

SUBCOMMITTEE #3: Health & Human Services

Chair, Senator Mark Leno

**Senator Elaine K. Alquist
Senator Roy Ashburn**



April 29, 2010

**9:30 a.m. or
Upon Adjournment of Session
Room 4203
(John L. Burton Hearing Room)**

(Diane Van Maren)

AGENDA # 1

Special Order: Administration's Plan re: Lanterman Developmental Center

PLEASE NOTE:

Agenda #2 will follow this discussion.

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee or by calling 916-651-1505. Requests should be made one week in advance whenever possible.

Thank you.

Department of Developmental Services (DDS)

Special Order: Administration's Plan for Lanterman Developmental Center

Budget Issue. The Administration has submitted an April Finance Letter for the closure of Lanterman Developmental Center. The Finance Letter notes the following key aspects:

- Closure will *only* occur when necessary services and supports are in place and *each* resident of Lanterman has transitioned from the facility. No specific closure date has been set but it is anticipated closure will occur over *at least* a two-year period.
- About 393 residents live at Lanterman and it employs about 1,300 State staff.
- Lanterman continues to experience a steady decline in resident population, ranging from 29 to 47 residents each year since 2006.
- Lanterman has the highest per-resident cost among the Developmental Centers. DDS states it is \$289,000 per resident based on existing expenditures.
- Lanterman's infrastructure is aging and anticipated repairs to both the water and sewer systems are expected to be costly.
- DDS will pursue legislation to implement certain activities related to the closure.

The DDS submitted a Plan for the closure of Lanterman with the Finance Letter. The Plan was submitted pursuant to Section 4474.1 of Welfare and Institutions Code which requires the DDS to provide a Plan to the Legislature not later than April 1 immediately *prior to the fiscal year in which the Plan is to be implemented*, and as part of the Governor's proposed budget.

As required by State statute, the DDS Plan addresses the following:

- Description of the residents at Lanterman.
- Alternative placements for residents.
- Where services will be obtained that, upon closure of the Developmental Center, will no longer be provided by that facility.
- Summary of public testimony from meetings convened as required by the DDS.
- Methods for on-going communication.
- Impact on Regional Center services.
- Potential job opportunities for Developmental Center employees and other efforts made to mitigate the effect of the closure on employees.
- Description of the Lanterman buildings and property.
- Major implementation steps and timelines.
- Fiscal impact of closure.

Purpose of Today's Subcommittee Hearing. The purpose of today's Subcommittee hearing is the following:

- For the DDS to present its Plan, focusing on key components, and core next steps.
- To listen to public testimony from consumers, families, State employees, Regional Centers, community-partners and other interested parties regarding the Plan and related concerns. Written testimony may also be submitted through out the process.
- To discuss the monitoring of core next steps and future developments.
- To discuss key components of existing State statute to modify or extend provisions to address future transitions.

Overview of Key Components of DDS Plan. *First*, the DDS Plan contains a guiding principle throughout the proposal and that is to meet the individual needs of each resident while he or she continues to live at Lanterman Developmental Center, and to continue this through every aspect of *any* transition into another living arrangement (home, community-based or Developmental Center). The Lanterman Act, as contained in Welfare and Institutions Code, provides the policy and legal framework for this principle.

Second, DDS states they intend to build upon the successes of the Agnews Developmental Center closure while recognizing the uniqueness of Lanterman and its community.

Specifically, the Administration's Plan discusses the following *key* components.

A. Description of Lanterman Residents. Lanterman provides three levels-of-care for the 393 people in residence (as of March 3, 2010), including: **(1)** General Acute Care Hospital; **(2)** Intermediate Care Facility (ICF); and **(3)** Nursing Facility.

- *Acute Care Hospital.* The hospital averages 7 residents per day with an average length of stay of 7 days per visit.
- *Nursing Facility (NF).* There are 92 residents, or 23 percent of the residents, living on one of the five NF residences.
- *Intermediate Care Facility.* There are 301 people, or 77 percent of the residents, living on one of eleven ICF facilities.

The majority of residents—59 percent-- have lived at Lanterman for *more than* 30 years. The length of stay for the remaining residents shows 15 percent have lived there for 21-30 years, another 15 percent for 11-20 years, 6.5 percent for 5-10 years, and 4.5 percent for fewer than 5 years.

With respect to age, 80 percent are over age 40, with 8.6 percent of these individuals being 65-years or older. Seven residents are between the ages of 18 and 21 years. There are no children residing at Lanterman.

DDS states the residents at Lanterman are diverse in both gender and ethnicity with 59 percent of the population male and 41 percent female. Seventy percent identify as Caucasian, 18 percent Hispanic, 8 percent African American, 4 percent Asian and Pacific Islander, and the remaining percentage identified as Filipino and Other.

