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HEALTH AGENCY

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"The mission of the Los Angeles County Health Agency is to improve health and wellness across Los Angeles County through effective, integrated, comprehensive, culturally appropriate services, programs, and policies that promote healthy people living in healthy communities."

November 15, 2018

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

FROM: Fred Leaf
Interim Director, Health Agency

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

On September 11, 2018 the Board directed the Health Agency to report back in 60 days with a plan to stabilize and grow our existing Adult Residential Facility (ARF) network across the County including strategies for investment within the ARF system; applicable data collection and real time bed tracking; an outline of strategies and activities to organize the ARF network, including a convening of stakeholders; an explanation of the best way to manage the ARF network within the Health Agency; and identification of any needed state legislation in support of the ARFs. In addition, the Board directed the Health Agency to explore other licensed and unlicensed housing environments that could be used to permanently house individuals with severe mental illness or co-occurring disorders and to identify additional funding opportunities to support and increase the availability of ARFs.

BACKGROUND

According to the Los Angeles County regional office of the State of California Community Care Licensing Division (CCLD), as of March 2018, there were 1,132 ARFs in Los Angeles County with a bed capacity of 11,743, almost half of which serve those with a severe mental illness. This compares to 11,979 beds approximately a year earlier and reflects a loss of over 200 beds in 12 months. Historically, ARFs have been funded by each resident's Social Security Income (SSI) payment. The 2018 SSI ARF monthly payment standard is $1,173 of which $1,039 is paid to the ARF operator and $134 is retained by the client for personal and incidental needs. This equates to a payment to the ARF of just over $34 per day. There are periodic minor adjustments to the ARF monthly payment standard. The adjustment from 2017 to 2018 was only an increase of about one percent. Equally important is that clients who may be well suited for an ARF may choose not to go because they give up the majority of their SSI payment where if they went to permanent supportive housing they would contribute 30% of their SSI payment toward their rent.

ARFs are mostly privately owned and generate very little profit, especially now that labor costs and land values have steadily gone up without a commensurate increase in resources to offset such operating costs. This has led to a number of ARFs struggling to stay in business and hence, many

have closed. The impact of losing more ARFs would be immeasurable to Los Angeles County and would most certainly result in an increase in the number of homeless individuals, particularly the number of homeless individuals with serious clinical needs.

The Department of Health Services (DHS) Housing for Health (HFH) program was established in 2012 with the goal of creating 10,000 units of housing connected to the health care delivery system to serve people who are homeless with complex health and/or behavioral health conditions. Through these efforts HFH identified a substantial gap in permanent housing opportunities for homeless individuals who have multiple complex psychosocial issues, including mental illness. In 2016, HFH established the Enriched Residential Care Program (ERCP) to address this gap. Individuals who need this type of permanent housing intervention often have significant behavioral health challenges and require a higher level of care and supervision than the average ARF resident. The focus of the HFH ERCP has been to secure housing in ARFs for individuals who have not historically been accepted by ARFs by providing ARF operators with the resources to meet that client's needs. This approach provides ARFs with the funding needed to cover actual costs of services associated with supporting the client and increases the capacity of ARFs to house clients with more complex conditions. Since the start of the program, the HFH ERCP has permanently housed almost 1,000 homeless individuals in ARFs.

In addition to placing clients in existing ARFs, HFH ERCP is also supporting the creation of new beds and restoring beds that have been closed. HFH is currently working with three sites that previously operated as ARFs that closed in recent years. HFH has collaborated with the owners of these buildings to enhance the physical environment and has identified strong ARF operators to manage these programs. These three sites will result in the opening of over 100 beds. The first one of these sites is opening in the next few months.

Since the 1990's the Department of Mental Health (DMH) has placed clients with little or no income that have typically been living in a higher level of care such as an Institute for Mental Disease into ARFs and has subsidized the permanent housing through its Interim Funding Program. This program is currently serving 100 clients. In 2018, to reduce the gap between actual costs for serving DMH clients in ARFs and the SSI ARF payment standard, DMH began to offer an enhanced rate of $25 per day for clients enrolled in its Whole Person Care program. Through this program, DMH is currently providing enhanced rates to ARFs for over 200 clients.

The Department of Public Health is not funding the placement of clients in ARFs, at this time.

PLAN

In mid-2018 HFH and DMH began working together to integrate the administration and oversight activities of ARF placements under the umbrella of the HFH ERCP. The transition of clients being served under the existing DMH program to ERCP is the first step and is currently underway. In the coming weeks ERCP will also begin implementing a DMH initiative to provide a supplemental payment to approximately 100 ARFs for approximately 700 active DMH clients. The goal of these payments is a quick intervention to help stabilize ARFs that are at risk of closing due to ongoing financial loses and will be followed by an assessment of each client's actual level of service need and an analysis of resources needed to meet that need. These ARFs will be surveyed more comprehensively regarding their capacity and interest to accept more complex clients and their long-term stability.

The Department of Public Health Substance Abuse Prevention and Control (SAPC) is exploring opportunities to participate in the ERCP for individuals who are stepping down from residential treatment or a recovery bridge housing bed and who need ARF housing. In addition, SAPC is

collaborating with HFH and DMH on a plan to utilize Medicaid funding to provide field-based substance abuse counselling on-site at ARFs as we have already begun doing in interim and permanent housing locations.

