providers and school bus drivers. Licensed child day care facilities in California are required to have at least one staff member certified in pediatric first aid and CPR on duty whenever children are present. School bus drivers in California are required to have basic knowledge of pediatric medical emergencies and to be certified in first aid and CPR. The CHP tests school bus drivers in first aid and CPR; however, the test may be waived if drivers take a training course approved by the EMS Authority.

- Responsibilities for child day care provider and school bus driver first aid and CPR training programs include the following:
- Development, adoption, implementation, and maintenance of regulations for training programs;
- Review and approval of training programs;
- Provision of technical assistance regarding regulations and training program requirements to persons and organizations seeking approval of training programs;
- Provision of technical assistance regarding regulations and training requirements to child day care personnel, school bus drivers, schools, and others seeking information on required training, and approved training programs; and
- Investigation of complaints about training programs and disciplinary action, as necessary.

EMSA has approved 36 primary pediatric first aid and CPR training programs, nine primary pediatric first aid programs for school bus drivers and 59 primary preventive health and safety programs. In addition, there 856 additional affiliates of the 36 primary pediatric first aid and CPR training programs and 41 additional affiliates of the 59 primary preventive health and safety training programs that provide training courses for child care providers. EMSA provide service and technical support, process course completion sticker orders and investigate complaints for all 897 affiliates as well as the 104 primary programs.

The Child Care Unit of EMSA is responsible for reviewing preventive health and safety training program reviews. The unit receives five new primary preventive health and safety training programs per year for initial review and approximately 28 primary preventive Health and Safety Training Program renewals per year for review. According to EMSA, the Unit is unable to complete the preventive health and safety training program reviews in a timely manner. Currently, there is a backlog in the unit that consists of one initial review of a training program

and five reviews of training program renewals. Also, the Unit has a backlog of 25 cases needing investigation of violations of statutes and regulations pertaining to pediatric first aid, CPR and preventive health training programs. The violations, if true, would mean that child care providers taking those courses are not receiving the quality of training that they need to adequately provide a healthy safe environment for the children in their care and qualify them for any medical emergencies the children may experience under their care. The requested position would be responsible for investigating any possible violations and, if necessary, preparing cases for possible adverse action against EMSA's issued course approval certificate. It is expected that the new staff person could significantly reduce the backlog in the 2005-2006 fiscal year.

ISSUE 2: EMS PERSONNEL TERRORISM RESPONSE TRAINING

The 2005-2006 proposed budget, would grant Emergency Medical Services Authority (EMSA) expenditure authority to continue a one year limited-term position and engage a consultant. The limited-term position would review existing and proposed terrorism response first responder medical training programs. The consultant would develop an electronic learning management system. The federal funding for the project comes from the Department of Homeland's Security's Office of Domestic Preparedness (DHS-ODP).

DHS-ODP, in recognition of the varying quality in the quality of preparedness training programs and the appearance that many did not meet essential training objectives of emergency responders, has developed a national training strategy to ensure the quality of such training. Also, California established the California Emergency Response Training Advisory Committee (ERTAC) to recommend the criteria for terrorism awareness curriculum-content to meet the training needs of state and local emergency response personnel and volunteers. The Committee is tasked with identifying any additional training that would be useful and appropriate but many not be generally available in California. The Legislation required EMSA to establish terrorism response training standards for EMS personnel if federal funding was available and listed specific training objectives to be included.

The DHS-ODP is providing grants to the states to enable the review and evaluation of existing training programs against federal standards and the development of State standards and to encourage training of Personnel by paying for attendance at approved training.

The first year of the project, 2004-2005, has the following objectives:

- Establish interim training standards for terrorism-response training for Emergency Medical Technicians I's, II's, and III's that are consistent with existing state and federal recommendations, course, curriculum and instructor review/audit procedures related to weapons of mass destruction and chemical, biological, radiological, nuclear, explosive terrorist; and
- Draft proposed permanent guidelines for curriculum and course content of training courses.-training for EMS First Responders, to allow the rapid initial review of current training programs

The second year of the state's efforts is the 2005-2006 Fiscal Year. The continuation of the project will allow:

- The completion of the Guidelines and the formal adoption of the guidelines by the Commission on EMS;
- The development of interactive, web-based learning management system that will facilitate centralized record keeping on terrorism related courses and curricula taken by EMS personnel. It is planned to link the system to the record keeping systems of EMS' primary training partners: Law; Fire Service, the Office of Emergency Services-California Specialized Training Institute, Department of Health Services and the California Military Department;
- The review of new training programs as they are established by private or public entities; and
- The completion of remedial and supplemental training plans for courses previously taken by personnel that did not include all regional topics.

ISSUE 3: BIOTERRORISM RESPONSE PREPAREDNESS

The proposed 2005-2006 fiscal year budget would continue six limited-term positions and provide \$817,000 in State Support and \$5.188 million in Local Assistance in annual reimbursement authority to EMSA. The staffing would continue the development and implementation of a comprehensive coordinated bioterrorism response system within the state and provide professional and administrative support for those activities. EMSA would be reimbursed by the Department of Health Services (DHS) from funds provided by a federal grant from the Health Resources and Services Administration (HRSA).

The EMS Authority, as the lead agency responsible for coordinating California's medical response to disasters, provides medical resources to local governments in support of their disaster response. This may include the identification, acquisition and deployment of medical supplies and personnel from unaffected regions of the state to meet the needs of disaster victims. Response activities may also include arranging for evacuation of injured victims to hospitals in areas/regions not impacted by a disaster.

The medical response to disasters requires the contributions of many agencies. The EMSA works closely with the Governor's Office of Emergency Services, California National Guard, Department of Health Services and other local, state, and federal agencies to improve disaster preparedness and response. The EMSA also works closely with the private sector: hospitals, ambulance companies, and medical supply vendors.

Responsibilities for disaster medical services preparedness and response include the following:

- Development and maintenance of disaster medical response plans, policies and procedures;
- Provision of guidance and technical assistance to LEMSAs, county health departments, and hospitals for the development of local disaster medical plans, policies and procedures;

- Enhancement of state and local disaster medical response capabilities through the development of civilian disaster medical response teams (DMATs), response management teams, disaster medical communications systems, and a statewide medical mutual aid system;
- Testing disaster medical response plans through periodic exercises with local, state, and federal agencies and the private sector; and
- Management of California's medical response to a disaster.

EMSA, DHS and HRSA have established the activities and staffing levels that are needed to meet the mandated grant activities mutually determined to be the highest priority to prepare for the necessary response to a bioterrorist incident. The priority areas mandated by HRSA grant Include:

- Update and Revise the Hospital Emergency Incident Command System (HEICS) Version III, 1998. HEICS is utilized by hospitals throughout the country to provide management structure and prioritization during a disaster;
- Investigate the feasibility of developing a clinic incident command system. Their emergency management community, including hospitals, utilizes the ICS system to manage the response and recovery;
- Develop statewide guidelines, protocols and plans for establishing field treatment sites;
- Investigate and develop recommendations to address the mobilization of healthcare personnel during an emergency;
- Develop plans, templates and guidelines for Medical Reserve Corps teams to ensure consistent and collaborative programs. Medical Reserve Corps are volunteer teams of medical professionals that would be mobilized during an emergency, California has 20 such federally recognized teams;
- Investigate the issues surrounding the credentialing and utilization of healthcare personnel outside their normal work environment;
- Develop strategies for the enhancement of trauma and burn surge capacity during and emergency to prepare for a minimum of 50 burn or trauma patients per day during an emergency;
- Develop ambulance strike teams in order to mobilize ambulances, ambulance supplies and personnel to affected areas to meet the needs for initial care, transport and transfer of victims of terrorism; and
- Identify the current capacities and resources within the community too care for children during emergencies and enhance the training, education and standardized triage and treatment protocols across the state.