The following DDS information summarizes developmental disability and health and safety needs of individuals living at Lanterman:

- 77 percent of consumers have been assessed with profound mental retardation and 13 percent have severe mental retardation.
- A majority of consumers have additional disabilities including 54 percent with epilepsy, 13 percent have autism, and 10 percent have cerebral palsy.
- 74 percent have challenges with ambulation.
- 100 consumers, or 25 percent, have significant health care needs as their primary service need.
- 73 consumers require extensive personal care as their primary service need.
- 91 consumers require significant behavioral support.
- 125 consumers require highly structured services because of a lack of safety awareness or other behavior requiring intensive supervision to prevent self-injury.

B. Summary of Planning Process for Resident Transition. The Plan articulates four core components for planning as follows: **(1)** Individualized Program Plan (IPP); **(2)** Placement Planning Process; **(3)** Individualized Health Transition Plan; and **(4)** Monitoring Resident Transition. Each of these is summarized below:

- **Individualized Program Plan.** As required under the Lanterman Act, an interdisciplinary team, working with the consumer and their family, will utilize an intensive person-centered approach to initiate transition planning and identify individual needs.
- **Placement Planning Process.** An assessment and evaluation process will be initiated to determine the viability of any option (community-based or transfer to another Developmental Center). If a resident is recommended for transition to the community, community-based services are identified and a comprehensive transition process is coordinated by State staff, including the following:
 - Day visits to community service providers including the proposed residence, supervised by staff who know the consumer well;
 - Overnight visits or weekend visits to the residential placement if the transition is proceeding successfully; and
 - A minimum of 15 days prior to community movement, the planning team meets to ensure that all services, including medical services, are ready to help ensure a smooth and safe transition.

If concerns arise or it appears that community providers are not able to meet the consumer's needs, the process is delayed or stopped until identified concerns can be addressed.

- **Individualized Health Transition Plan.** Each Lanterman resident will have an Individualized Health Transition Plan (IHTP) developed which will include the resident's health history, and an evaluation by a primary care physician and dentist. A key aspect of this plan is to provide specific information on how the person's health care needs will be met and to identify all health transition service needs.
- **Monitoring Resident Transition.** *First*, DDS will be establishing a "*Resident Transition Advisory Group*" to include members from the Lanterman Resident Council and representation from parents and family members, applicable Regional Centers and DDS staff.

Second, the DDS states they will also convene an "*oversight team*", consisting of Lanterman management, expert consultants, and DDS staff to provide an ongoing evaluation of Lanterman's service needs, possible influence of closure activities, and employee attrition. DDS believes this will assist with strategic planning to manage change throughout the closure process.

Third, if an individual moves to a community living arrangement, State staff and Regional Center staff are to closely monitor the placement to ensure a smooth transition. *Key* monitoring activities include the following:

- State staff provide follow-up with the consumer at five days, 30 days, six months, and 12 months after the move;
- Regional Center staff conducts face-to-face visit every 30 days for the first 90 days after the move and as determined by the Individual Program Plan thereafter;
- State staff, in coordination with RC staff, provide additional visits, supports and onsite training to the consumer and service provider as needed to address the individual's service needs;
- For the first year following transition from a Developmental Center, consumers receive enhanced Regional Center case management;
- Medically fragile consumers transitioning from Lanterman to homes licensed by the Department of Social Services for consumers with special health care needs will be visited by a nurse at least monthly, or more frequently as appropriate. In addition, these consumers will be seen by a physician at least every 60-days or more frequently if specified in the consumer's healthcare plan;
- DDS conducts daily reviews of Special Incident Reports to ensure consumer health and safety and to identify potential trends in incidents; and
- Every individual who moves from a Developmental Center will be included in the National Core Indicator Study (discussed further below). This study is a valid survey instrument that will allow DDS to collect statewide and Regional Center specific data on satisfaction and personal outcomes of consumers and family members.

C. Access to Health and Medical Services. DDS is to will work with the Department of Health Care Services (DHCS), health plans and Regional Centers to assess and ensure the availability of needed health, dental and behavioral services in surrounding communities. If gaps are identified, the DDS says they will work with Regional Centers and the health care communities to ensure resource are available.

DDS notes that Southern California Regional Centers have established partnerships with local health plans that provide medical resources for consumers currently in the community. Memorandums of Understanding have also been established with County Mental Health Plans.

DDS further states that staff supporting the consumer in the community will be trained on implementation of behavioral and mental health support plans, and DDS staff will be available to provide consultation, additional training, and assistance in the modification of plans to respond to emerging needs.

According to recent information, *almost all* of the residents at Lanterman are Medi-Cal eligible and over 75 percent are also eligible for federal Medicare services. This “dual” eligibility will facilitate access to medical and health care services.

