

Department of Developmental Services (DDS) Overview

Assembly Budget Sub 1 Committee

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Terri Delgadillo, Director

Mark Hutchinson, Chief Deputy Director



Department of Developmental Services

The Department of Developmental Services (DDS) provides services and supports to individuals with developmental disabilities living in the community or in state-operated facilities.

- DDS contracts with 21 nonprofit regional centers to provide services to nearly 260,000 individuals living in the community. The regional centers assess eligibility for services and help plan, access, coordinate and monitor the services and supports for eligible individuals.
- DDS operates four large Developmental Centers and one smaller Community Facility where approximately 1,500 individuals reside.

DDS Budget

- 2012-13 (CY) estimated budget is \$4.7 billion (\$2.6 billion GF)
- 2013-14 (BY) estimated budget is \$4.9 billion (\$2.8 billion GF)

Prior to 2009-10, the DDS budget was outpacing caseload growth by more than 3 to 1. During the last four years the DDS budget has remained relatively flat while caseload has continued to increase. Reductions were primarily made through the adoption of over 50 different cost savings measures totaling over \$1.0 billion in General Fund (GF) savings.

DDS utilized a stakeholder process to inform the Department in the development of reduction proposals over the last four years. Stakeholders included consumers, family members, providers, regional centers, and advocates. Although the design of the stakeholder process changed each year, the general tenets remained unchanged:

- Preserve the Lanterman Act entitlement to services;
- Minimize the direct impact on consumers; and
- Spread the reductions across the entire system and service types.

Major Budget Reductions and Cost Savings Measures include:

- Increased federal funding;
- Developmental Center reductions;
- Increased oversight, accountability and transparency;
- Changes in eligibility;
- Service changes;
- Rate changes and payment reductions;
- Increased parental responsibility; and
- Reduced funding for DDS and regional center operations.

DDS Major Budget Reduction and Cost Savings Measures

2009-10 - \$517.0 million (\$460.1 million GF) savings:

- **Increased Federal Funds**

- 1915(i) State Plan Amendment (SPA) submitted that allows for federal participation on services to Medi-Cal recipients not eligible under the DDS Home and Community Based Services (HCBS) Waiver
- Services were added to the existing HCBS Waiver
- Obtained federal funding for day treatment and transportation services for residents of Intermediate Care Facilities for individuals with Developmental Disabilities (ICF-DD) and Skilled Nursing Facilities (SNF)
- Limited use of Community Care Facilities over 16 beds not eligible for federal funding

- **Developmental Center Reductions**

- Closure of the State Operated Community Facility (Sierra Vista)
- Developed transition program for individuals in the Porterville Secure Treatment Program that allowed for federal funding for previously 100% GF services and capped the population served in the secure program
- Staffing reductions related to change in resident population and state-wide employee compensation changes, including furloughs
- Delayed Capital Outlay projects

- **Oversight and Accountability**

- Quality assurance efforts were streamlined and consolidated

- **Eligibility and Service Changes**

- Changed eligibility criteria for the Early Start program (children ages 0-2) and created a Prevention Program for these children with a lesser array of services
- Implemented new guidelines that limited services to those clinically or scientifically proven to be effective and safe; further restricted services if available through a generic resources; required evaluation of least costly service option and implemented an annual reporting of services to consumers or parents
- Service changes included adoption of a uniform holiday schedule, use of neighborhood preschools, group training for parents, restructured respite services, and suspended camping and social recreational services

- **Provider Payment Reduction**

- 3% provider payment reduction for services

- **Reduced Regional Center Operations Funding**

- 3% reduction in regional center operations funding
- Various one-time and ongoing reductions

- **Increased Parental Responsibility**

- Fee increase in the Parental Fee Program required for children placed out of the family home

2010-11 - \$251.2 million (\$227.1 million GF) savings:

- **Increased Federal Funds**

- Money Follows the Person funds for individuals transitioning out of institutional settings
- Increased federal funding available for day treatment and transportation services for residents of ICF-DDs and SNFs

- **Developmental Center Reductions**

- Staffing reductions related to change in resident population and state-wide employee compensation changes, including furloughs
- Initiated closure of Lanterman Developmental Center

