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Department of Developmental Services
Little Hoover Commission Testimony
A New Approach to California's Veterans Homes
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The Department of Developmental Services (DDS) appreciates the opportunity to provide input to the Little Hoover Commission (the Commission) as it examines the future role of California's veteran homes, especially the Veterans Home of California, Yountville. We would like to acknowledge the efforts of the Commission staff in their thorough preparation of background information for this hearing. Initial conversations revealed there are many parallels between our system and the issues facing the veterans homes. Limitations of aging and obsolete infrastructure and buildings, ongoing demand to meet evolving and often complex needs of an aging and specialized population, and deep-seated stakeholder concerns are just some of the areas where there are significant similarities, especially with the closure of the Sonoma Developmental Center (Sonoma DC) in Eldridge, CA, which is not too far from Yountville.

The developmental services system has a 50-year history of moving toward providing services in the community rather than institutional settings. We hope that the information we share on the lessons DDS has learned from the closures of California's developmental centers (DCs) will be helpful to the Commission in your efforts to build on findings from your recent review of the California's veterans homes program.

Our testimony today includes a brief overview of our system and factors that led to the decision to close the DCs, some of the logistics involved in closing the DCs (namely community resource development and transition planning), as well as an overview of the process for considering possible future uses of DC properties.

ABOUT DDS

Through two primary programs, DDS coordinates and provides services and supports to over 300,000 individuals with developmental disabilities, which include cerebral palsy, intellectual disability, autism, epilepsy and related conditions. The first program offers services and supports to the majority of individuals DDS serves through a network of 21 private non-profit organizations called regional centers (RCs) that develop, manage and coordinate services and resources for persons found to be eligible (consumers) under the Lanterman Developmental Disabilities Services Act (Lanterman Act). In the second program, DDS directly operates three DCs (Sonoma DC, Porterville DC and Fairview DC) and one small, state-run community facility (Canyon Springs) to provide 24-hour residential care and clinical services to just over 800 people between the four facilities.

Service needs for everyone served by our system are determined through a person-centered planning approach involving the consumer, the RC, and the parents or other appropriate family members or legal representatives.

BACKGROUND

The beginning of the California DC system dates back to the 1850s as the first residential alternative available to families of children with intellectual and developmental disabilities who were unable to be cared for at home. In the 1960s, changes began that led to creation of community alternatives under the Lanterman Act, both in-home services and supports so that more individuals could be cared for at home, as well as facilities that provided community residential options. As the community system developed and the underlying philosophy of community integration gained prevalence in law and court cases, dependence on the DC system and other institutional settings declined. Ultimately, effective July 1, 2012, California placed a moratorium on admissions to state-operated DCs except in very limited circumstances (Assembly Bill 1472, Chapter 25, Statutes of 2012), accelerating the decline in the DC population which had seen a high of 13,400 residents in 1968.

After many years of declining populations in the large, state-operated developmental centers (DC), fiscal and programmatic issues converged: The DCs could no longer operate cost-effectively and sustain quality services. In May 2013, the Secretary of the California Health and Human Services Agency (CHHS), Diana S. Dooley, announced that she was establishing the "Task Force on the Future of Developmental Centers" (DC Task Force). She appointed a broad cross-section of members representing consumers, family members, RCs, consumer advocates, community service providers, organized labor and the Legislature, with support provided by DDS. The primary purpose of the DC Task Force was to address the service needs of all DC residents and ensure the delivery of cost-effective, integrated, quality services for this population in the future.

As described in the Task Force's resulting January 2014 "Plan for the Future of Developmental Centers in California" report, the characteristics and diagnoses of the DC residents and their associated needs are not unique to the DCs, and individuals with similar needs are already being served in the community. There is, however, a greater concentration of individuals in the DCs who require higher levels of care. With the 2012 moratorium on DC admissions and continuing transitions out of DCs, RCs found themselves having to identify appropriate services for a growing population of individuals with more challenging and intensive needs.

The DC Task Force considered the appropriate role of the State in delivering services for the three primary categories of DC residents: those with enduring and complex medical needs; those involved with the criminal justice system; and those with significant behavioral support needs. Throughout deliberations, the members remained cognizant that funding is limited and, given fiscal realities, it is important to effectively use State funds and maximize federal funds for both short- and long-term costs associated with the delivery of services. Eligibility for federal funding becomes an important consideration when proposing residential services in large or restrictive settings, or in settings associated with a DC.