As done at Agnews Developmental Center, through legislation guided by Senator Alquist, the DDS proposes to operate an Outpatient Clinic at Lanterman through the closure process. They state the Outpatient Clinic will provide medical, dental and behavioral services to former Lanterman residents to assist in stabilizing them while they are in the process of transferring to new health care providers. Subcommittee staff recommends for the Subcommittee to enact trailer bill legislation to ensure this occurs (See Attachment 2).

D. Community Resource Development. The Regional Centers most affected by the proposed closure of Lanterman include: (1) San Gabriel/Pomona; (2) North Los Angeles; (3) Lanterman; (4) East Los Angeles; (5) South Central Los Angeles; (6) Inland; (7) Orange County; (8) San Diego; (9) Tri-Counties (10) Kern; (11) San Andreas; and (12) Westside.

Each Regional Center provides the DDS with detailed Community Placement Plans (CPP) for their service system area. The CPP process, as contained in State statute, is designed to assist Regional Centers in providing necessary services and supports for individuals, as appropriate in their IPP, to move from Developmental Centers to community-based services.

DDS provides supplemental funding to the Regional Centers based on these plans. These plans are updated at least twice annually to ensure continuity of services and appropriate funding levels. This information also flows through the annual budget process.

The DDS Plan states the CPP process will involve significant planning and collaborative efforts. The services and supports needed by each individual, including living options, day services, health care services and other supports will be identified through the planning team’s development of the IPP.

Collectively the key Regional Centers of this area have created the “Southern California Integrated Health and Living Project” in an effort to develop a variety of residential resources. The intent of this collaborative is to assist in resource development for targeted and unique needs, not to substitute or duplicate efforts of other individual Regional Centers.

The DDS states that a wide range of resources is currently under development, including day programs and various types of licensed homes. To the extent possible, Regional Centers with consumers residing at Lanterman will be redirecting their CPP efforts to focus on resources needed by Lanterman residents.

It is the understanding of Subcommittee staff that DDS will provide updated information regarding the CPP for Lanterman as part of the Governor’s May Revision (May 14 release). However, CCP plans will be updated at least twice a year or more if warranted as the needs of individuals transitioning from Lanterman are more comprehensively identified through the person-centered Individual Program Plan.

E. Community Living Options. Among other things, a person-centered Individual Program Plan will be used to initiate transition planning to transfer to another Developmental Center (such as Fairview, Sonoma or Porterville), or to engage in evaluating community options. The Lanterman Act, as well as the DDS, places great value on maintaining family contact and keeping close proximity to family members.

Various community options are to be available to consumers including the following: **(1)** supported living services; **(2)** Adult Residential Facilities for Persons with Special Health Care Needs **(3)** Adult Family Homes; **(4)** Family Teaching Homes; and **(5)** Intermediate Care Facilities for Individuals with Developmental Disabilities (ICF-DD).

Three of the above referenced options were more recently developed as part of the Agnews Developmental Center transition and have proven to be successful models. These are briefly described below:

- **Adult Residential Facilities for Persons with Special Health Care Needs.** SB 962 (Chesbro), Statutes of 2005, established licensed residential projects designed for individuals with special health care needs and intensive support needs. Examples of health services that can be provided in this type of home include, but are not limited to, nutritional support; gastrostomy feeding and hydration; renal dialysis; and special medication regimes including injections, intravenous medications, management of insulin, catheterization, and pain management. Nursing staff is on duty 24-hours per day. These homes also have DDS program certification, and mandatory safety features (fire sprinkler system and an alternative back-up power source).

Existing law also requires the following key aspects: **(1)** Development of an Individual Health Care Plan that is updated at least every six months; **(2)** Examination by the consumer’s physician at least once every 60-days; **(3)** A visit at least every month with a Nurse from the Regional Center; **(4)** DDS approval of the program plan and on-site visits to the home at least every six months; and **(5)** Licensure by the Department of Social

Services of the home, including criminal background clearance, annual facility monitoring visits and complaint resolution, and Administrator orientation.

DDS is proposing trailer bill language to expand this model for Lanterman. (See *the DDS Hand Out.*) The DDS proposed trailer bill language does the following:

- Provides direct linkage of the Adult Residential Facilities for Persons with Special Health Care Needs to approved Regional Center Community Placement Plan. This was resources can be more effectively directed.
 - Eliminates language from 2005 regarding the model being a pilot for the Agnews Developmental Center area only.
 - Gives authority for the DDS to establish reimbursement rates for these facilities based on a Regional Centers' Community Placement Plan and any adjustments as approved for health and safety.
 - Requires direct care personnel to have more in-service training as specified and for Administrators to have completed a certification program as specified.
- **Adult Family Homes.** These homes are designed for individuals with behavioral challenges or other specialized needs, and will serve from three to four consumers per home. These homes provide 24-hour on-site staff with specialized expertise to meet the unique needs of the individuals. These homes also have the capacity for on-site crisis response. It should be noted that when a majority of the consumers living in this model of home turns age 60, the home can be re-licensed as a Residential Care Facility for the Elderly (RCFE).
 - **Family Teaching Homes.** Among other things, AB 2100 (Steinberg), Statutes of 2004, added a new "Family Teaching Home" model to the list of residential living options. These homes are designed to support up to three adults with developmental disabilities by having a "teaching family" living next door (usually a duplex). The teaching family manages the individual's home and provides direct support when needed. Wrap-around services, such as work and day programs supports, are also part of this model.

F. Quality Management System. As described in the Plan (on page 13), DDS has implemented a "Quality Management System", based upon federal direction, which is focused on consumer and family outcome measures. It starts with establishing clear performance measures, collecting and analyzing data to determine if the expectations are met, and taking steps to correct deficiencies or improve processes and services (remediation and improvement).

A "Quality Management Advisory Group" will be established for Lanterman which is to serve as a guide to the DDS and Regional Centers. This group will include consumers, parents and family members of current Lanterman residents, Regional Centers, Area Board 10, the State Council on Developmental Disabilities, and Disability Rights California.

In addition to the IPP, health plan assessment, and monitoring as described under items B and C above in this Agenda, the DDS notes many other quality assurance activities in the Plan, including the following *key* aspects:

- Regional Centers have face-to-face visits with an individual following transition from a Developmental Center at intervals of 5 days, 30 days, 60 days, 90 days 6 months, and 12 months but visits or assistance with follow activities occur as necessary to assure a smooth transition. (These visits are in addition to the actual transition of the individual to his/her new home.)
- Regional Center case managers meet with consumers in out-of-home living options at least quarterly;
- Each Regional Center has a 24-hour response system wherein a duty officer can be reached after hours.
- Licensed community facilities receive an annual Regional Center monitoring visit.
- Special Incident Report information is reviewed regularly by Regional Centers and actions to decrease risks to health and safety are implemented;
- An assessment tool for the Quality Management System, in which life quality assessment information is obtained along with other core data indicators, will be used and it is called the “National Core Indicators”. The DDS states this tool will provide quantifiable data to better inform quality assurance efforts, meet required federal information needs, and provide DDS with data-driven decision making.

G. Summary of Employee Workforce Information. Attachment 7 of the Plan summarizes the characteristics of Lanterman employees. About 48 percent of the employees have worked at Lanterman for 10 years or less. Thirty percent have been employed between 11 years and 20 years, and the remaining 22 percent have 20 years or more experience at Lanterman.

Lanterman employee classifications include: **(1)** direct care nursing (50 percent of staff), such as registered nurses, psychiatric technicians, and psychiatric technician assistants; **(2)** Level-of-Care professionals (10 percent), such as physicians, rehabilitation therapists, social workers, teachers, respiratory therapists, physical and occupational therapists, and others; **(3)** Non-Level-of-Care and administrative support (40 percent), such as dietary employees, plan operations, health and safety, quality assurance reviewers, personnel and fiscal services, and facility supervisors and managers.

DDS states they are committed to the establishment and implementation of employee supports that promote workforce stability and provide opportunities for employees to determine their future. They note the expertise of the Lanterman employees and that retention during the transition process is a high priority to assure continuity of services for Lanterman residents. Several employee forums have already been conducted.

A “*Staff Support Advisory Group*” is to be convened and will include Lanterman employee groups, DDS and related bargaining units. DDS states this advisory group will ensure continuity of staffing, that activities meet the needs of employees, and in identifying morale-boosting activities that encourage camaraderie as the facility transitions.

Other key aspects of employee communication will include the following:

- Utilization of the monthly Lanterman employee newsletter regarding progress of activities, a question and answer column and career announcements;
- Regular general employee meetings for information sharing and support;
- Direct access to the DDS website so interested parties can easily access information regarding the Lanterman transition; and
- Use of a “hot line” so employees can submit questions to Lanterman management for a response.

The Plan discusses various employment opportunities and options to be made available to Lanterman employees, including the following *key items*:

- **State Staff in the Community and Trailer Bill Language.** AB 1378 (Lieber), Statutes of 2005, provided for State staff to utilize their expertise in the community to meet the needs of residents (Agnews) transitioned to the community and to retain their State employee status. DDS provided extensive staff training and orientation to prepare employees for transition to community-based services.

Through this program, the State employees’ specialized abilities and knowledge of consumer’s needs have provided to be invaluable. Consumers were supported by experienced staff as they transitioned from Agnews and potential risks to health and safety were decreased. It also provided continuity to families who knew the staff and their level of expertise with their family member.

Other benefits of the program are that it provided a method to retain experienced workers in the developmental services delivery system. It gave service providers access to skilled employees when opening a new home or service. For the employees, they were able to provide valuable expertise in the community and still retain their civil service status.

