

FOR LEGISLATIVE REVIEW

DEVELOPMENTAL CENTERS
ESTIMATE

for

FISCAL YEAR

2017-18

Governor's Budget



STATE OF CALIFORNIA
DEPARTMENT OF DEVELOPMENTAL SERVICES
JANUARY 2017

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EXECUTIVE HIGHLIGHTS

OVERVIEW

The Department of Developmental Services (Department) provides residential services to individuals who have a developmental disability at three developmental centers (DCs) and one State-operated Community Facility. Assembly Bill (AB) 1472, Chapter 25, Statutes of 2012, placed a moratorium on general admissions to DCs that resulted in a continuing decline in the resident population. In addition, Senate Bill (SB) 82, Chapter 23, Statutes of 2015, requires the Department to close the remaining DCs. In response, the Department submitted to the Legislature on October 1, 2015, a plan to close the Sonoma DC (Sonoma) by December 31, 2018. Subsequently on April 1, 2016, the Department released closure plans for the Fairview DC (Fairview) and the General Treatment Area at the Porterville DC (Porterville GTA) by December 31, 2021. The Secure Treatment Program at Porterville (Porterville STP) and the Canyon Springs Community Facility will remain open.

On July 1, 2016, the Department entered into settlement agreements with the federal Centers for Medicare & Medicaid Services (CMS) to continue federal funding for individuals residing in the intermediate care facility units (ICFs) at Fairview and Porterville GTA. The Department's ongoing compliance with the provisions of the settlement agreements will allow the continued receipt of federal funding for those ICF units. With the planned closures, the Department has increased resident transitions to community living arrangements, and is preparing to cease DC facility operations as outlined in the closure plans.

The actual DC population on July 1, 2016, was 963 residents. The 2016 November Estimate identifies the Department's estimated population at 760 residents on July 1, 2017, and 490 residents on July 1, 2018.

In response to AB 1606, Chapter 26, Statutes of 2016 (Trailer Bill to the Budget Act), the 2016 November Estimate presents for the first time operations expenses and funding by DC. This revised format is displayed in the Executive Summary Tables, and more fully detailed in the Program Update Section on page 8.

FISCAL YEAR 2016-17

The Department proposes a net increase of \$3.9 million (\$29.3 million General Fund (GF) increase) for 2016-17. The net increase results from the following adjustments:

Control Section 3.60 Retirement Adjustment

- \$3.6 million increase (\$2.2 million GF increase) consistent with Control Section (CS) 3.60 of the Budget Act, which specifies the employers' retirement contributions for the 2016-17 fiscal year.

Employee Compensation

- \$1.1 million increase (\$0.6 million GF increase) due to 2016-17 employee compensation adjustments, which reflect incremental changes approved through the collective bargaining process and included in Item 9800, Employee Compensation Adjustments.

Lottery Adjustment

- \$0.1 million decrease (\$0.0 GF) in funds available to the Department.

Lease Revenue Debt Service

- \$0.7 million total and GF decrease due to CS 4.30 for an adjustment to the Lease Revenue Debt Service.

Fund Shift

- The Department proposes a \$27.2 million fund shift from reimbursement to General Fund for a reduction in estimated Medi-Cal reimbursements receivable. The reduction in reimbursements is based on an analysis of expenditures by DC and by unit acuity level, the total number of days residents receive eligible services in the fiscal year, and past reimbursement amounts. The Department proposes this request be funded by a transfer from the Local Assistance budget in Item 4300-101-0001, which is currently projecting savings in 2016-17.

FISCAL YEAR 2017-18

DDS proposes a net decrease of \$76.2 million (\$9.3 million GF decrease) for 2017-18. The net decrease results from the following adjustments:

Control Section 3.60 Retirement Adjustment

- \$3.6 million increase (\$2.2 million GF increase) consistent with CS 3.60 of the Budget Act, which specifies the employers' retirement contributions for the 2016-17 fiscal year.

