



October 23, 2019

Los Angeles County  
Board of Supervisors

Hilda L. Solis  
First District

Mark Ridley-Thomas  
Second District

Sheila Kuehl  
Third District

Janice Hahn  
Fourth District

Kathryn Barger  
Fifth District

**TO:** Supervisor Janice Hahn, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Kathryn Barger

**FROM:** Christina R. Ghaly, M.D., Director  
Department of Health Services

Jonathan E. Sherin, M.D., Ph.D., Director  
Department of Mental Health

Barbara Ferrer, Ph.D., M.P.H., M.Ed., Director  
Director of Public Health



**SUBJECT: ADULT RESIDENTIAL FACILITIES REPORT  
(ITEM NO. 12, AGENDA OF SEPTEMBER 11, 2018)**

On September 11, 2018, the Board of Supervisors (Board) directed the Health Departments to create a plan to stabilize and expand the existing network of Adult Residential Facilities (ARFs) across the County. ARFs are also known as “board and care” facilities. The Health Departments provided a report to the Board on November 15, 2018 (attached) and outlined a plan that included (a) strategies for investment within the ARF system; (b) applicable data collection and real time bed tracking; (c) an outline of strategies and activities to organize the ARF network, including a convening of stakeholders; (d) the best way to manage the ARF network within the Health Departments; and (e) identification of any needed state legislation in support of the sustainability of ARFs.

**PLAN UPDATE**

Since the November 15, 2018, Board report, the Health Departments realized the need to expand the scope of its efforts to include Residential Care Facilities for the Elderly (RCFEs). Both ARFs and RCFEs serve clients with Serious Mental Illness (SMI), are licensed through Community Care Licensing (CCL), provide a similar level of care and services, and receive the same low reimbursement rate for clients with Supplemental Security Income (SSI). However, while ARFs are licensed to serve individuals ages 18-59, RCFEs are licensed to serve older adults age 60 years and older.

As mentioned in the November 15, 2018, Board report, ARFs continue to close; a recent report shows a loss of 39 facilities in Los Angeles County with 949 licensed beds for people with mental illness from 2016 to mid-2019. The primary issue driving the loss of ARFs/RCFEs is the low monthly reimbursement rate in place for SSI recipients, known as the Non-Medical Out of Home Care (NMOHC) rate or the “SSI rate”, which is set by the California Department of Social Services at \$1,058/month or \$35/day. Simply put, the monthly cost of operating an ARF/RCFE is higher than the monthly SSI rate, and facility owners are prohibited from charging SSI recipients anything more than this NMOHC rate. In order to address this issue, the Department of Health Services’ (DHS’) Housing for Health (HFH) Enriched Residential Care Program (ERCP) has been paying ARFs/RCFEs an enhanced rate for residents with more complex needs that is in addition to the \$1,058 per month paid by SSI recipients. Over the past fiscal year, the Department of Mental Health (DMH) invested \$8 million to implement an aligned enhanced rate program and worked with DHS to integrate the administration and oversight of these ARF/RCFE payments under the umbrella of the HFH ERCP. This included successfully enrolling nearly 650 DMH clients in the HFH ERCP in an effort to streamline the contracting and coordination with individual ARF/RCFE operators. Through these actions, the DMH/HFH ERCP now serves a network of approximately 200 facilities and pays enhanced rates for 2,000 residents in ARFs/RCFEs countywide.

In addition to these efforts, the Health Departments continue to look for new funding streams and other opportunities for the ARF/RCFE system. In particular, the Health Departments are now successfully leveraging Whole Person Care dollars to pay enhanced rates for eligible ARF/RCFE residents participating in the ERCP program. The Health Departments also worked with Assemblymember Richard Bloom to introduce Assembly Bill (AB) 1766 to improve and enhance the ARF/RCFE data that counties access from CCL. AB 1766 was changed to a two-year bill to allow more time to refine the language and gain support from important stakeholders, and the Health Departments will continue to monitor its progress. DMH is also exploring the feasibility and interest in potentially changing the No Place Like Home guidelines to include the possibility of using the funds for ARFs/RCFEs. At the same time, the Health Departments worked with the Steinberg Institute to submit a State budget request that would have increased ARF/RCFE reimbursement rates for individuals with SMI who are homeless or at-risk of homelessness, but this did not move forward this year. The Health Departments are currently working with California State Association of Counties, County Behavioral Health Directors Association, and County Welfare Directors Association of California to explore opportunities to make another budget request during the new legislative and budget cycle. The Health Departments are also engaged in conversations with United Way and members of the Funder’s Collaborative to explore the interest of philanthropy to partner in this effort by potentially establishing a small grant program where ARFs/RCFEs would be able to apply for one-time funds per facility for tenant and capital improvements.