These employees work through contracts between service providers, Regional Centers or Developmental Centers and maintain their salaries and benefits. This arrangement is *cost neutral* to the State because the provider/Regional Center reimburses the State for the cost.

A total of 129 employees from Agnews participated in the program at its inception. As of March 2010, a total of 88 employees continue to work in the community with former residents transitioned from Agnews.

DDS is proposing trailer bill language to expand this program to include Lanterman employees (*DDS Hand Out*). As noted, this language adds in “Lanterman” employees and also requires DDS to report to the Legislature as noted.

- **Opportunities at other Developmental Centers.** DDS states that opportunities to transfer to other Developmental Centers (Fairview in Costa Mesa; Sonoma in Eldridge; Porterville in Porterville; and Canyon Springs, a State-operated locked facility in Cathedral City).
- **Voluntary Transfer to Other State Positions.** There are several ways for a State employee to pursue this option, and DDS states they will provide assistance, including the use of “State Restriction of Appointments” listings.
- **Employee Career Center.** The DDS will establish a Career Center at Lanterman to provide support and to assist in identifying interests and career opportunities.

H. Summary of Lanterman Property. The current campus is located in eastern Los Angeles County on the western end of the City of Pomona, and adjacent to the City of Diamond Bar. Presently the property consists of three separate parcels of 128.8 acres, 141.6 acres, and 16.1 acres for a *total of 286.6 acres*.

The campus includes 120 structures with many of the structures believed to have some historic significance because of their age and architecture. A resource assessment to identify historic structures which may be subject to historic preservation has been completed.

A 1996 report commissioned by the DDS (“Vanir Study”) to develop a strategic plan for infrastructure and environmental issues for the overall Developmental Center system identified significant findings for Lanterman. DDS states that many of the issues identified then are still largely unaddressed today due to limited-funds and other aspects. Further, a recent report by RBF Consulting (Property Assessment) reviewed Lanterman’s infrastructure (water, sewer, gas, storm drainage, electricity).

Key findings for Lanterman from these reports include: **(1)** seismic safety deficits; **(2)** residential and programmatic deficiencies (such as fire suppression); **(3)** compliance issues related to the Americans with Disabilities Act; **(4)** kitchen and food service deficiencies; **(5)** water system upgrades are needed (75 years old); **(6)** presence of hazardous materials and potential contamination sources; **(7)** significant sewer issues; and **(8)** significant boiler system issues.

There are *four active leases* that utilize space including the following: **(1)** Pacific Federal Credit Union; **(2)** Here We Grow Learning Center for child care; **(3)** California Conservation Corps; and **(4)** CalTrans Park and Ride Program. All of these leases expire between 2010 and 2013. Lanterman also has a few informal agreements with ranchers for the use of unused hillsides for cattle and horse grazing.

Regarding underutilized or surplus property, existing State law outlines the process for its disposition. The Department of General Services (DGS) receives notification from a department (such as DDS) that it has excess land. The DGS determines if there is a State use for the property. If DGS determines there is no State need, the property is included in the annual surplus property bill. After the Legislature declares the property surplus, DGS arranges for its disposition. DDS notes that any final disposition of property takes several years to complete.

The proceeds from the sale of surplus State property are to be used to pay the principal and interest on bonds issued pursuant to the Economic Recovery Bond act authorized in the March 2004 election. Once the principal and interest on these bonds are fully paid, the proceeds from the sale of surplus State property are to be deposited into the Special Fund for Economic Uncertainties, or any successor fund. (See the California Constitution.)

I. Summary of Input Received on the Plan. *Attachment 3* of the Plan contains considerable written comment from residents, families and friends, Lanterman employees, and various interest groups. This information has been provided to the Subcommittee and is also available in hard copy to the public as part of the DDS Plan.

In addition, pages 39 through 41 of the Plan provide a perspective of the comments received to-date. Further, as required by State statute, pages 33 through 36 of the Plan discuss the general impact of the potential closure of Lanterman.

J. Preliminary Fiscal Information. The DDS budget includes \$116.5 million (total funds) to serve 393 residents at Lanterman. In addition, funding for Regional Center Operations and the Purchase of Services (POS) for consumers residing in the community is also provided, along with supplemental funds for Community Placement Program (CPP) plans to increase community capacity (both for people moving from a DC to the community, and to deflect consumers from entering into a DC).

The DDS states that generally, the cost of transition of residents into community settings is covered by CPP funding and future savings in Developmental Center costs.

DDS believes it can manage the closure of Lanterman without requesting additional resources if its existing level of funding is maintained. However, DDS states they cannot propose distribution of resources between the two systems until resident needs and community capacity are more fully assessed.

The Plan reiterates that closure will occur after the last resident transitions to his or her new living situation and transition will only occur after services and supports are available in his or her new residence (community-based or another Developmental Center).