- **Provider Payment Reduction**

- Provider payment reduction increased from 3% to 4.25%

- **Reduced Regional Center Operations Funding**

- Regional Center Operations reduction increased from 3% to 4.25%
- Ongoing workload reduction

2011-12 - \$339.8 million (\$255.3 million GF) savings:

- **Increased Federal Funds**

- Expanded revenue from various federal funding sources, including added services to the HCBS Waiver and 1915(i) SPA and additional Money Follows the Person funding

- **Developmental Center Reductions**

- Porterville Secure Treatment Program population cap was reduced
- Reduced operating expenses and equipment purchases
- Delayed Capital Outlay projects
- Staffing reductions related to change in resident population and state-wide employee compensation changes, including furloughs

- **Oversight and Accountability**

- Established 15% cap on administrative costs for services purchased using negotiated rates
- Increased audit requirements for regional centers and providers
- Increased third party accountability
- Additional conflict of interest requirements for regional centers
- Accountability and transparency requirements for regional centers

- **Service Changes**

- Reduction in Community Placement Plan funding to align with historical expenditure levels
- Maximize generic resources available through education services
- Changes in supported living, behavioral, day treatment and transportation services
- Transfer the Prevention Program to the Family Resource Centers at a reduced amount

- **Provider Payment Reduction**

- Provider payment reductions remained at 4.25%

- **Reduced Regional Center Operations Funding**

- Regional center operations reductions remained at 4.25%
- Various ongoing reductions

- **Increased Parental Responsibility**

- Implemented Annual Family Program Fee (\$150 to \$200) for families not on Medi-Cal and over 400% of the Federal Poverty Level

2012-13 - \$240.4 million (\$257.0 million GF) savings:

- **Increased Federal Funds**

- Aggressive enrollment of individuals covered under the HCBS Waiver

- **Developmental Center Reductions**

- Established a Moratorium on admissions to the Developmental Centers, with limited exceptions
- Expanded transition program for individuals in the Porterville Secure Treatment Program that allowed for federal funding for previously 100% GF services
- Required assessments of all Developmental Center residents to ensure appropriate least restrictive environment
- Staffing reductions related to change in resident population and state-wide employee compensation changes, including furloughs

- **Service changes**

- Redesign services for individuals with challenging service needs
- Redesign Supported Living Service assessments
- Increased reliance on insurance coverage for behavioral service (SB 946) and other insurance coverage from Healthy Families and CalPERS providers

- **Provider Payment and Regional Center Operations Reduction**

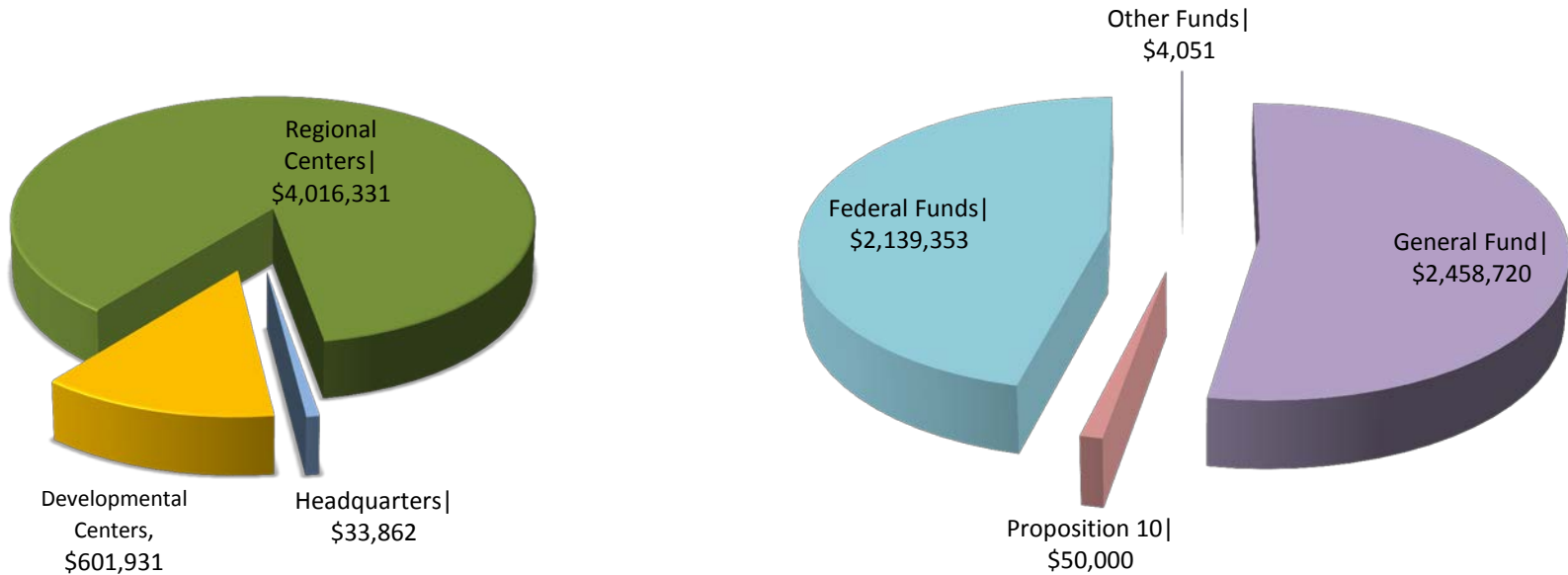
- Provider payment reduction decreased from 4.25% to 1.25%

- **Reduced Regional Center Operations Funding**

- Regional center operations reduction decreased from 4.25% to 1.25%

**Department of Developmental Services
Fiscal Year 2009-10
Budget by Fund Source
(\$ in Thousands)**

Total Funds \$4,652,124



Footnotes:

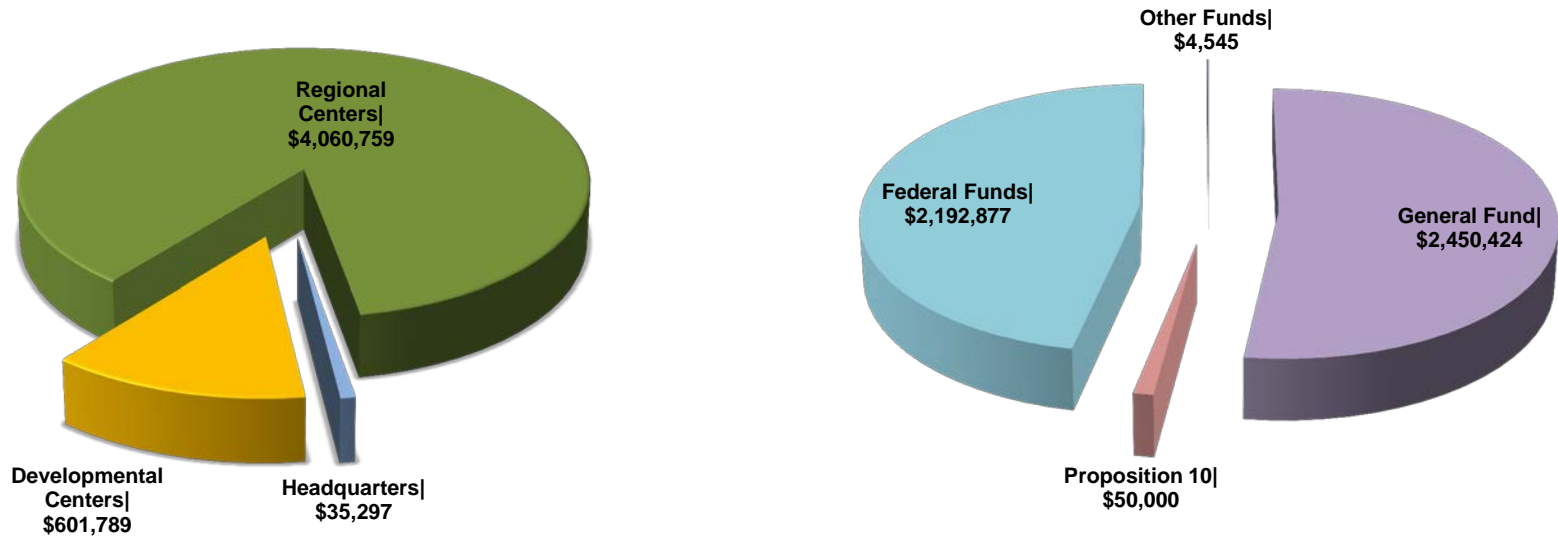
1. Other Funds include: Program Development Fund / Parental Fees, Developmental Disabilities Services Account, Mental Health Services Fund, and Lottery.
2. Federal funds include ARRA increase in FMAP of 11.59 percent and an increase in the Early Start grant of \$32.9 million across fiscal years 2009-10 and 2010-11.

Department of Developmental Services

Fiscal Year 2010-11

Budget by Fund Source
(\$ in Thousands)

Total Funds \$4,697,845

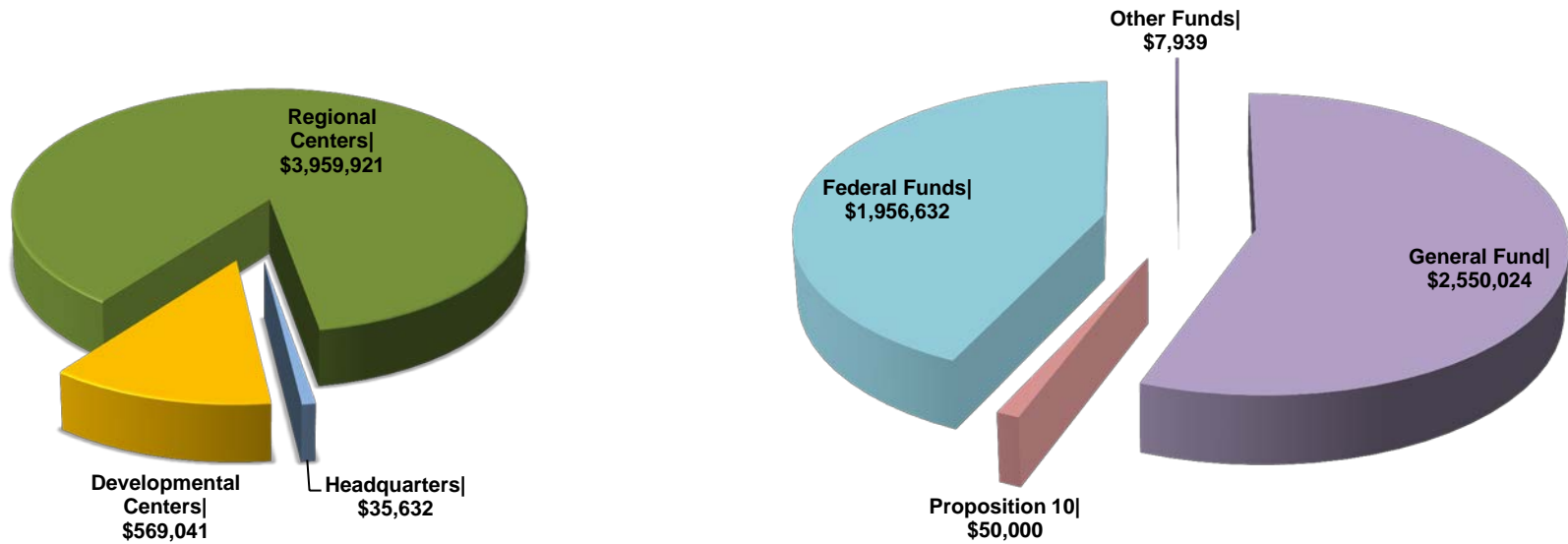


Footnotes:

1. Other Funds include: Program Development Fund / Parental Fees, Developmental Disabilities Services Account, Mental Health Services Fund, and Lottery.
2. Federal funds include ARRA increase in FMAP of 11.59 percent that phased to 6.59 percent later in the year and an increase in the Early Start grant of \$32.9 million across fiscal years 2009-10 and 2010-11.
3. Increase in Headquarters and Developmental Center budgets due to end of the initial furlough program.

**Department of Developmental Services
Fiscal Year 2011-12
Budget by Fund Source
(\$ in Thousands)**

Total Funds \$4,564,594

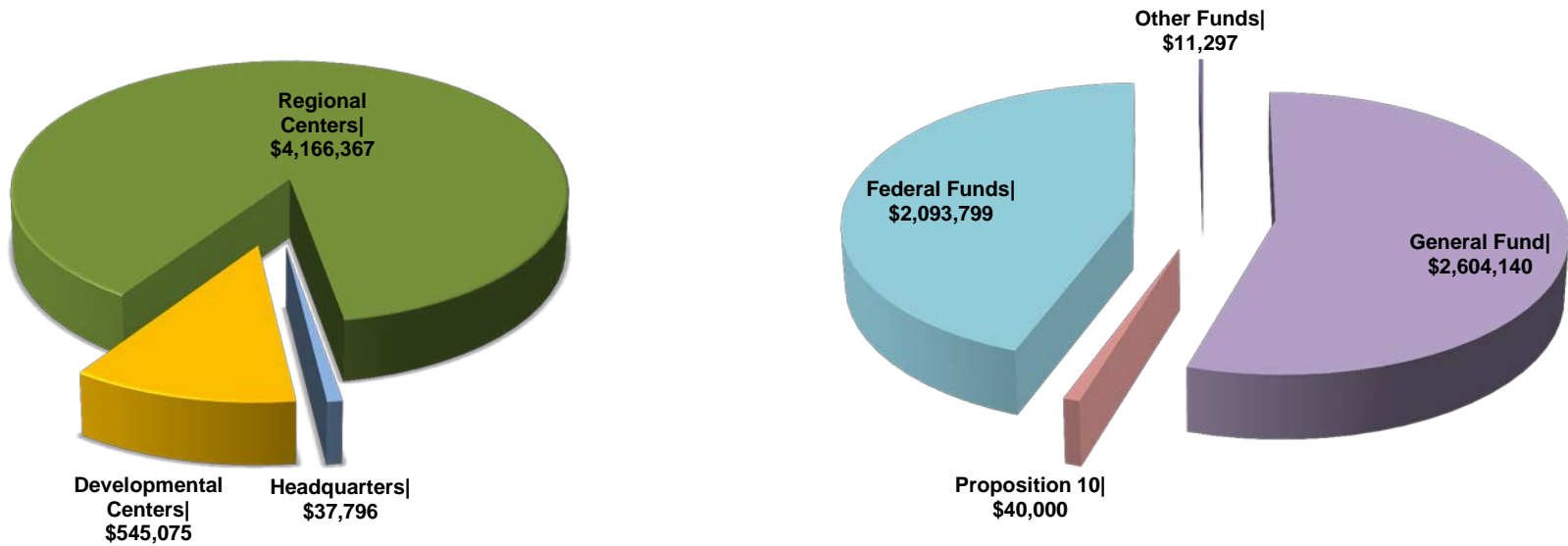


Footnotes:

1. Other Funds include: Program Development Fund / Parental Fees, Developmental Disabilities Services Account, Mental Health Services Fund, and Lottery.
2. 2011-12 was the first year without ARRA funding.

Department of Developmental Services
Fiscal Year 2012-13
Budget by Fund Source
(\$ in Thousands)

Total Funds \$4,749,238



Footnotes:

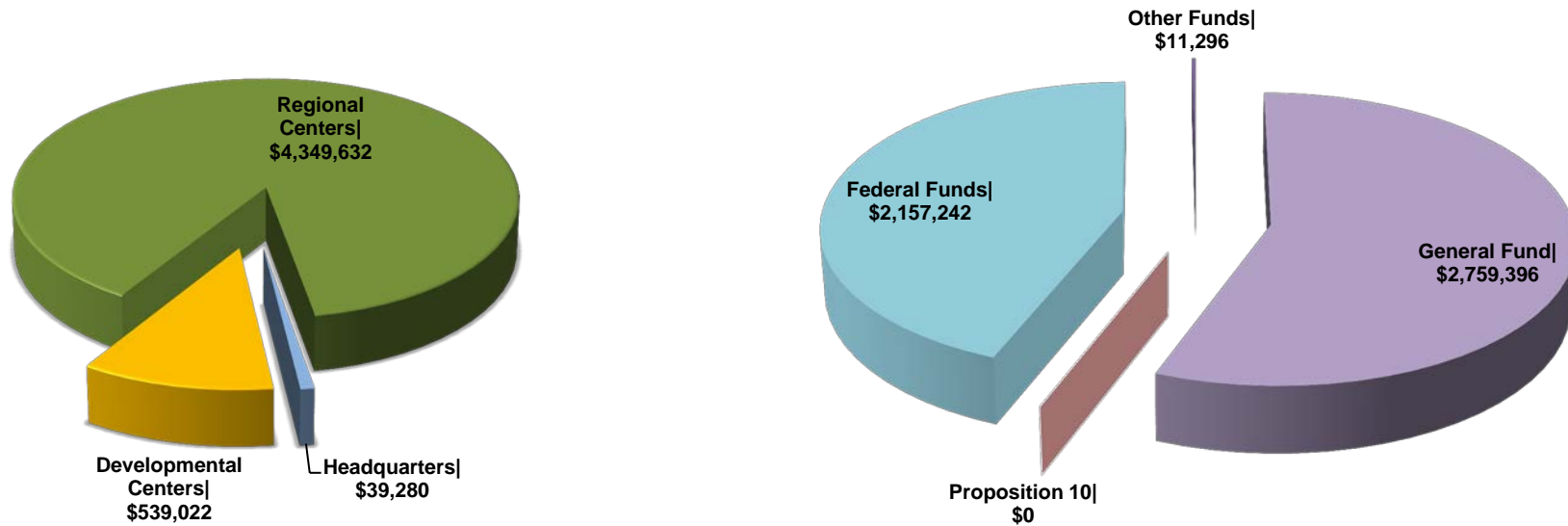
1. Other Funds include: Program Development Fund / Parental Fees, Developmental Disabilities Services Account, Mental Health Services Fund, and Lottery.

Department of Developmental Services

Fiscal Year 2013-14

Budget by Fund Source
(\$ in Thousands)

Total Funds \$4,927,934



Footnotes:

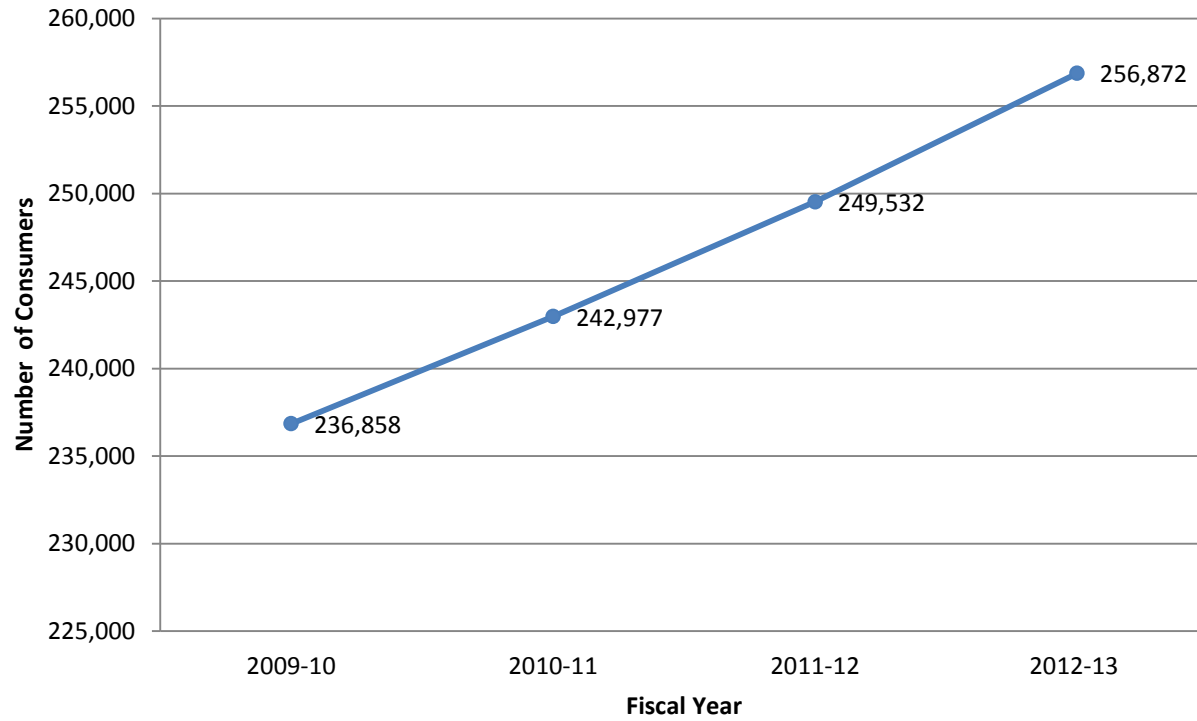
1. Other Funds include: Program Development Fund / Parental Fees, Developmental Disabilities Services Account, Mental Health Services Fund, and Lottery.
2. 2013-14 was the first year without Proposition 10 funding.

Department of Developmental Services

Fiscal Year 2009-10 through 2012-13

Caseload

Regional Centers



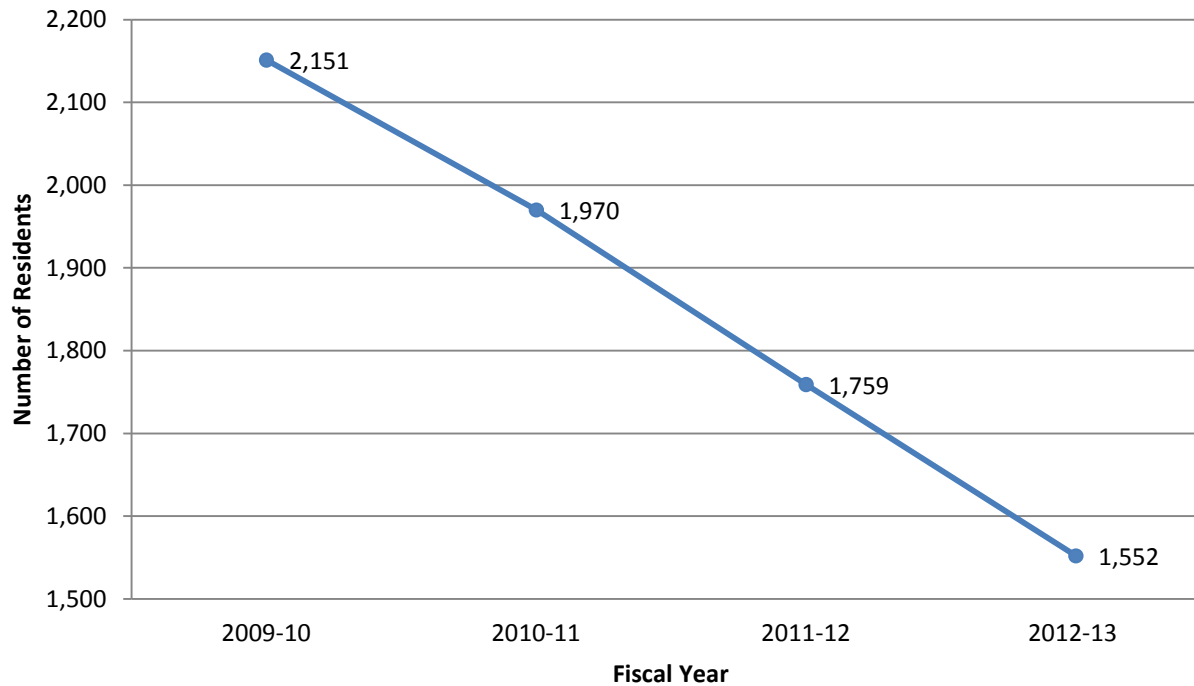
The Regional Center community caseload continues to increase and in 2010-11 grew by 2.60 percent over 2009-10. In 2011-12 growth was 2.70 percent over 2010-11, and for 2012-13, 2.90 percent.

Department of Developmental Services

Fiscal Year 2009-10 through 2012-13

Caseload

Developmental Centers



The number of residents in the Developmental Centers (DCs) are continuing to decline consistent with the ongoing transition of individuals residing in a DC into community living arrangements. In 2008/09 the last consumer moved out of Agnews DC. In 2009-10 Sierra Vista was closed. In January 2010 the Department announced its intent to also close Lanterman DC. The budget continues to support development of community options for DC resident to transition into the community.