The Health Departments are committed to supporting the ARF/RCFE system through providing onsite services to clients placed in these facilities. Within the current programs, DHS ensures that all clients placed in ARFs/RCFEs through the ERCP are connected to Intensive Case Management Services (ICMS). Similarly, DMH ensures that all clients receiving funding in licensed facilities are linked to ongoing mental health services, including Full Service Partnerships (FSPs). In an effort to expand the onsite services provided, the Health Departments are exploring

ways that clients in ARFs/RCFEs can more easily access substance use disorder (SUD) services provided through the Department of Public Health (DPH) Substance Abuse Prevention and Control (SAPC). This includes cross training for SAPC providers and ARF/RCFE operators on the various service connection options (e.g., Substance Abuse Services Helpline, Client Engagement, and Navigation Services) that link clients struggling with alcohol and/or drug use with appropriate treatment options. In addition, SAPC will pilot onsite field-based services at larger facilities with a critical mass of residents with SUD. By providing these supports to ARF/RCFE clients and staff the Health Departments hope to increase the capacity of these facilities to address the needs of high acuity residents.

In early 2019 the Health Departments retained a consulting firm to conduct a robust stakeholder process that engaged nearly 200 ARF/RCFE stakeholders to better understand the needs of ARFs/RCFEs and the people they serve. Through this stakeholder process, consultants conducted close to 50 1:1 interviews with stakeholders and subject matter experts and convened ten small group meetings which were held across the County, with participation from ARF/RCFE operators, government agencies, mental health service providers, members of healthcare associations, ARF/RCFE residents, family members, and other key stakeholders to gather additional input and key imperatives. ARF/RCFE operators also participated in an online survey to share their perspective on critical issues affecting operations. Nearly 100 stakeholders attended a summit on May 8, 2019, to further build connections and to refine the input from the stakeholder process. Attached is a report that was developed as a result of the stakeholder process, "Sustaining a Vital Permanent Housing Resource: Analysis and Stakeholder Input to Support Adult Residential Facilities (ARFs) and Residential Care Facilities for the Elderly (RCFEs) in Los Angeles County." The stakeholders provided a range of input on operator financial sustainability, resident quality of life, system capacity, operator effectiveness, integrated county systems, and State and Federal policy advocacy.

The Health Departments will initiate quarterly convenings with ARFs/RCFEs operators to collaborate on the opportunities to strengthen the ARF/RCFE network that were identified during the stakeholder process and to provide training, technical assistance, and other capacity building to ARF/RCFE operators and staff. This will include creating linkages with County systems to help residents and operators navigate the system and access available resources. The Health Departments will also use this venue to collaborate with ARFs/RCFEs on a system to track bed availability that will be feasible for ARFs/RCFEs to access and use.

Lastly, the Health Departments continue to actively work with CCL to proactively strengthen relationships with all operators, support at-risk facilities and prevent closures and negative impact on residents. On July 23, 2019, the Board approved a motion instructing the Director of Mental Health to coordinate with CCL to establish and/or strengthen a standardized notification protocol to inform DMH of impending ARF/RCFE closures and to develop a plan in collaboration with other County partners that provides and/or links adequate support services to individuals who are displaced by the closure of ARFs/RCFEs. On September 26, 2019, DMH responded to this motion by providing the Board with a comprehensive plan to address closures collaboratively with all related parties in order to mitigate the transfer trauma experienced by residents. This plan included updating the existing Memorandum of Understanding between DMH and CCL to clarify

the closure workflow and to ensure that all parties, including DMH Administration, DMH Service Area Navigation teams, Office of the Public Guardian, Patients' Rights, Adult Protective Services, the State's Long Term Care Ombudsman, and CCL communicate and collaborate around closure plans. It also outlined a plan to ensure that the service providers of existing DMH clients are notified about a closure and are mobilized to support their clients and that interested residents who are not yet connected to DMH are linked to services to provide support through the closure and transition to new facility. These plans are already being implemented and the Department hopes that through continued collaboration clients are adequately supported through any necessary transitions.

If you have any questions, please contact me or Maria Funk, Ph.D., at 213-251-6582 or [mfunk@dmh.lacounty.gov](mailto:mfunk@dmh.lacounty.gov).

CG:JES:BF:mf

#### Attachments

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors