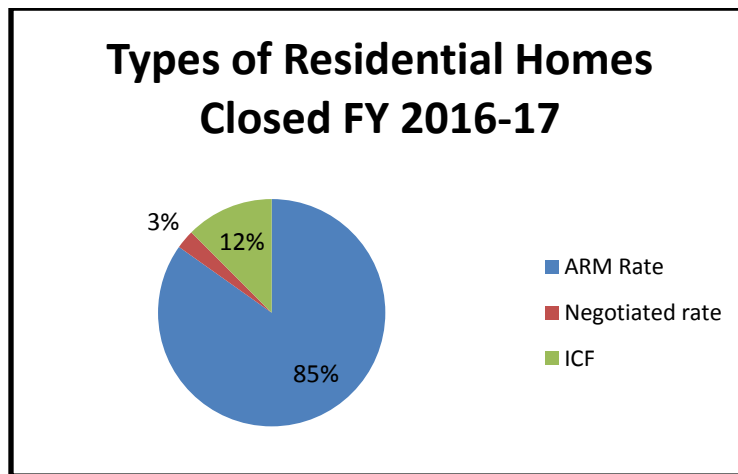


Bridge Funding to Meet Community and Individual Needs

In FY 2016-17, regional centers report that 122 residential homes closed, which provided capacity for 597 individuals. These numbers represent a decline from FY 2015-16 when 169 residential homes closed, which provided capacity for 859 individuals. The decline in closures can be attributed to the injection of funding the system received through the enactment of ABX2 1. Since 2011-2012, the system has lost an average of 135 residential homes annually. This equates to an average of 693 residential beds lost annually. As noted below, nearly 85% of the residential home closures in FY 2016-17 were facilities with Alternative Residential Model (ARM) rates set by DDS, which tend to be lower than negotiated rates.



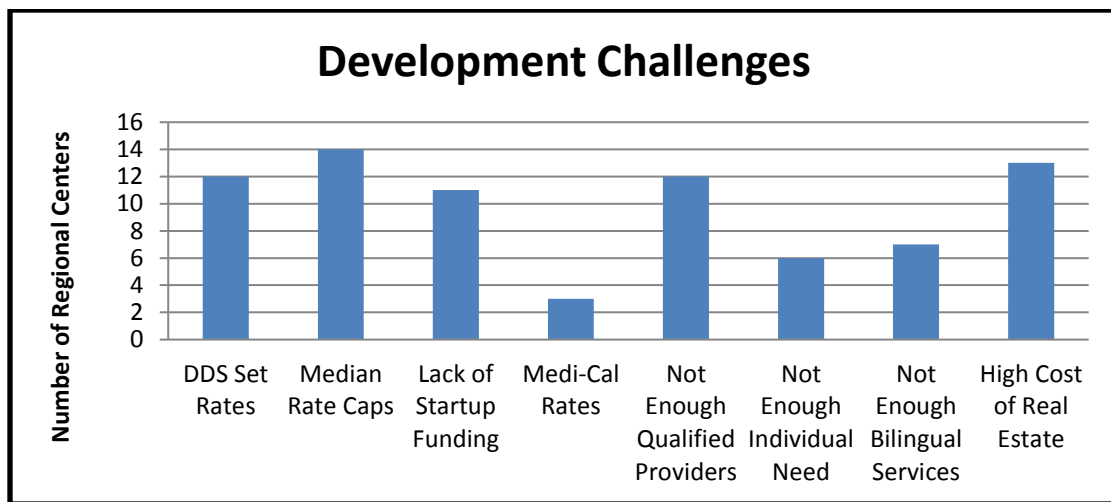
A similar trend can be seen in the FY 2016-17 closure of Supported Living Services (12 programs closed, 201 individuals impacted). Again, rate inadequacy and other fiscal issues played a significant role in the loss of these services. Regional centers also reported that over 2,600 individuals were waiting for appropriately licensed residential facilities, and over 300 individuals were in need of Supported Living Services in order to live independently in the community.

In FY 2016-17, regional centers report that 16 day and work programs closed, which were providing opportunities for 246 individuals. These numbers represent a decrease from FY 2015-16 in day and work program closures (39) and individual opportunities (1,365) primarily due to the injection of funds into the system as a result of the enactment of ABX2 1. However, since ARCA began tracking this data in FY 2011-12, the system has lost an average of 20 day and work programs annually. This is an average of 509 day and work program opportunities for people with developmental disabilities lost annually. It is also important to note that 100% of the day and work program closures that fiscal year were programs with DDS-set rates, which tend to have the lowest rates. In addition to the loss of daytime or work support slots due to closures, regional centers reported approximately 300 individuals were in need of Supported Employment services in order to work independently in the community.

Development of Replacement Services

The loss of service providers requires regional centers to utilize, and oftentimes develop, replacement services at costs that are significantly higher. Several regional centers reported that it is common for individuals displaced due to the closing of a DDS set-rate program to transition to a more expensive negotiated rate program. These closures may result in higher costs to the state as well as disruption in each impacted person's life.

ARCA asked regional centers to identify the top three services that they have the greatest need for in their communities. Residential placements or support were most identified as resource development challenges followed by clinical services, and daytime and work supports. The below chart illustrates the challenges identified in developing these critical services under current rate structures.



As the FY 2016-17 data indicates, even with the assistance provided by rate increases as a result of ABX2 1 funding, programs supporting individuals with developmental disabilities are still closing their doors due to rate levels and limitations.

The Solution

ABX2 1 included funding for a comprehensive rate study that will be completed in March 2019, which will provide recommendations for reforms to California's broken rate system. Bridge funding to help service providers meet mounting fiscal pressures between now and the implementation of rate reform is needed to prevent the system from continuing to experience the loss of service providers. Assemblymember Holden and Senator Stern have requested \$25 million General Fund in the FY 2018-19 Budget for this purpose. Ultimately, this proposal is about preserving relationships between individuals with developmental disabilities and the support staff who make living a full, integrated life in the community possible for them.