AGN. NO._____

MOTION BY SUPERVISOR JANICE HAHN October 6, 2020

Preparing and Addressing the End of Assisted Living Facility Transitions (ALFT) Benefit to Vulnerable Residents in Los Angeles County

In August 2026, Health Net, a California-based insurance company, one of the largest Medicaid insurers in the state, decided to end Assisted Living Facility Transitions (ALFT)[1] benefit for low-income Californians, including our older adult population. This will end assisted living coverage for about 3,500 low-income seniors in California, approximately 2,300 individuals in Los Angeles County are currently living in Residential Care Facility for Elderly (RCFE) housing through the ALFT benefit, which "could jeopardize both the housing and daily support"[2] many depend on.

Advocates are warning that "older adults with dementia or similarly high care needs, losing the benefit may trigger risky moves into hospitals, nursing homes, or other placements"[3] that will either underserve or overserve their needs that frankly will not be medically suitable. There is also an increased risk that some patients will end up homeless and for the older adult population, every year, we see this number continue to

[1] Assisted Living Facility Transitions (ALFT) in California is a Medi-Cal managed care community support program under CalAIM designed to help eligible individuals move from nursing facilities into community-based residential settings or assisted living.

[2] https://www.yahoo.com/news/us/articles/health-net-cuts-assisted-living-011800563.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAADFS7x3nXEkk58ApdPOe5gWF9ZwDls6MdjCad2s-KFUH46Sw3xSSqvL8cVZMJFa-ecvVGUVlduk7t8BIktq1aqBTkQucTefUWUVg3rGpwgz60nQAicF2hB3Jc-mE5nfp3kCHNhBNW4OtUCXxVKVfEd8ZR5fVX5kQauMU2L7dQ8_W

[3] Id.

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increase. In fact, the latest homeless count in the County showed that older adults represented 25% of the population experiencing homelessness, a nearly 14% increase from the last count.[4] Additionally, the marginal 1.2% increase in overall county homelessness obscures a shifting crisis within our demographic landscape. Although regional containment efforts resulted in a 1.1% decline among adults under 54, this progress was severely undermined by a compounding 13.5% spike in the 55 and older population, signaling a structural failure in safety nets for our aging residents.[5]

The State, however, has intervened. State regulators ordered Health Net to correct how it handled the termination, after their decision left patients and providers scrambling. An investigation conducted identified eight different violations tied to Health Net's failure to properly notify members, submit transition plans, or move residents to appropriate alternative care. Under the corrective action plan, Health Net must now extend services through the end of the year, rather than cutting off some of these patients as early as October.[6] Should Health Net continue to violate, they will be fined up to $25,000 per member. Health Net has stated that they will still end the Assisted Living Facility Transitions benefit, however, will continue coverage until the end of this year.

Despite this, it does not give residents and providers enough time to ensure alternative housing. Even if additional time were provided, no funding stream is available to continue supporting Health Net members in their current residences. Without Medi-Cal or other coverage for assisted living facility benefits, Health Net members will lose

[4] https://www.cbsnews.com/losangeles/news/homelessness-seniors-hollidays-helping-hands-la-county/
[5] Los Angeles Homeless Services Authority (LAHSA), *2026 Greater Los Angeles Homeless Count Results Presentation*, September 11, 2026, Slides 6 & 31
[6] https://laist.com/news/health/california-sanctions-insurer-after-assisted-living-coverage-cut

payment for their Residential Care Facility for the Elderly (RCFE) housing beginning in January 2027.

Residents and patients require adequate and appropriate housing. According to the *Olmstead* decision, a landmark Supreme Court case from 1999, "unjustified segregation of persons with disabilities constitutes discrimination in violation of title II of the Americans with Disabilities Act. The Court held that public entities must provide community-based services to persons with disabilities when (1) such services are appropriate; (2) the affected persons do not oppose community-based treatment; and (3) community-based services can be reasonably accommodated, taking into account the resources available to the public entity and the needs of others who are receiving disability services from the entity."[7] Consequently, the current proposal to transition a number of these clients into Skilled Nursing Facilities (SNFs) represents a troubling departure from these established integration mandates, substituting restrictive institutionalization for true community-based housing.

Even if some impacted patients were able to be moved into nursing homes or other alternatives, in the County, we have a shortage of appropriate alternatives. Our SNFs may not have the capacity to accommodate them while they await In-Home Supportive Services (IHSS). Additionally, there is the transfer trauma that these vulnerable clients will have to experience.[8] Institutionalization can place people at significant risk of losing their housing, as individuals entering SNFs may miss rental payments or other housing

[7] https://archive.ada.gov/olmstead/olmstead_about.htm
[8] Halifax, E. (2023, March 20). *Nursing home residents, transfer trauma or relocation stress syndrome*. Emancipatory Sciences Lab, University of California, San Francisco.

obligations, resulting in loss of housing or rental assistance. This is particularly concerning in California, where most skilled nursing facility stays are less than three months, making preservation of a person's existing housing critical to successful community discharge and prevention of homelessness.[9]

Without addressing the shortage, there is real risk of individuals with serious medical needs or those who require tremendous accommodation, including older adults, will end up on the streets with no access to the care they need, such as oxygen tanks, IV fluid bags, medical beds, medications that require refrigeration, and the like.

There is also significant concern that administrators may be forced to close their RCFEs when they are unable to sustain the operation of their facilities because residents are unable to pay the full cost of their care. This is particularly consequential for Residential Care Facilities for the Elderly (RCFE) serving Supplemental Security Income (SSI) recipients, whose $1,441 monthly SSI payment for room and board may not cover the full cost of care, requiring operators to rely on additional funding sources such as the Assisted Living Facility Transition (ALFT) benefit or the Assisted Living Waiver (ALW). Same for residents whose care is supported by Medi-Cal and who may have limited ability to pay privately for their placement. A RCFE cannot simply resolve this financial shortfall by discharging a vulnerable resident into homelessness; California's regulatory framework imposes specific requirements governing resident evictions and relocations. As a result, when facilities cannot sustain the cost of serving residents whose available funding does not cover the cost of care, the financial pressure can extend beyond an

[9] Disability Rights California. (2023). *Letter: [Docket No. FR-6257-A-01] Nondiscrimination on the basis of disability: Updates to HUD's Section 504 regulations*.

individual resident's account and threaten the viability of the facility itself. The implications of such closures are significant for the community-based housing capacity available to older adults and people with disabilities in Los Angeles County.

Though Health Net is the first insurer to decide to end ALFT benefits to its members, there are potentially other insurers that will also cut these benefits furthering the devastating impact to the most vulnerable Angelenos in the County. Without further delay, the County must take immediate action to best support this urgent situation and advocate for the most vulnerable Angelenos.

I, THEREFORE, MOVE that the Board of Supervisors suspend Section 22.1 of the Rules of the Board for the limited purpose of considering this motion.

I, THEREFORE, MOVE that the Board of Supervisors direct the Departments of Aging and Disabilities and Homeless Services and Housing and the Chief Executive Office present at the October 20, 2026 Board meeting on the following, but not limited to:

1. Impact of Health Net's decision on LA County residents;
2. Recommendations on how respective departments will work together and independently to support impacted members in accessing services, resources, and alternative housing;
3. Ways the County can help support providers of assisted living, including Residential Care Facilities for Elderly; and
4. Advocacy opportunities for the Board to engage in to support impacted residents.

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