ISSUE 4: HOSPITAL BIOTERRORISM PREPAREDNESS PROGRAM – APRIL FINANCE LETTER

The Finance Letter amends issue three above. Local Assistance is reduced from \$5.188 million to \$3.550 million. State Operations is increased from \$817,000 to \$2.088 million. \$200,000 of the increased State Operation funding is to set up an Emergency System for the Advanced Registration of Volunteer Healthcare Personnel. The ostensible purpose of entity will be to develop Disaster Medical Personnel Guidelines to address the identification and credentialing of volunteers; liability and reciprocity issues; investigation of statewide registries and integration of the Medical Reserve Program. The additional \$1.888 million of State Operations will be directed to permit EMSA to contract for specific services as required by an Interagency Agreement negotiated with the Department of Health Services. Specifically, the tasks to be completed are: to contract for the development of and incident command system; the completion of a legal analysis of liability issues for medical registry and emergency credentialing systems; and the development of a strategy to enhance trauma and burn capacity.

ISSUE 5: MEDICAL TERRORISM THREAT ASSESSMENT

The Fiscal Year 2005-2006 budget proposal would add two permanent staff and reimbursement expenditure authority of \$311,000 annually from Federal Homeland Security funds from the Federal Office of Domestic Preparedness.

The proposal has been developed in co-ordination with the California Office of Homeland Security. The positions and funds will be used by EMSA to develop, implement and operate a co-ordinate medical terrorism monitoring and analysis program within California. The new activities will provide intelligence analysis, assessment and operations response co-ordination for medical and health specific issues as part of the new Statewide Terrorism Threat Assessment Center (STTAC). The STTAC, located in Sacramento at the Governor's Office of Emergency Services will be staffed on a 24-hour, seven-day a week basis by criminal intelligence analysts under the direction of the California Highway Patrol and the California Office of Homeland Security.

STTAC will provide analysis and assessment to law enforcement and other agency response partners of information leading to potential terrorist activities within California. A medical and health component is required within the Center during normal business hours and during emergencies to provide linkage to and share information with Federal, State and local EMS and public health programs along with the hospital and ambulance industries to enhance the timely activation of local and statewide emergency response systems to protect Californians. In the future an expansion of the medical and health coverage will expand to 24-hours per day and seven-days per week. Security clearances must be attained before participation can occur.

ITEMS TO BE HEARD

ITEM 4120 EMERGENCY MEDICAL SERVICES AUTHORITY (EMSA)

ISSUE 1: TRAUMA CARE FUND

The Save California Trauma Centers coalition of 17 hospitals is requesting the Legislature appropriate \$10 million to the Trauma Care Fund. Placeholder trailer bill language would restructure the Trauma Fund and distribute the funding to trauma centers in a different manner.

The EMSA provides statewide coordination and leadership for the planning, development, and implementation of local trauma care systems. Local Emergency Medical Services Authorities (LEMSAs) are responsible for planning, implementing, and managing local trauma care systems, including assessing needs, developing the system design, designating trauma care centers, collecting trauma care data, and quality assurance.

Responsibilities for trauma care systems planning and development include the following:

- Development of statewide standards for trauma care systems and trauma centers;
- Provision of technical assistance to local agencies developing, implementing, or evaluating components of a trauma care system; and
- Review and approval of local trauma care system plans to ensure compliance with the minimum standards set by the EMSA.

Trauma Center funding was first authorized in the 2001-2002 Fiscal Year budget. The Legislature appropriated \$27.5 million in the 2001-2002 and the Governor signed the budget. In the 2002-2003 budget \$20 million was appropriated for trauma centers. Of the \$27.5 million that was appropriated in fiscal year 2001-2002, \$2.5 million was for planning purposes for those LEMSAs that did not have an EMSA approved trauma plan. EMSA withheld its administrative costs (\$280,000) plus mandated six percent in reserve, which resulted in a distribution of \$23,220,000 in 2001-2002 and \$18,520,000 in 2002-2003. The six percent reserve was subsequently distributed bringing the total distribution to \$24,717,668 for 2001-2002 and \$19,720,001 for 2002-2003.

Under the current statute, the state EMSA receives the initial funding and then allocates specific dollars to LEMSAs based on each region's share of statewide trauma volume. The LEMSAs then have the discretion to use a wide range of methodologies for distributing the funds, including a grant-based system, and have discretion in distributing the money providing that they:

- Allocate a specified minimum amount to each trauma center (\$150,000 for each Level I and Level II and \$50,000 for each Level III).
- Take into consideration for amounts above the minimum, the volume and acuity mix of uninsured patients treated at a specific trauma center.

Save California Trauma Centers proposes the following for 2005:

- Appropriation Requested: \$10,000,000.
- EMSAs role in distributing the funds to LEMSAs is unchanged. The proportion of trauma volume statewide still determines regional allocation.
- LEMSAs are required to distribute funds to individual trauma centers utilizing a competitive grant-based system.
- The minimum allocation per trauma center is eliminated. All trauma centers need to develop a grant proposal and compete based on criteria to secure funding.
- All grant proposals must demonstrate that funding is needed because the trauma center cares for a high percentage of uninsured patients. Grant proposals also must demonstrate that the funds will satisfy one or more of these criteria:
 1. Preserve or restore specialty physician on-call coverage that is essential for trauma services within a specific hospital.
 2. Acquisition of equipment that is demonstrated to be essential for trauma services within a specific hospital.
 3. Creation of surge capacity to allow a trauma hospital to respond to mass casualties created by an act of terrorism or a natural disaster.
 4. Acquisition of 911 transportation and critical care transportation that would allow for time-urgent movement of critically injured patients to trauma centers outside the county of origin so that a higher level of care can be provided (Level III and Level IV trauma centers transferring patients to Level I and Level II trauma centers). This is part of a new emphasis on developing a regional approach to trauma care.

Funds cannot be used to supplant existing funds designated for trauma services and cannot be used for training ordinarily provided by the trauma hospital.

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**ISSUE 1: CLOSURE OF AGNEWS DEVELOPMENTAL CENTER**

The plan to close Agnews Developmental Center was submitted to the Legislature by the Department of Developmental Services pursuant to state statute. The plan calls for the closure of Agnews Developmental Center (Agnews) by June 30, 2007.

The Department considered it essential that all interested stakeholders have an opportunity to participate in planning for the closure. Therefore, a broad based advisory committee was established along with six planning teams and numerous work groups to provide input to the Department in the closure planning. In developing this plan, the Department incorporated many of the ideas expressed by these participants.

The plan differs significantly from the plans implemented for the two most recent closures of developmental centers in California—Stockton Developmental Center in 1996, and Camarillo State Hospital and Developmental Center in 1997. Those closures resulted in the transfer of large numbers of individuals to other State-operated facilities. In contrast, this plan is not just about closing a developmental center; it is also about the development of an enhanced community service delivery system in the Bay Area that can meet the needs of the majority of Agnews' residents.

The basic principle underlying the plan is to provide opportunities for the residents of Agnews to remain in their home communities. To achieve this objective, the plan provides for the development of new resources and innovative programs throughout the Bay Area. This will be accomplished by the development of a substantial and sustainable increase in appropriate housing, establishment of new program models, and use of State resources (including some Agnews' staff) in the community during a transition period.

Preliminary estimates of the fiscal impact of this plan and their relationship to the budget are for Fiscal Years (FY) 2004-2005 through 2009-2010. The detail identifies by fiscal year, the cost factors involved in transitioning service delivery from Agnews to the community. Although the closure of Agnews will require a different approach to resource development, the estimates are consistent with the Department's experience with the closures of Stockton and Camarillo. In those efforts, additional funds were needed to affect the closure; however, the ongoing savings offset these up front costs.

The plan also provides for implementing a new comprehensive Quality Management (QM) (see Issue 2) system to monitor consumer outcomes and satisfaction, provider performance, and regional center oversight. The system will focus on assuring that quality services and supports are available prior to, during, and after transition of each person leaving Agnews. The components of the Quality Management system include: (1) Performance Indicators and Measures; (2) Individual Satisfaction Measures; (3) Databases that Provide Information on Achievement of Performance Indicators; and (4) A Quality Management Review Commission.

The Department submitted a proposal to the Centers for Medicare and Medicaid Services (CMS) for a grant to implement a new QM model in the Bay Area. The grant was approved and the Department and the Bay Area regional centers are currently implementing the actions

specified in the grant. The focus of this system will be on assuring that quality services and supports are available for each person leaving Agnews.

The date indicated for the closure of Agnews (June 30, 2007) is the Department's goal; However, its ability to achieve this goal is directly linked to the implementation of each component of the plan (housing, new program models and the use of state staff). Delay in achieving these key components could result in a delay in the proposed closure date.

On the next page is a table of milestones achieved in the closure of Agnews Developmental Center.

MAJOR IMPLEMENTATION STEPS AND TIME LINES

ACTIVITY	DATES
Governor's Budget released directing the Department of Developmental Services (Department) to develop a plan for the proposed closure of Agnews Developmental Center (Agnews) by July 2005.	January 10, 2003
Establish the Bay Area Project Steering Committee.	January 2003
Begin Deflection of admissions from Agnews.	January 2003
Begin Steering Committee meetings.	February 2003
Establish Agnews' proposed closure Advisory Committee.	January 2003
Begin Agnews' proposed closure Advisory Committee meetings.	February 22, 2003
Initial meetings with local officials/legislators/other groups.	February 2003 -September 2003
Initiate futures planning team process for Agnews' residents to identify service needs, preferences, and priorities.	March 2003 -September 2003
Establish Bay Area Project planning teams to solicit input on the Agnews Closure Plan.	March 2003
Provide assistance to Agnews' employees with the transition by providing information, training, job fairs, and employment opportunities.	March 2003 – June 2007
Establish the Unified Community Placement Plan (Unified Plan).	July 2003
Initiate transition planning processes including IPP, transition conference, and vendor evaluations as determined by the Unified Plan.	July 2003 – March 2007
Pre-placement visits for Agnews' consumers.	July 2003 – June 2007
Community placements of consumers from Agnews.	July 2003 – June 2007
Receive Centers for Medicare & Medicaid Services' (CMS) Grant Award for Bay Area Quality Enhancement Initiative.	October 2003
Develop Quality Assurance performance expectations, indicators, and measures that are consistent with CMS Grant period.	October 2003 -September 2006
Analyze existing satisfaction measures and develop measures appropriate for California that are consistent with CMS Grant period.	October 2003 - September 2006
Bay Area Project planning teams submit final reports to Advisory Committee.	November 2003
Public Hearing on the proposed closure of Agnews.	December 13, 2003
Letter to Legislators and Other Interested Parties announcing postponement of Agnews Closure to July 2006.	April 1, 2004
Submission of the Agnews Closure Plan to the Legislature.	January 2005
Development of housing for Agnews' consumers, pursuant to AB 2100.	January 2005 – December 2008
Notify employee organizations of the Department's intent to close Agnews.	February 2005 – March 2007

ACTIVITY	DATES
Legislative Budget Hearings/Testimony.	April 2005
Local level development and implementation of structure and process for Agnews' closure.	July 2005
Recruit and train Agnews' employees for community service, including personnel and collective bargaining issues.	July 2005 – June 2006
Agnews' employees (up to 200) deployed in the community.	July 2005 – June 2009
Plan for the deployment of state employees to determine numbers and types of state employees who will be needed and for what functions.	September 2005
Post-closure clean-up activities at Agnews.	July 2007
Official closure of Agnews.	July 2007
Warm shutdown of Agnews.	July 2007-June 2008

On the following page is the fiscal summary for the closure of Agnews Developmental Center.

DEPARTMENT OF DEVELOPMENTAL SERVICES
Plan to Close Agnews Developmental Center

NET IMPACT TO THE BUDGET BY FISCAL YEAR

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
FISCAL IMPACT BY ISSUE						
<u>Developmental Centers</u>						
Issue # 1 Agnews Budget Base	\$100,214,000	\$92,402,000	\$79,802,000	\$0	\$0	\$0
Issue # 2 Placements Into the Community	-3,591,000	-12,865,000	-16,317,000	-9,387,000	0	0
Issue # 3 Resident Transfers to Other DCs	0	0	-2,150,000	0	0	0
Issue # 4 State Staff in the Community	0	0	0	18,042,000	18,042,000	0
Issue # 5 Administrative Staff for Closure	0	0	0	440,000	0	0
Issue # 6 Warm Shut Down	0	0	0	4,348,000	0	0
Issue # 7 Foster Grandparent/Senior Companion Program	0	0	0	-399,000	0	0
Issue # 8 Staff Support Costs	0	509,000	6,567,000	163,000	0	0
Issue # 9 Facility Preparation	0	0	400,000	0	0	0
Issue # 10 Client Relocation Costs	0	0	525,000	0	0	0
Issue # 11 Regional Resource Development Projects	0	0	0	937,000	937,000	937,000
Sub-Total, Developmental Centers	\$96,623,000	\$80,046,000	\$68,827,000	\$14,144,000	\$18,979,000	\$937,000
<i>General Fund</i>	51,038,000	40,215,000	34,563,000	256,000	549,000	549,000
<i>Other</i>	45,585,000	39,831,000	34,264,000	13,888,000	18,430,000	388,000
<u>Regional Centers</u>						
Issue # 12 Community Placement Plan	\$27,798,000	\$25,516,000	\$32,438,000	\$0	\$0	\$0
Issue # 13 Placement Continuation	5,279,000	13,667,000	27,274,000	60,170,000	60,243,000	60,190,000
Issue # 14 Consultant Services	0	280,000	280,000	90,000	90,000	90,000
Issue # 15 Foster Grandparent/Senior Companion Program	0	0	0	429,000	429,000	429,000
Issue # 16 Evaluation of Licensing Pilots	0	250,000	250,000	250,000	0	0
Sub-Total, Regional Centers	\$33,077,000	\$39,713,000	\$60,242,000	\$60,939,000	\$60,762,000	\$60,709,000
<i>General Fund</i>	29,667,000	31,025,000	40,532,000	40,028,000	39,816,000	39,788,000
<i>Other</i>	3,410,000	8,688,000	19,710,000	20,911,000	20,946,000	20,921,000
GRAND TOTAL	\$129,700,000	\$119,759,000	\$129,069,000	\$75,083,000	\$79,741,000	\$61,646,000
(Please see pages 50 - 52 for detail.)	<i>General Fund</i> 80,705,000	71,240,000	75,095,000	40,284,000	40,365,000	40,337,000
	<i>Other</i> 48,995,000	48,519,000	53,974,000	34,799,000	39,376,000	21,309,000
CHANGE FROM PRIOR FISCAL YEAR						
(Please see page 46 for detail on change from prior year.)						
GRAND TOTAL¹	Total	-\$9,941,000	\$9,310,000	-\$53,986,000	\$4,658,000	-\$18,095,000
	<i>General Fund</i>	-9,465,000	3,855,000	-34,811,000	81,000	-28,000
	<i>Other</i>	-476,000	5,455,000	-19,175,000	4,577,000	-18,067,000
Developmental Centers	Total	-\$16,577,000	-\$11,219,000	-\$54,683,000	\$4,835,000	-\$18,042,000
	<i>General Fund</i>	-10,823,000	-5,652,000	-34,307,000	293,000	0
	<i>Other</i>	-5,754,000	-5,567,000	-20,376,000	4,542,000	-18,042,000
Regional Centers	Total	\$6,636,000	\$20,529,000	\$697,000	-\$177,000	-\$53,000
	<i>General Fund</i>	1,358,000	9,507,000	-504,000	-212,000	-28,000
	<i>Other</i>	5,278,000	11,022,000	1,201,000	35,000	-25,000

1. The future savings associated with the closure of Agnews does not reflect revenues the State may receive resulting from the sale of the Agnews land once closure is completed. In the event that no alternative use can be identified for the existing Cogeneration plant, the revenues would be offset by the costs of the Cogeneration buyout.

Transitioning from the operation of large, congregate living arrangements at Agnews to providing services and supports to individuals with developmental disabilities to live in

community-based settings requires time. The state has closed two Developmental Centers and Agnews has been consolidated from two campuses to one.

This transition was stimulated by many factors, among them are; the Coffelt Settlement Agreement of 1993 which required the Department of Developmental Services to develop a five-year plan to reduce the resident population of the Developmental Centers by a net of 2,000 individuals; the move to integrate the disabled into the broader community; the availability of Home and Community-Based Waiver funds to pay for community services; and the 1999 U.S. Supreme Court decision ("Olmstead"), in which the court ruled that keeping persons in institutions who could transition to a community setting constituted discrimination under the Americans with Disabilities Act.

The development of the plan included vetting it with many stakeholders (as noted in the Plan's list of attachments). Some aspects of the plan, such as the Housing Development piece, were adopted by the Legislature last year, AB 2100, Steinberg (Chapter 831 of the Statutes of 2004). Aspects of the plan are proceeding through legislative policy committee discussions this session through Administration-sponsored legislation—SB 962 (Chesbro) and AB 1378 (Lieber). Further, other aspects of the Plan are proposed to be funded through the budget process.

Components of the plan have proceeded in this manner because the plan relies on the development of an improved and expanded community service delivery system for the greater Bay Area. This community-based system necessitates the development of new service delivery models, the building of service capacity, and the gradual transition of funding to support the newly developing infrastructure.

Other aspects of the Plan, as indicated in the Table above "Major Implementation Steps and Time Lines" will not proceed until next year as the closure date approaches, community-based resources are further developed, consumer transition plans are done, and other key components proceed as necessary.

Therefore, in order to monitor progress on the various Plan components and to ensure quality access to services for consumers, the Senate adopted the following Budget Bill language.

Item 4300-001-001 (Department of Developmental Service, State Support)

"The department shall provide the fiscal and policy committees of the Legislature with a comprehensive status update on the Agnews Plan, on January 10, 2006 and May 15, 2006, which will include at a minimum the following:

- (1) A description and progress report on all pertinent aspects of the community-based resources development;*
 - (2) An aggregate update on the consumers living at Agnews and consumers who have been transitioned to other living arrangements;*
 - (3) An update to the Major Implementation Steps and Timelines;*
 - (4) A comprehensive update to the fiscal analyses as provided in the original plan;*
- and;*
- (5) An update to the plan regarding Agnews' employees.*

The above requested information may be provided through the department's budget process, as part of the Regional Center and Developmental Center estimates packages. The updated information shall be made available to the public upon request."

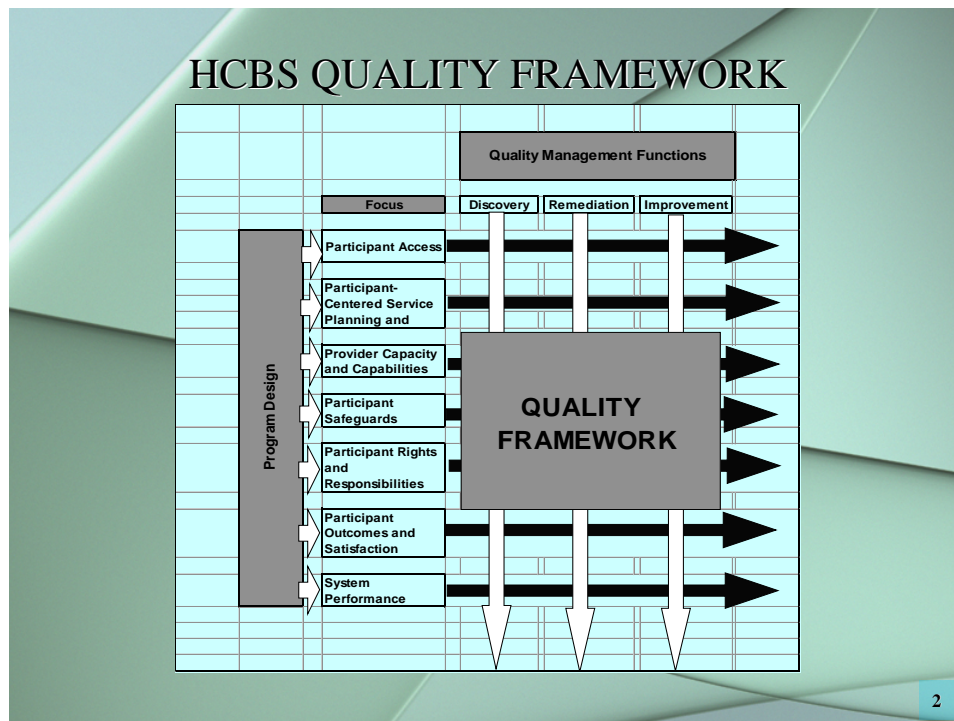
ISSUE 2: QUALITY MANAGEMENT SYSTEM

The Budget Proposal for the 2005-2006 Fiscal Year would provide the Department of Developmental Services with the resources to develop a statewide Quality Management System (QMS) that is consistent with the Federal Centers for Medicare and Medicaid Services' (CMS) Quality Framework. The system is necessary for maintaining and increasing federal financial participation for current and future CMS Waivers. The Department requests \$522,000, \$290,000 General Fund and four permanent positions.