Employee Compensation

- \$1.3 million increase (\$0.8 million GF increase) due to 2016-17 employee compensation adjustments, which reflect incremental changes approved through the collective bargaining process and included in Item 9800, Employee Compensation Adjustments.

Lease Revenue Debt Service

- \$1.0 million total and GF decrease due to CS 4.30 for an adjustment to the Lease Revenue Debt Service.

Non-Budget Act Lottery Adjustment

- \$0.1 million decrease (\$0.0 GF) in funds available to the Department.

DC Operations Expenditure Decrease

- \$80.8 million decrease (\$11.9 million GF decrease) and 489.2 position reduction resulting from an estimated resident population decrease of 257 residents, and reduction of one-time funding for the Sonoma DC Site Assessment. With the decrease, the Department will consolidate units, reduce staff, and reduce both resident and staff Operating Expenses and Equipment (OE&E) costs.

Sonoma Closure Activities

- \$0.3 million increase (\$0.2 million GF increase) to fund the disposal and/or relocation of physical property and equipment assets in preparation for facility closure.

Fairview and Porterville GTA Closure Activities

- \$0.5 million increase (\$0.4 million GF increase) to inventory, scan, and archive clinical records at both Fairview and Porterville GTA.

POLICY CHANGES

In addition to fiscal changes, the Department proposes trailer bill language to clarify when a DDS employee must terminate State employment when they enter into an agreement to develop a service and become a regional center vendor. Current language ties employment termination to vendorization, causing differences in interpretation. Proposed language allows for the employee to enter into contract and vendorization with the regional center for the purpose of receiving Community Placement Plan funds prior to termination of their employment, but before they provide services to consumers.

CAPITAL OUTLAY

The Department's proposed budget includes \$3.7 million GF for Preliminary Plans, Working Drawings, and Construction phases to install a groundwater nitrate removal system at the Porterville DC as detailed on page 30 of the Estimate.

**2016 - 17 DEVELOPMENTAL CENTER PROGRAM BUDGET
EXECUTIVE SUMMARY TABLE**
(Dollars in thousands)

	Proposed Governor's Budget						2016-17 Enacted Budget	Request
	Canyon Springs	Fairview	Porterville GTA	Porterville STP	Sonoma	Governor's Budget		
DC OPERATIONS								
A. Units*	3.00	12.25	9.00	12.00	17.50	53.75		
1. ICF	3.00	6.75	5.00	12.00	9.25	36.00		
2. SNF	0.00	4.50	3.00	0.00	7.25	14.75		
3. Acute	0.00	1.00	1.00	0.00	1.00	3.00		
B. Population								
1. Actual Beginning 7/1/2016	46	220	150	200	347	963	955	8
2. Population Adjustments	7	-85	-38	11	-98	-203	-208	5
3. Ending 6/30/2017	53	135	112	211	249	760	747	13
C. Positions	150.5	1,033.6	678.6	904.9	1,357.6	4,125.2	4,125.2	0.0
D. Operations Expenditures								
1. Personal Services	\$16,437	\$118,604	\$70,724	\$94,298	\$158,039	\$458,102	\$458,102	\$0
2. OE&E	2,448	16,601	10,517	14,023	15,940	59,529	59,578	-49
3. Community State Staff	0	738	0	0	7,552	8,290	8,290	0
Total Operations Expenditures	\$18,885	\$135,943	\$81,241	\$108,321	\$181,531	\$525,921	\$525,970	-\$49
E. Control Section Adjustments								
1. Employee Compensation	\$174	\$1,232	\$747	\$997	\$1,541	\$4,691	\$0	\$4,691
2. Lease Revenue Bond	0	0	0	-743	0	-743	0	-743
Total Control Section Adjustments	\$174	\$1,232	\$747	\$254	\$1,541	\$3,948	\$0	\$3,948
GRAND TOTAL	\$19,059	\$137,175	\$81,988	\$108,575	\$183,072	\$529,869	\$525,970	\$3,899