At this time the DDS states it is premature to provide a detailed fiscal estimate and therefore, this Plan includes *high-level assumptions* that will be followed by a more detailed fiscal breakdown as soon as resident needs and community capacity are more fully assessed.

Key high-level fiscal assumptions are as follows:

Developmental Center Costs. To the extent Lanterman residents transition to another Developmental Center, the costs and applicable funding will transfer accordingly. In addition, the Developmental Center budget will retain funding for the following *key costs*:

- Travel and moving costs associated with transporting residents to new arrangements.
- Provisions of peer informational sessions for residents at Lanterman.
- DDS will temporarily operate an Outpatient Clinic on campus to provide a safety net for medical, dental and behavioral services for residents as they transition, as done at Agnews.
- Continue operation of the Regional Resource Development Project (RRDP) to maintain support to the community currently served by this office.
- Employee Career Center expenditures.
- Administrative staff needed after closure to ensure records and other materials are properly chronicled.
- Maintaining the physical plant until the property is transferred (warm shut-down).
- Employee transition costs, such as paying for vacation/leave and related “cash-out”.

Community Costs. DDS states it is committed to ensuring the availability of necessary services and supports for Lanterman residents transitioning to the community. They note that Regional Center costs will be funded using Community Placement Program (CPP) resources and future savings in Developmental Center costs. The Southern California Regional Centers impacted by the Plan presently receive 55 percent of the available statewide CPP funding.

The community costs associated with the proposed Lanterman closure include:

- Community resource development, including residential, day services and related Regional Center staff resources;
- Purchase of Service funding for the ongoing provision of services in the community; and
- Staff resources to coordinate dental and health services in the community, enhanced case management, and quality assurance functions.

DDS also notes that some additional federal funds may be available through the “Money Follows the Person” grant for staffing and consumer costs in the community during the *first year* of transition. More information is forthcoming on this aspect.

K. Major Implementation Steps and Timeline (Page 37). The DDS Plan provided a summary of major implementation steps. The Table below provides a *truncated summary* from April 1, 2010 forward. DDS should discuss this timeline today.

DDS Major Implementation Steps & Timeline (April forward)

Description of Activity	Dates
Establish and convene Advisory Groups: (1) Resident Transition (2) Quality Management (3) Staff Support	April 2010
Initiate Individualized Transition Planning Process	July 2010
Develop and Implement Individual Health Care Plans for Lanterman Residents	July 2010 to Closure
Establish Dental Coordinator and Health Care Consultant Positions at Certain Regional Centers	July 2010
Assist Lanterman Employees by Providing Information, Training Opportunities, Job Fairs, and Employment Announcements	July 2010 to Closure
Plan for Deployment of State Employees to Community Services and Work with Regional Centers and Providers to Determine Numbers and Types of State Employees Who May Be Interested and For What Functions	2010
Transition of Residents from Lanterman to Other Living Arrangements	2010 to Closure
Establish a Lanterman Developmental Center Business Management Team to Develop a Plan for the Administrative and Physical Plant Activities of Closure	2010
Develop and Open an Outpatient Clinic to Provide Transition Services as Residents Leave Lanterman	2010
Establish Lanterman Consumer Specific Memorandum's of Understanding between Health Plans and Regional Centers	2010
Official Closure of Lanterman	After All Residents Have Moved
Post-Closure Clean-Up Activities at Lanterman	Initial Months Following Closure
Warm Shutdown Begins, and Department of General Services Eventually Determines Property Transfer	Upon Closure and Until Property is Transferred

DDS states that this schedule will be updated as the Plan progresses.

Other Background—Community Transition Has Been Occurring. California has gradually been transitioning from the operation of large, congregate living arrangements as offered through Developmental Centers to providing services and support to individuals with developmental disabilities to live in community-based settings. Most recently, Agnews Developmental Center and Sierra Vista (Yuba City), a large State-operated facility, were recently closed.

This transition has occurred due to many factors, including:

- **Coffelt Settlement.** The Coffelt Settlement Agreement of 1993 required the DDS to develop a five-year plan to reduce the resident population of the Developmental Centers by a net of 2,000 individuals. Specifically, the Developmental Center population was 6,410 people and it had to be reduced by 3,966 people from April 1993 to July 1998. This Agreement facilitated the closure of Stockton Developmental Center in 1996 and Camarillo Developmental Center and State Hospital in 1997.
- **Home and Community-Based Waiver.** Implemented in the mid-1990's this Waiver has expanded over the years and has enabled California to receive significant federal fund assistance for community-based services.
- **Olmstead Decision.** The 1999 U.S. Supreme Court decision (“Olmstead v. Zimring”) stated that services should be provided in community settings when treatment professionals have determined that community placement is appropriate, when the individual does not object to community placement, and when the placement can reasonably be accommodated.

Background—Recent Agnews Developmental Center Closure. Through annual Budget Bill Language, the Legislature directed the DDS to provide comprehensive written reports to the Legislature, and made accessible to the public, every January and May as part of annual budget deliberations.

The DDS submitted its final report on the closure of Agnews Developmental Center to the Legislature on March 25, 2010. (See DDS website for this 36-page report.)

In collaboration with Agnews' residents, families, community partners, Bay-Area Regional Centers, State staff, various stakeholders, and policymakers, total of 327 people were transitioned from living at Agnews to living arrangements in the community, and 20 people transferred to other Developmental Centers. The Agnews transition occurred between July 1, 2004 and March 27, 2009. Agnews planning activities occurred prior to this transition period.

The Agnews closure process was not driven by a specific date for closure, but instead by the availability of housing and support services. The DDS states that the health and safety of each consumer was the highest priority and that transition to the community only occurred when all necessary services and supports were in place.

Subcommittee Staff Comments and Recommendation. DDS has submitted its initial Plan for closure of Lanterman Developmental Center. As done with the closure of Agnews Developmental Center, it is important to establish extensive oversight and monitoring by the Legislature to ensure transparency, accountability, and most importantly, the health and safety of people who receive services through the developmental services systems.

With this in mind, it is recommended to: (1) keep this issue “open” to obtain public testimony and additional information, and to discuss at the Governor’s May Revision; (2) take some action today to implement certain monitoring and oversight provisions; and (3) adopt “placeholder” trailer bill language to ensure Lanterman residents and employees have access to assistance that facilitated the Agnews Developmental Center transition. (Placeholder trailer bill language means the language can be modified as it proceeds through the budget process.)

Suggested action items for today are as follows (*all language subject to further discussion*):

1. Adopt Budget Bill Language to require the DDS to provide a comprehensive status update of the Lanterman Plan by January 10 and May 14 of each fiscal year. (*See Attachment 1*)
2. Adopt modified trailer bill language to direct the DDS to provide outpatient clinic services at Lanterman Developmental Center (as done at Agnews Developmental Center). (*See Attachment 2*)
3. Adopt modified trailer bill language to have the Secretary of Health and Human Services Agency to verify protocols as noted for the health and safety of individuals transitioning from Lanterman. (*See Attachment 3*)
4. Adopt modified trailer bill language to provide for cost-based reimbursement for Health Plans serving consumers transitioned from Lanterman to ensure health care coverage (as done for consumers transitioned from Agnews). (*See Attachment 4*)
5. Adopt placeholder trailer bill language provided by the DDS (*DDS Hand Out*) for Lanterman staff to be contracted out, if they choose, to work in the community (as done at Agnews).
6. Adopt placeholder trailer bill language provided by the DDS (*DDS Hand Out*) to expand Adult Residential Facilities for Persons with Special Health Care Needs so this residential model can be provided state-wide.

Questions. The Subcommittee has requested DDS to respond to the following questions:

1. DDS, Please provide a summary of *key* aspects of the Plan.
2. DDS, What are the core next steps overall, as well as for the residents of Lanterman and their families?
3. DDS, What workgroups will be convened and how will interested parties stay informed?
4. DDS, What resources are available if people want to transition to a DC?
5. DDS, What are the area Regional Centers doing with their coordinated efforts?

Attachment 1

Budget Bill Language for Lanterman Plan Updates

Item 4300-001-0001

Provision x.

“The state Department of Developmental Services shall provide the fiscal and policy committees of the Legislature with a comprehensive status update on the Lanterman Plan, by no later than January 10, and May 14, of *each* fiscal year which will include *at a minimum* all of the following:

- (a) A description and progress report on all pertinent aspects of the community-based resources development, including the status of the Lanterman transition placement plan.
- (b) An aggregate update on the consumers living at Lanterman and consumers who have been transitioned to other living arrangement, including a description of the living arrangements (Developmental Center or community-based and model being used) and the range of services the consumers receive.
- (c) An update to the Major Implementation Steps and Timelines.
- (d) A comprehensive update to the fiscal analyses.
- (e) An update to the plan regarding Lanterman’s employees, including employees who are providing medical services to consumers on an outpatient basis, as well as employees who are providing services to consumers in residential settings.
- (f) Specific measures the State, including the Department of Developmental Services, the Department of Health Care Services, and Department of Mental Health, is taking in meeting the health, mental health, medical, dental, and over all well-being of consumers living in the community and those residing at Lanterman until appropriately transitioned in accordance with the Lanterman Act.
- (g) Any other pertinent information that facilitates the understanding of issues, concerns, or potential policy changes that are applicable to the transition of Lanterman Developmental Center.

Attachment 2

Lanterman Outpatient Clinic

Modify Section 4474. 8 to the Welfare and Institutions Code as follows:

(Underlined section is the proposed modification)

4474.8 Notwithstanding any provision of law to the contrary, the department shall continue the operation of the Agnews Outpatient Clinic, and the Lanterman Outpatient Clinic until such time as the Department of Developmental Services is no longer responsible for the property: at the respective developmental center as applicable.

Attachment 3

Assurance from Secretary of Health and Human Services

Proposed Trailer Bill Language

Modify Section 4474.4 to the Welfare and Institutions Code as follows:

(Underlined section is the proposed modification):

Notwithstanding any other provision of law to the contrary, the Secretary of the Health and Human Services Agency shall verify that the Department of Developmental Services and the Department of Health Services have established protocols in place between the departments, as well as with the Regional Centers and health care plans participating in the Medi-Cal Program who will be providing services, including health, dental and vision care, to people with developmental disabilities transitioning from Agnews Developmental Center, and Lanterman Developmental Center.

The Secretary of the Health and Human Services Agency shall provide written verification of the establishment of these protocols to the Joint Legislative Budget Committee, as well as to the fiscal and policy committees of the Legislature which oversee health and human services programs.

The purpose of the protocols is to ensure that a mutual goal of providing appropriate, high quality care and services to children and adults who have developmental disabilities in order to optimize the health and welfare of each individual. Further, it is to ensure that all involved parties, including consumers and families, the state, Regional Centers and providers are clear as to their roles and responsibilities, and are appropriately accountable for optimizing the health and welfare of each individual.

The protocols, at a minimum, shall address enrollment for services, all referral practices including those to specialty care, authorization practices for services of all involved parties, coordination of case management services, education and training services to be provided, the management of medical records and provider reimbursement methods. These protocols shall be provided to the consumers and their families, and available to the public upon request.

Attachment 4
Reimbursement of Health Plans for Lanterman Consumers

Modify Welfare and Institutions Code within the Lanterman Act as follows.

(a) In order to meet the unique medical health needs of consumers transitioning from Agnews Developmental Center into Alameda, San Mateo, and Santa Clara counties pursuant to the Plan for the Closure of Agnews Developmental Center, and consumers transitioning from Lanterman Developmental Center into various health plans whose Individual Program Plan documents the need for coordinated medical and specialty care that cannot be met using the traditional Medi-Cal Fee-For-Service system, services provided under the contract shall be provided by Medi-Cal managed care health plans who are currently operational in these counties as a county organized health system or a local initiative if consumers, where applicable, choose to enroll. Reimbursement shall be by the Department of Health Care Services for all Medi-Cal services provided under the contract that are not reimbursed by the Medicare program.

(b) Medi-Cal managed care health plans enrolling members referred to in subdivision (a) shall be further reimbursed for the reasonable cost of administrative services. Administrative services pursuant to this subdivision include, but are not limited to, coordination of care and case management not provided by a regional center; provider credentialing and contracting; quality oversight; assuring member access to covered services; consultation with Agnews Developmental Center staff, Lanterman Developmental Center staff, regional center staff, Department of Developmental Services staff, contractors and family members; and financial management of the program, including claims processing. Reasonable cost is defined as the actual cost incurred by the Medi-Cal managed care health plan, including both direct and indirect costs incurred by the Medi-Cal managed care health plan, in the performance of administrative services, but shall not include any incurred costs found by the Department of Health Care Services to be unnecessary for the efficient delivery of necessary health services. Payment for administrative services shall continue on a reasonable cost basis until sufficient cost experience exists to allow such costs to be part of an all-inclusive capitation rate covering both administrative services and direct patient care services

(c) Until the Department of Health Care Services is able to determine by actuarial methods, prospective per capita rates of payment for services for those members who enroll in the Medi-Cal managed care health plans specified in subdivision (a), the Department of Health Care Services shall reimburse the Medi-Cal managed care health plans for the net reasonable cost of direct patient care services and supplies set forth in the scope of services in the contract between the Medi-Cal managed care health plans and the Department of Health Care Services and that are not reimbursed by the Medicare program. Net reasonable cost is defined as the actual cost incurred by the Medi-Cal managed care health plans, as measured by the Medi-Cal managed care health plan's payments to providers of services and supplies, less payments made to the plans by third parties other than Medicare, and shall not include any incurred cost found to be unnecessary by the Department of Health Care Services in the efficient delivery of necessary health services. Reimbursement shall be accomplished by the Department of Health Care Services making

estimated payments at reasonable intervals, with these estimates being reconciled to actual net reasonable cost at least semi-annually.

(d) The Department of Health Care Services shall seek any approval necessary for implementation of this section from the federal government, for purposes of federal financial participation under Title XIX of the Social Security Act (42 U.S.C. Sec. 1396 et seq.). Notwithstanding any other provision of law, this section shall be implemented only to the extent that federal financial participation is available pursuant to necessary federal approvals.

(The DDS Hand Outs are available at the Subcommittee Hearing from the Department.)