The Department's current quality assurance efforts for discovery and remedy rely almost solely on the fragmented and varied quality assurance programs of the 21 regional centers. The design of which was done in the 1990's with very little change in response to dramatically revised expectations for services and supports. CMS expects that states will move beyond current practice where quality is measured through compliance reviews and special incidents tracking, to a comprehensive system that produces desired consumer outcomes, establishes performance expectations, measures both performance and outcomes and takes action to improve performance based upon information and analysis.

The Department notes that the request for staff resources is related to the expectations of CMS to: require states to describe their Quality Assurance/Quality Improvement systems in future Home and Community Based Services Waiver (HCBS) requests and report annually to CMS on the performance of the systems; develop new CMS procedures for reviewing quality performance information/data supplied by the states and establishing an ongoing dialogue with each state regarding improvements in the quality of HCBS waiver services. The Department notes that the implementation of the QMS consistent with the Framework will enable the Department to meet CMS requirements for renewal of the current HCBS Waiver that expires August 31, 2006, and to make application for additional waiver service options. The chart on the following page represents the vision of the Department.

Home and Community Based Services Quality Framework



Department of Developmental; Services

In the context of rate setting efforts of the Department, the Legislative Analyst Office notes the state does not sufficiently incorporate quality measurements into the rate setting methodologies that are used. The LAO notes the Department does not have the tools needed to make systematic, quantifiable measurements of service provider quality or of individual access to specific services. The LAO further notes that the development of a QMS is necessary to meet federal requirements under the HCBS waiver and to continue to receive these federal funds.

ISSUE 3: SELF-DIRECTED SERVICES

The Department of Developmental Services proposes to establish as permanent, two existing limited-term, full time positions to implement and monitor a 1915 (c) Independence Plus Waiver from CMS for Self-Directed Services. Compliance with CMS program design components is required for waiver approval and federal reimbursement. CMS Program Design Requirements are: participant access; participant-centered service planning and delivery; qualified providers; participant safeguards; participant rights and responsibilities; participant outcome and satisfaction. A CMS waiver requirement is background checks on behalf of the Self-Directed participants. One of the positions would be directed to monitor the background checks. The other is requested to implement and monitor the accurate modeling and continued functioning of an individual budget methodology. Individual budgets for each client also are a required component of the waiver.

Senate Bill 1038 (Thompson, Chapter 1043, Statutes of 1998) established three self-determination pilot projects in the state. The pilots are a collaborative effort between each

Regional Center and its associated Local Area Board. The original pilots Redwood Coast Regional Center, Tri-Counties Regional Center and Eastern Los Angeles Regional Center, Kern Regional Center and San Diego Regional Center were added later. Currently a total of 145 clients participate in the pilots. A study conducted in 2002 reported that self-determination results in high satisfaction among the participants and pilot staff.

A five-year program expansion will occur incrementally beginning with fiscal year 2005-2006 and will conclude with approximately 9,000 regional center clients enrolled statewide. Of the 9,000, approximately 5,500 will be Independence Plus Waiver eligible. Implementation of the waiver will begin with the Department of Developmental Services providing comprehensive training to regional centers on the Independence Plus Waiver and related monitoring protocols. Three levels of monitoring will be conducted by Regional Centers, the Department of Developmental Services and the Department of Health Services. Regional Centers will be required to conduct pre-quality assurance surveys, enabling each to determine program areas of strengths and improvements with the findings being reported to the Department of Developmental Services.

The Independence Plus template available for self-directed waivers offers a new approach to capture federal funds. The template suggests cost savings may be realized by billing for services unique to self-determination, such as support brokers and financial management services; and by allowing for the availability of an outcome and performance based quality assurance system, all efforts billable under the waiver.

Self-Directed Services Program Background

The Department of Developmental Services is establishing a Self-Directed (SD) Services program.

SD Services will be based on the following values/principles:

- Freedom - to plan a life with necessary supports.
- Authority - to control a finite sum of dollars.
- Support - to arrange resources and personnel to assist with living in and becoming a part of the community.
- Responsibility - to accept a valued role in the community and to be accountable for spending public dollars.
- Confirmation - to recognize the importance of leadership of self-advocates in the Self-Directed Services program.

Self-Directed services principles have a documented program history of success as reported by pilot participants:

- Improved relationships with family members.
- More positive interactions with other people.
- Increased involvement and interaction in the community.
- Improved qualities in work or day activities.
- Families and individuals with developmental disabilities are responsible in their use of public funds.

The SD Services program anticipates including an Independence Plus (IP) Waiver that will provide federal funding for the program.

Program Attributes

- Anticipates an IP Waiver for Federal Fund Participation (FFP) of participants who are Waiver eligible.
- General funds available for participants who are not IP Waiver eligible.
- Provides participants with an individual budget to be used for needed services and supports in non-congregate settings.
- Assigns control of funds allocated for the individual budget to the participants.
- A "risk pool" will be available to manage a participant's "unanticipated" needs.
- Allows for participant choice in selecting qualified service providers.
- Offers two unique participant services and supports: Financial Management Services (FMS) and supports brokerage.
- Provides for a well-designed, comprehensive quality management system.
- Participation is voluntary for participants.

Enrollment Criteria

- Must have a developmental disability.
- Must receive services in "non-congregate" settings only.
- Must be age 3 or older.

- Must be willing to accept terms and conditions of the program:
 - Undergo an in-depth orientation to the Self-Directed Services program.
 - Agree to utilize the services and supports available within the Self-Directed Services program only, except for Medi-Cal state plan benefits.
 - Accept and manage within the individual budget amount that has been established on his/her behalf.
 - Employ the services of a Financial Management Services entity for the purposes of payroll, disbursement of funds, and related duties, pursuant to the participant's approval.
 - Utilize Supports Brokerage Services in planning, developing and implementing the Individual Program Plan (IPP).

Participants

- Participant-directed, person-centered planning process.
- Freedom and responsibility to control and direct his/her services and supports.
- Extensive training available regarding services, individual budget development, hiring, supervising, and managing service providers.
- Services and supports available from a set of new services defined to assist participants in planning and implementing their Individual Program Plan (IPP), utilizing funding from his/her individual budget allotment.
- Supports brokerage services available to assist the participant in the person-centered planning process and in identifying, developing and negotiating customized services.
- Supports brokerage services available to provide training and assistance to participants in recruiting, hiring, supervising, and managing service providers.
- Individual assistance available by a Financial Management Services (FMS) entity for managing the individual budget and for maintaining employer payroll responsibilities.
- A monthly report provided by the FMS, showing real and estimated expenditures and the amount remaining in the individual budget.
- Criminal background checks initiated by the FMS to be made available at the request of and at no cost to the participant.
- Assistance of a FMS provider for timely payment of services as needed.
- Regional center service coordinator, in conjunction with the participant, to reach agreement and complete the IPP.
- RC service coordinator to provide risk and safety management and technical assistance and training on IPP implementation.

- RC service coordinator to document and collect data to monitor service quality.
- Individual budget amount equivalent to 90%, in the aggregate, of total purchase of services.
- Enrollment availability limited during the first 5 years.

Regional Centers (RC)

- Training to be provided to RCs prior to implementation.
- Supports brokers and FMS to complement existing RC staff.

Service Providers

- Provides new job opportunities in RC service delivery support brokers and FMS.
- Training and program materials to be developed by the Department of Developmental Services and given to participating RC's for their use with local providers.
- Existing service providers may customize services for participants and families to ensure that the provisions of services are available, only in non-congregate settings.
- Vendorization is required for one service, the FMS.

ISSUE 4: REGIONAL CENTER COST CONTAINMENT – APRIL FINANCE LETTER

The 2004-2005 Fiscal Year Budget contained an appropriation of \$600,000 for consultant services for the rate standardization project of the Department. The rate standardization project was to be a multi-year project to:

- Develop a rate-setting methodology for rates that are now negotiated between regional centers and providers;
- Improve consistency in the reporting of service delivery data; and
- Automate the submission of vendor cost information.

The Department expended \$112,000 for a consultant to work on the Independence Plus Waiver in fiscal year 2004-2005 and \$488,000 is neither encumbered nor spent. The Department proposes the \$488,000 be re-appropriated for cost containment efforts in the 2005-2006 Fiscal Year. Specifically, the Department would utilize the funds for cost statement automation and information technology consulting for Day Programs, In-Home Respite and Work Activity Programs. Also, the funding would be used for research and education for Supported Living Services, the Standardized Rate Project and Geographic Rate Consideration.

ISSUE 5: REGIONAL CENTER AFFORDABLE HOUSING PROJECT – APRIL FINANCE LETTER

The fiscal year 2004-2005 Budget appropriated \$300,000 from the Developmental Disabilities Services Account for allocation by the Department of Developmental Services. The Department used \$100,000 of the funds to support the first year of multi-year contracts for local level training and technical assistance designed to expand the availability of affordable housing for persons with developmental disabilities. Creation of affordable housing is an objective pursuant to the 1994 court decision commonly referred to as the Coffelt Agreement. The proposed re-appropriation of \$200,000 would be used to continue the affordable housing contracts in the 2005-2006 Fiscal Year.

In addition, the Finance letter would switch \$69,000 of General Fund for the affordable housing contracts to \$69,000 from the Developmental Disabilities Services Account. As a result, \$269,000 will be made available for affordable housing in fiscal year 2005-2006.

ISSUE 6: GUARDIANSHIP/CONSERVATORSHIP FILING MANDATE – APRIL FINANCE LETTER

The Department proposes to add the Guardianship/Conservatorship Filings mandate to show the mandate as suspended. In addition, the Department also requests that provisional language be added to the Budget Bill to suspend the mandate for the 2005-2006 Fiscal Year.

The mandate was established in 1976 and requires the cost of investigations for limited conservatorship hearings reimbursable to counties. Section Court Rule 810 guidelines subsequently defined the expenditures as allowable state court cost. The Department states the mandate needs to be suspended until such time as the mandate is repealed.

ISSUE 7: REGIONAL CENTER COST CONTAINMENT

The budget proposed for the fiscal year 2005-2006 will continue several cost containment measures enacted as part of the 2003-2004 and 2004-2005 Fiscal Year Budgets. The actions of the Legislature are projected to save \$71.800 million General Fund in fiscal year 2004-2005. For fiscal year 2005-2006 the Department projects the state will save \$84.363 million in General Fund.

Regional Center Operations Cost Containment Measures:

- 1) **Delay in Assessment - \$4.465 million General Fund savings in the 2005-2006 Fiscal Year.** In the 2002 Budget, trailer bill language was adopted to extend the amount of time allowed Regional Centers to conduct assessment of new consumers from 60 days to 120 days from the initial intake. The Governor proposes to continue this extension through 2005-06 through trailer bill language.
- 2) **Family Cost Participation - \$912,000 General Fund savings in the 2005-2006 Fiscal Year.** In the 2004 budget, trailer bill language was adopted to implement co-payment on three family services provided by Regional Centers. Families with incomes greater than

400 percent of poverty based on income and family size, that purchase respite, day care, or camp services must pay a parental co-payment. This program has been implemented by the Department of Developmental Services.

- 3) **Unallocated Reductions - \$6.458 million General Fund savings in the 2005-2006 Fiscal Year.** In the 2004-2005 Fiscal Year an unallocated reduction was adopted.

Regional Center Purchase of Services Cost Containment Measures

1. **Day Program Rate Freeze - \$12.114 million General Fund savings in the 2005-2006 Fiscal Year.** Day programs are community-based programs for individuals served by a Regional Center. The programs include: developing and maintaining self-help and self-care skills; developing the ability to interact with others; developing self-advocacy and employment skills; developing community integration skills such as accessing community services; and improving behaviors through behavior management. The rate freeze means that providers who have a temporary payment rate in effect on or after June 30, 2003 cannot obtain a higher permanent rate. The extension would extend through fiscal year 2005-2006.
2. **Contract Services Rate Freeze - \$9.193 million in General Fund savings in the 2005-2006 Fiscal Year.** Some Regional Centers contract, through direct negotiations, with providers for certain services in lieu of the DDS setting an established rate. Continuation of the rate freeze would mean that Regional Centers cannot provide a rate greater than was in effect as of June 30, 2004. The Administration's proposes extending the rate freeze through fiscal year 2005-2006.
3. **Community Care Facility Rate Freeze and Elimination of Pass Through - \$978,000 in General Fund Savings in the 2005-2006 Fiscal Year.** Community Care rates were frozen in fiscal year 2003-2004 and will be frozen in fiscal year 2005-2006. The SSI/SSP cost-of-living-adjustment that is paid to Community Care Facilities by the federal government will again be used to off-set General Fund expenditures for these services.
4. **Suspension of Non-Community Placement Start-Ups - \$5.962 million General Fund savings in the 2005-2006 Fiscal Year.** Regional Center's may not expend any Purchase of Services funds for the startup of any new program unless the expenditure is necessary to protect the consumer's health or safety or because of other extraordinary circumstances, and the Department of Developmental Services has granted authorization for the expenditure. The Administration's proposes to extend the freeze through 2006-2007. The Freeze would be one year longer than the other cost containment measures.
5. **Unallocated Reduction - \$17.0 million in General Fund Savings in the 2005-2006 Fiscal Year.** A \$7.0 million unallocated reduction was enacted as part of the 2003-2004 Budget. A \$10.0 million unallocated reduction for purchase of services was enacted as part of the fiscal year 2004-2005 Budget.
6. **Revision of Eligibility - \$6.241 million in General Fund Savings in the 2005-2006 Fiscal Year.** In fiscal year 2003-2004 budget, the state adopted the federal definition for substantial disability rather than continue with the state definition. The revision requires a person to have deficits in at least three of the seven life domains (economic self-

sufficiency, capacity for independent living, self-direction, mobility, self-care, learning and communication skills).

7. **Habilitation Services Rate Freeze \$931,000 General Fund savings in the 2005-2006 Fiscal Year.** The Program consists of the Work Activity and Supported Employment Programs. The Work Activity Program services are primarily provided in a sheltered setting and are reimbursed on a per-consumer-day basis. The Supported Employment Program makes it possible for individuals to work in the community, in integrated settings with support services provided by community rehabilitation programs. The rate freeze would extend through fiscal year 2005-2006.

ISSUE 8: STATEWIDE PURCHASE OF SERVICES STANDARDS

The budget proposal for 2005-2006 provides the Department of Developmental Services the authority for issuing statewide purchase of services standards for all services for which the Regional Centers purchase for clients in the System. Statewide Purchase of Services Standards have been proposed for the last three years. Each year the Legislature has rejected them. If adopted the standards are projected to save \$14 million, \$10.5 million General Fund, in the 2005-2006 fiscal year.

After a three year phase-in the standards are projected to save \$41.9 million, \$21.4 million General Fund. The phase in would be one third the first year, two-thirds the second and 100 percent in the third year. Clients of the system have an Individual Program Plan review once every three years so it would take three years to cover all beneficiaries in the system.

To implement the proposal the budget would provide the Regional Centers of the Department of Developmental Services with \$6.2 million General Fund. The funding would increase the number of administrative positions in the Regional Centers, 52, increase the allowance for rent, \$302,000, increased administrative law hearings, \$500,000, provision of annual statements to clients, \$240,000 and \$170, 000 for other operating expenditures.

Statewide standards, by definition, would greatly circumscribe the Lanterman Act entitlement to services. Statewide Purchase of Services Standards would not allow regional centers to provide individually-tailored services that respond to consumer choice and needs as required by law. In addition, statewide standards would weaken the current Lanterman Act entitlement to services and supports in the least restrictive setting that bring the lives of people with developmental disabilities as close as feasible to those without disabilities of the same age.

Statewide Purchase of Services Provision

Vendor Selection Based On Lowest Cost

The cost of providing services by different vendors, if available, would be reviewed by an RC and the least costly vendor who is able to meet the consumer's needs, as identified in the consumer's Individual Program Plan (IPP), would be selected. This provision is assumed to save \$25 million (\$18.4 million General Fund) annually when fully implemented

The Lanterman Act currently directs the IPP planning team to consider cost effectiveness among other factors "when selecting a provider of consumer services and supports." § 4648(a)(6), 4648(a)(6)(D) (consider "the cost of providing services or supports of comparable quality by different providers, if available"). As the law now provides, regional centers are mandated to ensure that services and supports are cost-effective. Cost-effective is already defined at Cal. Code Regs., tit. 17, § 58501 and it is not the same as "least costly".

However, the 65,000 plus people currently served under the Medicaid Home and Community Based Services DD waiver retain their federal right to choice of providers because that is a right not waived. The DD waiver requires the regional centers, DDS and DHS to ensure "that all waiver consumers are healthy, safe and receiving appropriate, quality services. A least costly versus cost effective vendor selection requirement will result in regional centers being forced to ignore individual choice and the IPP Planning Team's determination as to what would be the most appropriate and cost effective vendor to meet a consumer's needs. The "least costly" versus "cost effective" standard violates the Lanterman Act and Medicaid waiver requirements for quality assurance and choice protections.

Parents' responsibility for purchasing services for minor children

Under the 2005-2006 Fiscal Year Budget proposal, Regional Centers would be required to take into account the family's responsibility for providing similar services to a minor child without disabilities when determining which services or supports would be purchased by the RC for the child. It is assumed that \$2.7 million (\$2.4 million General Fund) would be achieved annually when fully implemented.

This aspect of the Statewide Purchase of Services Standards proposal will lie most heavily on those children with developmental disabilities from families whose finances do not allow them to purchase services for any of their children. In those circumstances, children without disabilities still have access to free recreational/educational/socialization opportunities that are not accessible to children with disabilities. Yet children with disabilities who cannot participate in such activities – at least without support – will be left with nothing. Thus, any short-term savings from this proposal will have long-term costs as the child grows into an adult without needed socialization skills.

It is not inherently wrong to require that parents pay for those things that the family would be responsible for providing to their children without disabilities. Nonetheless, a family must be able to look to the regional center when it finds that those services their child without disabilities is receiving become inaccessible or unavailable to their child with a developmental disability, absent regional center's supports, services or contributions. The budget proposals do nothing to address this more important need.

Use of Group Modality

Regional Centers would be directed to give preference for purchasing a service or support using a group modality, in lieu of an individual intervention, if a consumer's needs, as identified in their IPP, could be met using a group modality for the following services: Behavioral Services, Social and Recreation Activities, and Non-Medical Therapy Services. This provision is assumed to save \$800,000 annually when fully implemented.

A preference to use a group modality instead of an individual intervention violates the requirement for treatment in the least restrictive environment and the right to treatment, services and supports in natural community settings, otherwise known as full inclusion. The proposal ensures that group settings would have to meet the person's needs as identified in the IPP, and that requirement is essential.

Annual Statement of RC Services

Regional Centers would annually provide the consumer or their parent/guardian a statement of RC purchased services and supports. This statement would include the type, unit, and cost of the services and supports. This provision of the guidelines is intended to serve as a validation that the described services and supports are indeed being provided to the consumer by the designated vendor. This guideline is projected to save \$6.2 million (\$4.6 million General Fund) annually when fully implemented.

Regional Centers Required to Establish Internal POS Review Processes and Clinical Review of Certain Services

Regional Centers would be directed to establish internal processes to ensure that (1) their staff is following all laws and regulations when purchasing services and supports for consumers, and (2) other services, such as generic services provided by other agencies in the community, are pursued and used prior to authorizing the expenditure of RC funds for consumers. The budget projects \$6.2 million (\$4.6 million General Fund) in savings would be accrued annually when fully implemented.

Also, Regional Centers would be required to have a clinician review all requests for certain services and supports prior to the RC authorizing their purchase for the consumer. The review would pertain to certain supplemental program supports, assistive technology and environmental adaptations, behavioral services, specialized medical or dental services, and therapeutic services. The Administration forecasts savings of \$1 million (\$750,000 General Fund) annually when fully implemented. It would cost nearly \$4 million dollars in clinical staffing salaries.

This proposal would add new statutory provisions that would inappropriately shift the emphasis in IPP planning from the needs and choices of the consumer (and family where appropriate) to saving money. The proposed language is neither necessary nor consistent with the key tenets of the Lanterman Act. Most Regional Centers currently have internal review processes and conduct clinical reviews when they deem it appropriate. In fact, consumers are often left waiting for prolonged periods for the approval of POS committees (under a variety of names) before gaining the approval or denial of a requested service. If there were to be required internal review it would need to focus on ensuring that all services and supports are provided in the least restrictive most integrated setting as that is the paramount purpose of the Lanterman Act.

Cap on Supported Living Services

Regional Centers would be prohibited from purchasing Supported Living Services if the cost of the supported living arrangement exceeds the average annual cost of supporting a consumer in a developmental center.

There isn't a statutory basis for establishing the maximum cost of Supported Living Services. The proposal would deny supported living services to an individual who is otherwise eligible, and whose living arrangement may end up in cost savings over a year or two's time.

Regulations already limit Supported Living Services costs based on the cost of an individual consumer's prior living arrangement or an alternative method. It is not clear how the proposal would interact with the existing state regulations. Consistent with the regulation a restriction related to Developmental Center costs for a DC resident would have to allow a cost comparison with the actual costs of that person in a DC. Moreover, Protection and Advocacy and other consumers and advocates have prevailed in a number of administrative hearings holding that section 58617 is unlawful.

Finally, the Estimates manual predicts no cost savings from implementing this standard but it would most likely result in consumers being denied access to Supported Living Services.