	Governor's Budget	2016-17 Enacted Budget	Request
FUND SOURCES:			
A. General Funds	\$368,523	\$339,236	\$29,287
1. General Fund Match	152,477	174,716	-22,239
2. General Fund Other	216,046	164,520	51,526
B. Reimbursements	\$160,767	\$186,106	-\$25,339
1. Medi-Cal	152,477	174,716	-22,239
2. Other	8,290	11,390	-3,100
C. Federal Funds	\$285	\$285	\$0
D. Lottery Education Fund	\$294	\$343	-\$49
GRAND TOTAL	\$529,869	\$525,970	\$3,899

*The total number of units reflect partial year unit consolidations as populations decline due to community placements.

Notes: The amounts listed under Governor's Budget column do not reflect the statewide items for Employee Retention Incentives (\$20.1 million) or Deferred Maintenance (\$18.0 million).
The amounts listed under 2016-17 Enacted Budget column reflect an additional \$32.4 million General Fund, per Provision 8 of the Budget Act.
Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

**2017 - 18 DEVELOPMENTAL CENTER PROGRAM BUDGET
EXECUTIVE SUMMARY TABLE**
(Dollars in thousands)

	Proposed Governor's Budget						2016-17 Enacted Budget	Request
	Canyon Springs	Fairview	Porterville GTA	Porterville STP	Sonoma	Governor's Budget		
DC OPERATIONS								
A. Units*	3.00	9.25	6.00	14.00	10.75	43.00		
1. ICF	3.00	5.00	3.50	13.00	5.75	30.25		
2. SNF	0.00	3.25	2.50	0.00	4.00	9.75		
3. Acute	0.00	1.00	0.00	1.00	1.00	3.00		
B. Population								
1. Actual Beginning 7/1/2017	53	135	112	211	249	760	955	-195
2. Population Adjustment	3	-67	-29	0	-177	-270	-208	-62
3. Ending 6/30/2018	56	68	83	211	72	490	747	-257
C. Positions	221.0	774.6	511.3	1,193.0	936.1	3,636.0	4,125.2	-489.2
D. Operations Expenditures								
1. Personal Services	\$20,148	\$89,010	\$49,654	\$115,063	\$95,168	\$369,043	\$458,102	-\$89,059
2. OE&E	4,976	12,400	11,179	22,256	17,007	67,818	59,578	8,240
3. Community State Staff	0	738	0	0	7,552	8,290	8,290	0
Total Operations Expenditures	\$25,124	\$102,148	\$60,833	\$137,319	\$119,727	\$445,151	\$525,970	-\$80,819
E. Control Section Adjustments								
1. Employee Compensation	\$296	\$1,067	\$676	\$1,580	\$1,260	\$4,879	\$0	\$4,879
2. Lease Revenue Bond	0	0	0	-1,034	0	-1,034	0	-1,034
Total Control Section Adjustments	\$296	\$1,067	\$676	\$546	\$1,260	\$3,845	\$0	\$3,845
F. Major Assumptions								
1. Archive Records	\$0	\$250	\$250	\$0	\$0	\$500	\$0	\$500
2. Asset Disposal	0	0	0	0	300	300	0	300
Total Major Assumptions	\$0	\$250	\$250	\$0	\$300	\$800	\$0	\$800
GRAND TOTAL	\$25,420	\$103,465	\$61,759	\$137,865	\$121,287	\$449,796	\$525,970	-\$76,174

