



DEPARTMENT OF MENTAL HEALTH
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TO: Supervisor Kathryn Barger, Chair
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FROM: Jonathan E. Sherin, M.D., Ph.D., Director
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SUBJECT: **ADDRESSING THE ONGOING BOARD AND CARE CRISIS
(ITEM NO. 2, AGENDA OF NOVEMBER 12, 2019)**

Background

On November 11, 2019, the Board passed a motion addressing the ongoing Board and Care Crisis in Los Angeles County. The motion highlighted the Board's continued concerns about the vulnerability of Adult Residential Facilities (ARF) and Residential Care Facilities for the Elderly (RCFE), known as Board and Care and Assisted Living Facilities that serve low-income individuals. The crisis is due in large part to the low reimbursement rate set by the State for residents with Social Security Income (SSI). The resulting insufficient revenue combined with ever increasing operating costs have led to the closure or repurposing of several facilities that accepted SSI recipients across the county. Many of the facilities that have remained in business continue to operate in the red and struggle with issues of deferred maintenance as a result. The Department of Mental Health (DMH) and the Department of Health Services (DHS) have invested in strategies to address this issue including each funding an Enriched Residential Care (ERC) Program, which provides enhanced rates to operators for eligible high acuity clients residing in their Board and Care facilities. Unfortunately, providing enhanced rates to identified clients has not been sufficient to address the needs of the system as a whole and facilities across the County continue to struggle.

On December 18, 2019, the initial 30-day report back informed the Board that DMH had identified \$11.7 million of Mental Health Services Act funding, which is available for use this fiscal year to address several priorities that will strengthen the Board and Care network. As detailed in the previous report, this funding will be allocated for the following purposes:

1. \$11.2 million will be used to establish a capital improvements grant program that will target facilities that serve clients on SSI who are diagnosed with serious mental illness and will provide funding to address the ongoing issue of deferred maintenance that has resulted from years of underfunding;
2. \$500,000 will be used to seed a membership organization for ARF/RCFE operators who serve low income individuals; and
3. An undetermined amount may also be used for the creation and implementation of a bed-tracking tool to assist the community in finding appropriate ARF/RCFE placements as well as assist operators in efficiently filling vacant beds to avoid loss of income due to vacancy. This is likely to come at low- or no-cost since the Departments will leverage a DMH bed-tracking tool that is already in development.

The Board also asked that DMH report back in 90 days, and every 180 days thereafter, in coordination with the Chief Executive Office (CEO), DHS and Department of Public Health (DPH) and report on the following actions:

1. Develop a strategy that will preserve existing bed capacity and that will expand the number of people benefitting from the Housing for Health and DMH enhanced rate programs, using a tiered payment model for high acuity clients;
2. Direct DHS and DMH to collaborate with CEO Legislative Affairs and Intergovernmental Relations to identify and report back on opportunities for advocacy at the State level to improve funding for ARF and RCFE;
3. Collect and distribute quarterly data on facility closures; and
4. Collaborate with the Center for Strategic Partnerships to engage philanthropy to increase financial support for ARF and RCFE serving low-income individuals.

Strategy to Preserve Bed Capacity through Enriched Residential Care (ERC)

DMH and DHS are engaging in several strategies that are aimed at preserving bed capacity and expanding the number of people benefitting from the ERC programs. First, when the Departments receive information about facilities at risk of closure through various sources, including Community Care Licensing Division (CCLD), advocates, case managers working directly with clients, and facility operators, the Departments work together with CCLD to collaborate around ways to support the facility and prevent the closure. DMH has been specifically targeting facilities serving DMH clients that are struggling and not yet benefitting from the ERC Program by working with Service Area staff to identify eligible residents and supporting referring case managers as well as operators through the referral process. By expanding the number of facilities that receive the Enhanced Rate funding for their residents, closures will be mitigated and placement

options for clients will be expanded. DMH will continue to accept referrals to the ERC program until funding capacity is reached. Though DHS' ERC program had reached capacity, the Department was recently able to expand their ERC Program as a result of allocating additional funds for this purpose. This additional capacity will be targeted toward homeless individuals with high vulnerability who are currently in DHS inpatient facilities with no other discharge option. These efforts of both Departments will serve to preserve bed capacity in the facilities where our vulnerable clients reside.

Other Strategies to Build and Preserve Capacity

The ERC programs managed by each department are just one of the ways that DMH and DHS are working to maintain the capacity of ARF and RCFE across the County.

Department of Public Health, Substance Abuse Prevention and Control (DPH-SAPC) is continuing a pilot to provide onsite substance abuse services at an ARF in Pasadena. If this pilot is successful, we hope to expand this to other large facilities to provide support to operators around accessing treatment for residents with Substance Use Disorders. This will help to build facilities' capacity to serve clients with complex needs.

DMH and DHS are also working with County Counsel to develop a process to allocate the \$11.2 million to operators for capital improvements. We are exploring different options with the goal of having a streamlined process for the operators while also meeting the County's contracting requirements such as prevailing wage and CEQA. We will continue these conversations with the goal of coming to an agreement on the process and developing the solicitation in Spring 2020.

Highlighted in the December 2019 report back, DMH and DHS are continuing to explore approaches to seeding a membership association for operators who serve individuals diagnosed with mental illness receiving SSI income. This organization will provide a space for operators to come together to explore best practices, create training opportunities and collaborate around strategies to advocate for their collective needs.

Furthermore, responding to stakeholder feedback about improving the quality of services provided in ARF and RCFE serving people with mental illness, DMH and DHS are offering a free continuing education course on March 4, 2020, for operators of facilities that serve people with mental illness. The two-hour course, which will be offered in Service Area 2, will focus on the signs and symptoms of mental illness and will offer effective strategies to help facility operators interact with residents with a diagnosis of mental illness. Participants may use the course to fulfill some of their mandatory continuing education requirements. Once the course is complete, we will explore offering it in locations all over the county to ensure a broad range of operators have access.

Lastly, DMH and DHS strongly value the role that stakeholders have played helping us to better understand and respond to the needs of facilities across the County. For this reason, we are planning to host quarterly meetings to convene our stakeholders for

continued input. The next stakeholder meeting scheduled for February 18, 2020, will convene around 100 stakeholders at the California Endowment and will include representatives from DMH, DHS and CCLD to provide updates on County actions and create a space for attendees to address questions, discuss solutions, and provide continued input on the needs of ARF and RCFE.

Opportunities for Advocacy at the State Level

Since the last report back on this matter there has been significant advocacy at the State level to improve funding for ARF and RCFE. The County Behavioral Health Director's Association (CBHDA) submitted a proposal to Governor Newsom requesting \$500 million of one-time funding, to immediately address the financial crisis for ARF and RCFE, while longer-term solutions are explored. In January 2020, pursuant to a Board-approved motion, the Board of Supervisors sent a five-signature letter to the Governor urging him to support CBHDA's proposal. Though the Governor did not include the full request for \$500 million to be dedicated for this purpose in the initial release of his budget, \$750 million was allocated for housing, including for those residing in ARF/RCFE, which the County is also supporting pursuant to a Board-approved motion on January 21, 2020. The Department continues to collaborate with CEO Legislative Affairs and Intergovernmental Relations to support the Board's motion to advocate for the CBHDA proposal to sustain the Board and Care Network. We are also working to ensure the Medi-Cal Healthier California for All waiver proposal includes support for facilities through the In Lieu of Services options, which will incentivize health plans to place members in ARF and RCFE in lieu of more costly, more restrictive settings. In addition, we continue to work with Assemblymember Richard Bloom and the Steinberg Institute on advancing County-supported AB 1766, a bill Assemblymember Bloom authored last year, that will improve the data we need to effectively support the ARF and RCFE.

Updates on Data and Closures

ARF/RCFE continue to close, with the most recent ARF closure occurring in December 2019. This closure resulted from the expiration of the operator's lease because of the property owner's decision to sell the property for a large profit. As per the most recent data provided to the County by CCLD, there have been 45 closures, reflecting the loss of a total of 1,226 ARF beds across the County between January 2016 and December 2019. This reflects an additional six (6) closures and 277 beds lost since the previous data that CCLD provided in May 2019. Based on CCLD data, at this time there are a remaining 149 ARF across the County with a total capacity of 5,099 beds that serve individuals experiencing mental illness receiving SSI income. While this data provides some understanding of the crisis at hand, it is important to note that this data only includes information about ARF. CCLD does not have capacity at this time to provide the same level of data for RCFE; therefore, it is not possible to have a full understanding of the beds lost through RCFE closures. In our next report, we plan to provide further analysis of closure trends.

Opportunities to Engage Philanthropy

Lastly, at the direction of the Board, DMH and DHS have continued to explore ways to leverage our partners in philanthropy to support ARF and RCFE. On January 15, 2020, Dr. Sherin presented to the United Way Funders Collaborative regarding the struggles of ARF and RCFE across the County, as well as the importance of this housing resource for the County's most vulnerable residents. During this meeting, various funders expressed interest in working with DMH and DHS to explore ways they may be able to contribute to solutions around this crisis. Following this meeting, DMH and DHS met with representatives from UniHealth Foundation, Cedars-Sinai Medical Center and California Community Foundation who offered their expertise and support to the County with regard to these efforts. DMH and DHS have also engaged with the Center for Strategic Partnerships to further explore ways to acquire philanthropic funding to support our efforts to strengthen ARF and RCFE.

DMH will continue to work with the CEO, DHS, DPH, CEO Legislative Affairs and Intergovernmental Relations on these efforts to preserve vital housing resources for our most vulnerable clients throughout the County.

Next Steps

DMH will continue to work with DHS and County Counsel on developing and implementing a solicitation process for capital improvements. We will continue to gain philanthropic support for these efforts including a potential grant for technical assistance to seed an ARF/RCFE association. We continue to engage stakeholders and rely on their experience and expertise to guide this process. Our next update will be submitted on August 7, 2020.

If you have additional questions, please contact Maria Funk, Deputy Director, at (213) 251-6582 or mfunk@dmh.lacounty.gov.

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