DDS is now taking the final steps to close California's three remaining DCs, with limited exceptions, and transition individuals to integrated community settings. Each closure is unique and complex, necessitating a variety of stakeholder processes, various State processes, and a multitude of functions and activities, as described in closure plans (per Welfare and Institutions Code, Section 4474.1) submitted to the Legislature. All aspects of the closure process receive careful management, tracking and reporting for legislative and public scrutiny.

The Closure Plan is the first step in a closure process that has multiple, overlapping phases including stakeholder engagement, the development and approval of a closure plan, resource development, individualized transition planning through the Individual Program Plan (IPP) process, and review and modification of the closure plan through the annual budget process. The closure plans are guiding documents that are not intended to detail where each individual who lives at a DC will move, what services each individual will need, or the specific transition activities they require. Those decisions are made by each individual's Interdisciplinary Team (ID Team), using a person-centered approach and documented through the IPP process.

DDS' goal, working closely with the RCs and other system partners, is to continue to develop the system of services along with the necessary capacity to support all individuals in the least restrictive and most appropriate environment, consistent with the principles and vision of the Lanterman Act.

COMMUNITY RESOURCE DEVELOPMENT

DDS has a statutory responsibility to ensure that individuals with developmental disabilities live in the least restrictive setting, appropriate to their needs. Innovative housing initiatives began with the Agnews DC closure process in 2005. Of most significance was the development of the Adult Residential Facility for Persons with Special Health Care Needs (ARFPSHN) and the Buy-It-Once model of home ownership. These new models are now well established in the statewide system and are routinely reflected in a regional center's resource development plans through the Community Placement Plan (CPP) based on projected need.

The CPP process provides annual funding to the RCs for the development of a variety of resources within individual communities, including but not limited to, safe and affordable residential development, transportation, day program services and mental health and crisis services - consistent with resource development as described in Welfare and Institutions Code, Section 4418.25.

CPP funds create consumer permanent housing through the "Buy It Once" model where a Housing Development Organization (HDO) entity owns the property for the restricted use by RC consumers. HDO-owned homes separate the ownership of the home from service delivery, so a provider can be changed without having to move residents. HDO-owned homes are restricted for use by RC consumers by real estate deed restrictions or restrictive covenants that are applied to the property.

Adult Residential Facilities for Persons with Special Health Care Needs (ARFPSHNs)
Since the opening of the first ARFPSHN home in 2007, this residential model has shown remarkable success in meeting the needs of some of the most medically fragile consumers that transitioned from a DC. With the statutory changes in AB 1472 (Chapter 25, Statutes of 2012), this model of residential care is now available for any person currently residing in a DC who has an IPP that specifies special health care and intensive support needs that indicate the appropriateness of placement in an ARFPSHN. DDS has certified a total of 43 ARFPSHNs statewide.

The ARFPSHN model of care includes: specific staffing requirements relative to 24/7 licensed nursing (Registered Nurse, Licensed Vocational Nurse, Psychiatric Technician); DDS program certification; and mandatory safety features (fire sprinkler system and an alternative back-up power source); and was necessary to fill a critical gap in the existing State residential licensing categories. To live in an ARFPSHN, the consumer's health conditions must be predictable and stable at the time of admission, as determined by the Individual Health Care Plan (IHCP) team and stated in writing by a physician. In addition to 24/7 nursing supervision, the law requires:

- Development of an IHCP that lists the intensive health care and service supports for each consumer that is updated at least every six months;
- Examination by the consumer's primary care physician at least once every 60 days;
- At least monthly face-to-face visits with the consumer by a RC nurse;
- DDS approval of the program plan and on-site visits to the homes at least every six months; and
- California Department of Social Services (DSS) licensure of the homes, which includes criminal background clearance, Administrator orientation, annual facility monitoring visits and complaint resolution.

The ARFPSHN model provides one option for DC residents who need licensed nursing care to move to a home-like, community-based setting, which we understand may be a need for many of the veterans served at Yountville. There are specific eligibility criteria that must be met to live in an ARFPSHN home. Not everyone who lives in a Nursing facility (NF) residence at a DC will need an ARFPSHN home. Alternative residential models are available that address ongoing medical needs such as: Specialized Residential Facilities (SRFs - licensed by DSS) and Intermediate Care Facilities (ICFs - licensed by the California Department of Public Health) to provide 24-hour-per-day services. There are three types of ICFs, which all provide services to Californians with developmental disabilities: ICF/DD-H (Habilitative), ICF/DD-N (Nursing) and ICF/DDCN (Continuous Nursing). More detailed information/definitions of the various home types available for individuals served by DDS can be found at: http://www.dds.ca.gov/SonomaNews/docs/communityOptions.pdf.