	Canyon Springs	Fairview	Porterville GTA	Porterville STP	Sonoma	Governor's Budget	2016-17 Enacted Budget	Request
FUND SOURCES:								
A. General Funds	\$13,117	\$54,848	\$32,289	\$136,652	\$93,080	\$329,985	\$339,236	-\$9,251
1. General Fund Match	12,260	47,780	29,420	1,163	20,605	111,227	174,716	-63,489
2. General Fund Other	857	7,068	2,869	135,489	72,475	218,758	164,520	54,238
B. Reimbursements	\$12,260	\$48,518	\$29,420	\$1,163	\$28,157	\$119,517	\$186,106	-\$66,589
1. Medi-Cal	12,260	47,780	29,420	1,163	20,605	111,227	174,716	-63,489
2. Other	0	738	0	0	7,552	8,290	11,390	-3,100
C. Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$285	-\$285
D. Lottery Education Fund	\$43	\$100	\$50	\$50	\$51	\$294	\$343	-\$49
GRAND TOTAL	\$25,420	\$103,465	\$61,759	\$137,865	\$121,287	\$449,796	\$525,970	-\$76,174

*The total number of units reflect partial year unit consolidations as populations decline due to community placements.

Notes: The amounts listed under 2016-17 Enacted Budget column reflect an additional \$32.4 million General Fund, per Provision 8 of the Budget Act. Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

2017-18 Comparison to Updated 2016-17 Executive Summary Table
(Dollars in thousands)

	Proposed Governor's Budget						2017-18 Request	
	Canyon Springs	Fairview	Porterville GTA	Porterville STP	Sonoma	Governor's Budget 2017-18		Governor's Budget 2016-17
DC OPERATIONS								
A. Units*	3.00	9.25	6.00	14.00	10.75	43.00	53.75	-10.75
1. ICF	3.00	5.00	3.50	13.00	5.75	30.25	36.00	-5.75
2. SNF	0.00	3.25	2.50	0.00	4.00	9.75	14.75	-5.00
3. Acute	0.00	1.00	0.00	1.00	1.00	3.00	3.00	0.00
B. Population								
1. Actual Beginning 7/1/2017	53	135	112	211	249	760	963	-203
2. Population Adjustment	<u>3</u>	<u>-67</u>	<u>-29</u>	<u>0</u>	<u>-177</u>	<u>-270</u>	<u>-203</u>	<u>-67</u>
3. Ending 6/30/2018	56	68	83	211	72	490	760	-270
C. Positions	221.0	774.6	511.3	1,193.0	936.1	3,636.0	4,125.2	-489.2
D. Operations Expenditures								
1. Personal Services	\$20,148	\$89,010	\$49,654	\$115,063	\$95,168	\$369,043	\$458,102	-\$89,059
2. OE&E	4,976	12,400	11,179	22,256	17,007	67,818	59,529	8,289
3. Community State Staff	<u>0</u>	<u>738</u>	<u>0</u>	<u>0</u>	<u>7,552</u>	<u>8,290</u>	<u>8,290</u>	<u>0</u>
Total Operations Expenditures	\$25,124	\$102,148	\$60,833	\$137,319	\$119,727	\$445,151	\$525,921	-\$80,770
E. Control Section Adjustments								
1. Employee Compensation	\$296	\$1,067	\$676	\$1,580	\$1,260	\$4,879	\$4,691	\$188
2. Lease Revenue Bond	<u>0</u>	<u>0</u>	<u>0</u>	<u>-1,034</u>	<u>0</u>	<u>-1,034</u>	<u>-743</u>	<u>-291</u>
Total Control Section Adjustments	\$296	\$1,067	\$676	\$546	\$1,260	\$3,845	3,948	-\$103
F. Major Assumptions								
1. Archive Records	\$0	\$250	\$250	\$0	\$0	\$500	\$0	\$500
2. Asset Disposal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300</u>	<u>300</u>	<u>0</u>	<u>300</u>
Total Major Assumptions	\$0	\$250	\$250	\$0	\$300	\$800	\$0	\$800
GRAND TOTAL	\$25,420	\$103,465	\$61,759	\$137,865	\$121,287	\$449,796	\$529,869	-\$80,073