Current funding for ERCP includes DHS general funding for patients empaneled to DHS, Measure H, Office of Diversion and Re-Entry, Probation, and Whole Person Care. DMH is using MHSA funding for their ERCP clients and SAPC is exploring the potential use of several funding sources including General Relief, AB 109, CalWORKS, Measure H, and federal Substance Use Prevention and Treatment block grant funding. SAPC funding sources may require that clients in SAPC-funded ARF placements are receiving substance use disorder (SUD) recovery support services. When the client exits the SUD program other funding will be required for the client to remain in the ARF.

The Health Agency departments are collaborating on how to best leverage the available resources as well as identifying new funding streams to expand the program to serve additional clients. Of particular note, is the recent approval by the State to use Whole Person Care dollars for eligible clients for enhanced services provided in ARFs. This resource is available through the end of 2020 and could support a significant number of clients. The Health Agency departments will also engage philanthropy to explore opportunities for capacity building and strategic investments to support the continuation and expansion of this critical permanent housing resource.

Another funding opportunity that can increase the availability of ARF beds is the recent approval of Proposition 2, No Place Like Home. This funding could significantly improve the flow of clients who no longer need ARF level support out of ARFs and into permanent supportive housing which will increase the availability of ARF slots for new clients. Since ARF residents do not meet the definition of homeless that is necessary to be considered eligible for many homeless services, they are often not able to be placed in permanent supportive housing units if they no longer need the level of care that an ARF provides. No Place Like Home funding will change this since it can be used for permanent supportive housing for participants who were homeless prior to entering the ARF and who would exit to homelessness without this resource. This helps us achieve “right client, right level of care” more efficiently. This said, No Place Like Home funding cannot be used in ARFs because they are licensed.

It is important to note that the current funding that Health Agency departments have committed to support ARFs has largely been allocated to support existing department clients, with the exception of the funding that SAPC is exploring investing. This means that the County will need to explore new investment options and identify funding sources to expand our efforts to maintain ARFs across the County and prevent the loss of this critical housing option for sick and vulnerable clients. The Whole Person Care dollars can help now but are time limited and the actual use of No Place Like Home funding is to be determined.

ERCP data is currently collected using the CHAMP system, which tracks all HFH housing and services. Once ERCP staff receive an eligible referral, which includes medical, mental health, and other pertinent information, ERCP staff match the prospective client with an ARF that provides the best fit based on several variables including the operator’s expertise, where the client desires to live, the level of care needed by the client, etc. There is currently no vehicle for real time bed tracking and availability at this time, however, HFH is in early conversations with SAPC who has created an electronic Service and Bed Availability Tool (SBAT) that helps SAPC call center staff, service providers, and the public track where open treatment beds are throughout the provider network. HFH may use the platform’s framework to create a similar tool for ARFs wherein ARF operators could update bed availability within their site(s) and the Health Agency could place clients in open beds at a partner ARF. This tool will also allow the Health

Agency to follow when beds close and what vacancy rates exist among our partner ARFs. There are also other bed availability tracking platforms which exist and we will look at those options before choosing a final approach. The ERCP team will review options in the next quarter.

HFH in collaboration with DMH and DPH will establish an ARF stake holder process which will inform the integrated ERCP, address issues and concerns in an expedient manner, as well as ensure that ARF operators provide input on the program structure. The first meeting of a small group of stakeholders will be held before the end of the year and will focus on developing the structure and identifying participants for an ongoing larger stakeholder group as well as developing the agenda for the initial meeting. The larger stakeholder meeting will be scheduled in early 2019 and will be ongoing with the goal of establishing a forum in which the County can maintain an ongoing dialogue with these currently loosely associated operators. The stakeholder group is also meant to establish metrics for service quality and client outcomes as significant funding is being invested and the return on such investment must be measured not just in how many people are housed but by the quality and consistency of the services provided. Another important body of work of the stakeholder group will be to identify State and federal solutions to improve ARF funding and capacity to serve complex clients such as advocating for Medicaid to reimburse for the case management services for individuals residing in ARF programs or working with the State and federal government to adjust the SSI ARF monthly payment standard so ARFs in large expensive urban areas such as Los Angeles receive a payment that covers basic operating expenses. An increased SSI ARF monthly payment standard will also head off the concentration of ARFs in the lowest income areas and allow individuals to remain where they have community and loved ones. The stake holder group will help inform the ERCP team's recommendation to the County for how to be most impactful with current and future investments in the critical ARF resource.

HFH and DMH are not currently placing clients in unlicensed ARFs but both have large interim and permanent housing programs serving clients with complex health and/or behavioral health conditions and these sites are largely unlicensed. In addition, SAPC is planning to engage the Sober Living Network coalition to assess their interest in providing housing for individuals with serious mental illness or co-occurring disorders.

The integrated ERCP with input from stakeholders has the potential to establish a unified Health Agency approach to ARFs with collective goals and a strategy for resource allocation that targets ARFs and operators who are most likely to 1) accept Health Agency clients and 2) have the capacity, experience, and desire to provide high quality, whatever it takes services if the funding is adequate. Although ERCP will run through HFH, the volume of placements achieved by the program will be determined mostly by each individual department's investment in the program.

If you have any questions, please contact Mark Ghaly, M.D., at (213) 974-1276 or mghaly@ceo.lacounty.gov.

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