ISSUE 9: REGIONAL CENTER OPERATIONS AUGMENTATION

The Department of Developmental Services received federal approval to revise the billing methodology for the Targeted Case Management reimbursements. The approval resulted in an estimated \$19.3 million annual increase in reimbursements and a like amount of General Fund savings beginning in the 2004-2005 Fiscal Year. The budget estimate for the Department proposes to use \$10.6 million of the General Fund Savings to assist Regional Centers to maintain compliance with the federal Centers for Medicare and Medicaid Services caseload ration requirements for the Home and Community-Based Services Waiver. The failure to meet these requirements could result in the CMS freezing waiver enrollments, as was done in 1998, and could place the renewal of the existing waiver in jeopardy. The 1998 freeze on Waiver enrollments continued for many years and cost the state approximately \$51 million annually in lost federal revenue due to attrition and the freeze on enrollments. Currently at least 11 of the 21 Regional Centers are out of compliance with one or more CMS 'caseload requirements.

The Estimate for the Department of Developmental Services estimates the Department will expend \$29.149 million on Federal Waiver Compliance. The \$10.6 million increase would constitute a 37 percent increase in expenditures for waiver compliance. The budget proposal, however, does not contain any explanation on how the funds would be allocated to the twenty-one Regional Centers nor how the funds would be used. Nor is it clear how or whether the Regional Centers would be able to achieve compliance with the waiver with the increase.

Additionally, the Department is proposing to implement a Quality Management System. Neither the proposal for the Quality System nor the \$10.6 million augmentation contains any reference to the other substantial budget change, it is not clear whether they are related or not. Also, the Department was to report on Regional Center Operations to the Legislature by January 10, 2005.

ISSUE 10: CASELOAD ESTIMATES

The Legislative Analyst recommends a reduction to the regional center budget of \$9 million General Fund (\$12 million all funds) to correct for over budgeting of expenditures in both the current and the budget year. Similarly, the LAO also recommends a \$4 million General Fund reduction in the developmental center (DC) budget to correct for caseload over budgeting in both the current year and the budget year.

The Department of Developmental Services recently indicated that while the January 10 RC budget request was not adjusted for lower than projected caseload levels for the 2004-05 year, it was adjusted in the 2005-06 year. Similarly, the Department also indicated that caseload for the Developmental Centers has not been adjusted in the current year but has already been adjusted for in the budget year. Thus, Department of Developmental Services contends that the budget-year adjustments the LAO recommends for Regional Centers and Developmental Centers would duplicate or “double count” adjustments that have already been incorporated into the Regional Centers and Developmental Centers estimates. The LAO met with the department to attempt to resolve this issue.

The LAO found it difficult to conclusively confirm the DDS’ claims that these budget year adjustments were made based on the display of information contained in the estimates. However, the Department of Finance confirmed to the LAO that these adjustments were in fact made in the budget year.

The LAO has serious concerns about the way caseload data and related fiscal adjustments are displayed in the Developmental Center Regional Center estimates. The department has expressed a willingness to work with the LAO to update the estimate formats in order to more clearly display this data in the future.

Given this additional information, the LAO recommends the Legislature adopt the \$9 million General Fund reduction in the current year for the Regional Centers, but defer any action on the budget year adjustment for Regional Centers until the May revision. Also, the LAO recommends the Legislature adopt the \$4 million General Fund reduction for Developmental Centers in the current year, but defer any action on the budget year adjustment for Developmental Centers until the May revision.

The Legislative Analyst Office recommends a reduction of \$8.6 million General Fund for the Regional Center caseload estimate for the 2004-2005 budget year. Also, the LAO recommends a \$4 million reduction for the Developmental Center caseload estimate for the 2004-2005 budget year.

The caseloads for Regional and Developmental Centers will be updated at the May Revision.

ISSUE 11: SUPPORTED EMPLOYMENT – GROUP SIZE RESTORATION

The Supported Employment Program services consist of specialized services provided in an integrated work setting, such as, job coaching and ongoing post-employment support services, in order to help clients attain and retain the appropriate level of community integrated employment. Supported Employment Program services for individuals and groups are provided in an integrated setting, unless otherwise approved by the Habilitation Services Program, for the purpose of achieving supported employment as an outcome, and may include:

- Job development
- Direct supervision and training (job coaching) while a consumer is engaged in integrated work
- Social skills training to ensure job adjustment and retention
- Training in certain independent living skills, e.g., independent travel or money management
- Counseling with family, care providers, or others to ensure necessary support to the consumer's job adjustment
- Advocacy on behalf of the consumer to resolve on the job work related problems
- Intervention with the employer to review a consumer's job performance for individual placements, stabilized in their job, ongoing follow up support services.

Supported Employment group sizes were increased from three to four by the Legislature in the 2003-2004 budget. According to the California Rehabilitation Association the increase in the group size actually restricted job growth, put at risk jobs for 900 people. The Department estimates the restoration would increase expenditures by \$1.4 million Total Funds, \$1.078 million General Fund.

ISSUE 12: EMPLOYMENT SERVICES FUNDING

The California Rehabilitation Association states that the only programs that suffered rate reductions in the past two budgets were employment programs. The affected programs are those that enable people with disabilities to work, earn wages, pay taxes and become more independent. The Association requests the five percent Work Activity Program rate reduction and the two-one-half percent Supported Employment Program rate reduction be restored. The Department estimates the restorations for a full year would increase expenditures \$4.664 million Total Funds, \$3.592million General Fund.

Work Activity Program services consist of paid employment in which clients are paid according to productive capacity based on productivity studies consistent with state and federal requirements. The two main categories of Work Activity Program services include:

Work Adjustment Services

- Physical capacities development
- Psychomotor skills development
- Interpersonal and communicative skills
- Work habits
- Vocationally appropriate dress and grooming
- Productive skills
- Appropriate work practices training
- Other work related skills development, e.g., telling time, money management, etc.
- Readiness for referral to vocational rehabilitation services

Supportive Services

(which are non vocational services needed to help achieve vocational objectives and may consist of skill development)

- Mobility and community transportation skills development
- Health maintenance
- Personal safety practices
- Utilization of other community services and resources

The Supported Employment Program services consist of specialized services provided in an integrated work setting, such as, job coaching and ongoing post-employment support services, in order to help clients attain and retain the appropriate level of community integrated employment. Supported Employment Program services for individuals and groups are provided in an integrated setting, unless otherwise approved by the Habilitation Services Program, for the purpose of achieving supported employment as an outcome, and may include:

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ISSUE 13: CAPPED EMPLOYMENT PROGRAM RATES

The California Rehabilitation Association requests the Legislature authorize community based day services programs on temporary rates to submit the necessary data to determine permanent rates and to receive permanent rates. The Association projects the expenditures of the state would increase by \$14 million to \$15 million.

New employment programs have no data on which to base their rates. As a result the programs are given a temporary rate based on statewide average of all similar programs. The program has 18 months to submit data to create a permanent rate. As part of the effort to contain the state's expenditures the Legislature froze the rates. As a consequence, new programs have been reimbursed at levels that are not related to the costs of the provision of services.

ISSUE 14: DIRECT CARE STAFF WAGE INCREASE

The California Rehabilitation requests the Legislature increase the wages of direct care staff. The Association estimates a one percent increase in wages would cost between \$8 million and \$16 million. A five percent wage rate increase would, therefore, increase the state's expenditures by \$40 million to \$80 million.

The California Rehabilitation Association asserts that both state and federal law requires services to people with developmental disabilities be readily available, of high quality and responsive to the specific needs of each person with a disability. The Association states that if programs cannot attract staff because of the low wages the programs will not be available. Also, if staff with the appropriate skills aren't attracted or if they can not be retained quality will suffer and people with disabilities will not gain the full value of the programs. For many programs, wage increases for the workers' are rare.