At the time of the Sonoma Closure Plan, through 2015-16 CPP approvals (regular and Sonoma DC-specific), there were a total of 286 residential projects in progress statewide. This represents a 1,233 bed capacity in development. Sixty-nine percent (845) of these beds in progress were intended for use by individuals transitioning from a

DC, while 31% (388) of these beds were meant for individuals who are transitioning from other living arrangements in the community, from out-of-state, or from Mental Health Rehabilitation Centers or Institutions for Mental Disease (IMDs). Just over half of the 286 projects that were in progress are owned by an non profit housing organization. This development is in line with DDS' goal to expand housing opportunities for consumers to live in integrated community settings.

The 286 projects referenced in the Sonoma Closure Plan are made up of a variety of residential types in an effort to develop a variety of homes for different needs. The 286 projects consist of:

- 185 SRFs
- 39 ARFPSHNs
- 18 Enhanced Behavioral Supports Homes (EBSHs)
- 18 Crisis Related Facilities
- 13 Supported Living Services (SLS) programs or agencies
- 7 Community Care Facilities (CCFs)
- 4 ICFs
- 2 Family Teaching Homes

Since 2005-06, a total bed capacity of 1,659 has been developed through CPP. Additionally, as of the Sonoma closure plan, 92 non-residential CPP projects were in progress including day programs, dental programs, training programs, transportation and other services.

RESOURCE DEVELOPMENT CHALLENGES

The greatest challenges to the system are related to creating the appropriate community resources. Increased capacity is needed to not only address changing and often intensifying service needs due to aging, but also to support overall population growth, transitions from more restrictive environments such as DCs and IMDs, and transitions out of the family home.

Beginning with the closure of Agnews DC, DDS, as a priority, has been working diligently with RCs to develop new community residential options and increase capacity. Over time, the populations included in the scope of the CPP, through which funding is provided for development of services and supports in the community, have been expanded.

From experience with past DC closures and implementation of new models of care, DDS anticipates that challenges will continue to arise with the development of residential resources in the community. Most often the challenges involve time and costs. DDS is actively managing the development process by monitoring development against projected timelines, meeting with RCs and HDOs to coordinate activities and address barriers for DC closure-related activities, and holding stakeholder meetings

related to affordable housing, CPP-funded housing, and serving individuals with the most challenging needs. Following are particular areas that are being addressed:

High Cost of Real Estate California has some of the highest cost real estate in the nation, especially in the Bay Area, Los Angeles County, and other coastal regions such as San Diego and Santa Barbara. For a number of projects in high-cost areas, following careful evaluation of the projects' financial need, DDS has approved additional CPP funding. As a result, the lease amounts for the homes are reduced to an amount that is affordable to the service providers.

Local Jurisdiction Permitting Approvals Some local jurisdictions take longer to approve submitted plans and issue permits than others. DDS has special consultants on staff to assist RCs and HDOs in expediting these permitting approvals and addressing barriers, as needed. DDS encourages housing developer organizations to work with local jurisdictions to expedite permit approvals.

Department of Social Services (DSS) Licensing The normal licensing process for residential resources, from review of the program design to the on-site home inspection, can take months to complete. To expedite the availability of homes, especially for individuals transitioning from DCs, DDS and DSS collaborated to develop a streamlined licensure process. DDS funds three staff on-site at DSS who specifically process licenses for RC service providers. In addition, DDS meets regularly with DSS to discuss priority homes and issues related to the licensing process.

Cost of Financing Some HDOs are not able to obtain competitive terms to finance the acquisition of homes. DDS has referred HDOs to financing options with other state agencies such as California Health Facilities Financing Agency and California Department of Housing and Community Development (HCD). In addition, as part of its due diligence review, DDS has requested that regional centers and housing developer organizations renegotiate financing rates and terms with lenders, especially in cases where CPP funding is greater than 20 percent for a down payment. In several instances, HDOs have been able to secure more favorable interest rates and terms.

Number of Housing Developer Organizations (HDOs) DDS has seen the number of active HDOs decline from a high of more than ten to about five currently. In response, two HDOs expanded their business from a regional to a statewide presence. For RCs with greater numbers of housing projects, DDS encouraged these regional centers to evaluate the workload of the current HDO and consider contracting with more than one HDO in order to complete projects by mandated timelines. In addition, DDS is completing final negotiations with a national housing developer organization that will allow this organization to contract with RCs. The addition of a new HDO is intended to expand and expedite housing development in California.

Availability of Suitable Properties RCs and HDOs carefully evaluate potential homes depending on the specific needs of the individuals who will live in the home. Especially in the Bay Area region, the inventory of available properties for acquisition that meet specified criteria is less than in other parts of the state. In cases where RCs and HDOs

are not able to locate suitable properties, DDS encourages and facilitates collaboration among nearby RCs to develop housing in areas with more housing stock.

Neighbors Infrequently, some neighborhoods have been less than supportive of the acquisition of homes that will serve individuals with challenging needs. DDS encourages RCs and HDOs to carefully survey neighborhoods prior to the purchase of homes. In some cases, the RC and HDOs have conducted informational meetings with neighbors to inform them of the residential services and supports that will be provided in the home and alleviate concerns.

Additionally, new federal rules affecting where home and community-based services (HCBS) are delivered became effective in March 2014, and will require homes and programs to meet new criteria by March 2022 in order to qualify for federal funding under the federal Medicaid program (called "Medi-Cal" in California). This will influence the development of community-based services for individuals living in the DCs, as well as the potential for the future use of DC property for housing and services.

AFFORDABLE HOUSING

Affordable housing continues to be a critical issue for individuals with developmental disabilities and the elderly. DDS has implemented a number of housing initiatives to increase affordable housing, as follows:

Community Placement Plan (CPP) Housing DDS provides funding to regional centers to support the development of community resources through CPP start-up funds. These CPP funds help with the acquisition and renovation of residential resources, including affordable housing, for individuals transitioning from DCs and more restrictive residential settings into the community.

Federal Department of Housing and Urban Development Section 8 Project Rental Assistance Program In 2013, DDS began a collaborative partnership with the California Housing Finance Agency, the Tax Credit Allocation Committee, HCD, and the California Department of Health Care Services (DHCS), to apply for federal funding to develop deeply subsidized affordable housing units for adults with disabilities throughout California.

DDS-Rental Program Since 1994, the DDS-Rental program has been a valuable, cost-effective program to further safe, affordable, and sustainable housing in the community for individuals with developmental disabilities. As part of the Coffelt settlement, DDS, with help from HCD, awarded funding of $4 million to HDOs in four high-cost geographic regions in California to assist in procuring affordable housing for RC consumers through the DDS-Rental program. These funds leveraged another $40 million in public and private funds that resulted in the development 62 units (104 bedrooms) in 15 affordable housing projects with rents at approximately 30 percent of an individual's income.

Following implementation, DDS developed an Interagency Agreement with HCD to monitor these 15 properties funded under the DDS-Rental program. As a result, DDS and HCD have collaborated and shared information on affordable housing development, financing, and monitoring of housing projects for over 20 years.

Harbor Village Beginning in the late 1980s, DDS used the proceeds from a long-term ground lease of Fairview DC land for the development of a multi-family apartment complex called Harbor Village. The DDS proceeds were used to subsidize consumer rents. Currently, about 230 consumers reside at Harbor Village, which has become an important and valuable affordable housing resource in Orange County. DDS is planning to develop a second complex on land at Fairview DC, referred to as Shannon's Mountain. DDS continues to explore options for additional community housing projects using DC property.

The challenge to creating affordable housing is to find the necessary funding sources for building and/or subsidizing housing for consumers. DDS continues to work toward establishing new methods and programs to increase opportunities for affordable housing for consumers.

LESSONS LEARNED

Each DC closure is a very different experience informed by different resident populations, different surrounding communities and stakeholders, and different employment and service options. Beginning with the closure of Agnews DC, the goal of DC closures has been to achieve community integration for each resident by developing the necessary community resources. DDS' commitment in each closure plan is that residents will not move from the DC until appropriate services and supports identified in their IPP are available in the community.

Through the experience of prior closures (Agnews DC in 2009 and Lanterman DC in 2014), DDS now emphasizes certain functions that ensure transitions will be successful, timely and prioritize the health and safety of each person, including:

- Working closely and consistently with regional centers to ensure the development of community resources and to resolve problems and issues as they arise.

- Ongoing family and stakeholder involvement in key aspects of closure through structured advisory groups dealing with, among other subjects, transition processes and the quality of services.

- Meaningful and continuing communications with residents, families and staff, both by DDS and RCs, about the closure and especially options for services in the community.

- Access to dental, health and mental health services, including coordination of health care, access to health records, and medication management; and coordination with medical and other professionals in the community.

- Extensive cross training for community service providers by DC staff.

- Use of DC staff during and after transition to augment and enhance community services.

- Enhanced monitoring and support for individuals who have moved from a DC to ensure success in the community.

- Working with licensing entities and the State Fire Marshal so that they understand our system, the needs of our consumers and are comfortable in serving our population.

TRANSITION PLANNING

Comprehensive transition planning for people moving from a DC is critical. Supporting the transition of each DC resident into integrated community settings is dynamic and challenging. As the population in the DCs has declined, the average acuity level of individuals remaining at DCs has increased considerably. Each person has his or her own unique set of significant and complex needs, often requiring specialized medical and/or behavioral services. The Lanterman Act requires those needs be addressed using a person-centered approach to support personal quality of life. Key components of effective planning for an individual's future and successful transition from an institutional setting, as recognized by the DC Task Force, include:

- A comprehensive person-centered IPP, developed through a robust ID Team process;
- The development of quality services and supports delivered in the least restrictive environment possible, taking into consideration the comprehensive assessment and consistent with the IPP;
- Recognition that, for the residents of the DCs, the DC has been their home and community, where their relationships are, and where they have lived for many years. Changes in their living arrangements must be done very carefully, with thorough planning and by investing the necessary time.

The DCs provide a full range of medical, dental and behavioral services required by residents. Transition planning is intended to be individualized, flexible, and include meeting each person’s medical, dental, behavioral, mental health, therapeutic and recreational needs, include community outings, special events, maintaining established social connections and acclimation to new environments or processes, if needed.

Thoughtful and careful transitions are the goal of all parties involved in DC closures. Individuals are not moved until all services and supports needed are in place and

operational. A detailed description of the extensive transition planning process is available on pages 20-24 of the Sonoma Closure Plan available at: http://www.dds.ca.gov/SonomaNews/docs/closurePlan10_01_15.pdf

FUTURE USE OF DC LAND

The future use of DC land and property is and will continue to be the subject of considerable dialog, public interest and legislative involvement as the State moves toward closure of Sonoma DC, Fairview DC and the General Treatment Area of Porterville DC.

As reported in the January 2014 "Plan for the Future of Developmental Centers in California," DC Task Force members generally agreed that unused state DC land should be leveraged to benefit consumers rather than being declared surplus. They urged that DC property should be considered for future State-operated facilities and to develop community services, such as a health resource center and/or mixed use communities similar to the Harbor Village project referenced in the "Affordable Housing" section above. DDS' goals and interests, consistent with the Lanterman Act, are to develop such services in integrated community settings, to the degree possible.

For Sonoma DC and Fairview DC, strong interests have been expressed by community members and local representatives for preserving and/or developing the properties for local and business purposes. The various interests and recommendations will need to be carefully balanced as decisions are made about the future of the properties.

Unlike the veterans' homes, DDS does not own the DC properties. The CA Department of General Services (DGS) manages the DC properties and DDS is subject to the state's surplus property process once the DCs close. Under this process, DDS reports the property to DGS as excess land. DGS then determines if there is another state use for the property. If DGS determines that there is no state need, the property is included in the annual omnibus surplus property bill. After the Legislature has declared the property surplus through chaptered legislation, DGS takes the lead in determining the future use of the property and arranging for its sale, transfer, or disposition, in accordance with GC sections 11011 and 11011.1 concerning surplus state property. The final disposition of the property may take several years to complete.

At Porterville DC, because the Secure Treatment Program portion of the facility will operate into the future, more facility planning efforts will occur before it can be determined if any land and/or facilities should be determined to be excess to the needs of the State.

Specific to Sonoma DC, the Administration and the Department recognize the SDC property's incredible natural resources, historic importance and value to our service delivery system. It is not the intention of the State to declare SDC's property as surplus, but instead to work with the community to identify how the property can best be utilized in the future.

Any plans for the future use of DC property must take into consideration the old and failing infrastructure of the DCs that will no longer be supported after closure, and the buildings that no longer meet code and cannot be repurposed without incurring extraordinary costs. Any future use or reuse of DC property will potentially require funding and statutory authority, and must be proposed by the Administration through the legislative budget process for full public vetting.

CONCLUSION

The developmental services system is in an important era of change. With the closure of the DCs, implementation of the federal HCBS requirements, coming into compliance with other federal mandates and mandates still to come, and the population trends we are experiencing, DDS must redefine itself and various components of the system to prepare for the future. Closing the remaining DCs is a critical part of our system's evolution as philosophical shifts and resource limitations require us to think, and operate differently.

Focusing foremost on ensuring the lifelong health and safety of DC residents, followed by protecting the interests of DC employees and responsible utilization and stewardship of DC land, DDS recognizes the unique challenges and opportunities presented by the closure of the DCs and will continue to work closely with stakeholders for the best possible outcomes. We hope that some of the information we've shared here is helpful as the Commission considers creative plans for the future of California's veterans homes program. We welcome any questions you may have.