	Canyon Springs	Fairview	Porterville GTA	Porterville STP	Sonoma	Governor's Budget	Governor's Budget 2016-17	Request
FUND SOURCES:								
A. General Funds	\$13,117	\$54,848	\$32,289	\$136,652	\$93,080	\$329,985	\$368,523	-\$38,538
1. General Fund Match	12,260	47,780	29,420	1,163	20,605	111,227	152,477	-41,250
2. General Fund Other	857	7,068	2,869	135,489	72,475	218,758	216,046	2,712
B. Reimbursements	\$12,260	\$48,518	\$29,420	\$1,163	\$28,157	\$119,517	\$160,767	-\$41,250
1. Medi-Cal	12,260	47,780	29,420	1,163	20,605	111,227	152,477	-41,250
2. Other	0	738	0	0	7,552	8,290	8,290	0
C. Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$285	-\$285
D. Lottery Education Fund	\$43	\$100	\$50	\$50	\$51	\$294	\$294	\$0
GRAND TOTAL	\$25,420	\$103,465	\$61,759	\$137,865	\$121,287	\$449,796	\$529,869	-\$80,073

*The total number of units reflect partial year unit consolidations as populations decline due to community placements.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

SYSTEMWIDE POPULATION

Current Year 2016-17						
	Canyon Springs	Fairview	Porterville	Porterville	Sonoma	Total
2016-17 Enacted Budget			GTA	STP		
Population, July 1, 2016	58	210	178	211	298	955
Admissions*	12	5	0	36	5	58
Placements	-3	-60	-6	-36	-135	-240
Deaths	0	-4	-10	0	-12	-26
Ending Population, June 30, 2017	67	151	162	211	156	747
Proposed Governor's Budget for CY 2016-17						
Population, July 1, 2016	46	220	150	200	347	963
Admissions	19	6	0	28	5	58
Placements	-12	-86	-34	-17	-89	-238
Deaths	0	-5	-4	0	-14	-23
Ending Population, June 30, 2017	53	135	112	211	249	760
Population Change CY 2016-17						
Population, July 1, 2016	-12	10	-28	-11	49	8
Admissions	7	1	0	-8	0	0
Placements	-9	-26	-28	19	46	2
Deaths	0	-1	6	0	-2	3
Ending Population, June 30, 2017	-14	-16	-50	0	93	13

Budget Year 2017-18						
	Canyon Springs	Fairview	Porterville	Porterville	Sonoma	Total
2016-17 Enacted Budget			GTA	STP		
Beginning Population, July 1, 2016	58	210	178	211	298	955
Admissions*	12	5	0	36	5	58
Placements	-3	-60	-6	-36	-135	-240
Deaths	0	-4	-10	0	-12	-26
Ending Population, June 30, 2017	67	151	162	211	156	747
Proposed Governor's Budget for BY 2017-18						
Beginning Population, July 1, 2017	53	135	112	211	249	760
Admissions	10	5	0	2	5	22
Placements	-7	-67	-25	-2	-176	-277
Deaths	0	-5	-4	0	-6	-15
Ending Population, June 30, 2018	56	68	83	211	72	490
Population Change BY 2017-18						
Beginning Population, July 1, 2017	-5	-75	-66	0	-49	-195
Admissions	-2	0	0	-34	0	-36
Placements	-4	-7	-19	34	-41	-37
Deaths	0	-1	6	0	6	11
Ending Population, June 30, 2018	-11	-83	-79	0	-84	-257

*Admissions include transfers to Canyon Springs and Porterville STP.

Program Update

Revised Developmental Center Estimate

The format of the Department's 2016 November Estimate is substantially different than past years. More specifically, it now contains DC-specific information regarding resident populations, staff positions, expenditures, and funding. The Department prepared this new format in response to legislatively mandated requirements for DC-specific budget information, and also to improve estimating capabilities in light of the decertification of the Sonoma ICF units by CMS, settlement agreements with CMS in response to potential future decertification of the Fairview and Porterville GTA ICF units, and past year federal fund audit findings.

To estimate expenditures and funding on a DC-specific basis in 2017-18, the Department implemented a new methodology for determining the staffing required to appropriately care for residents and operate the facilities, and to meet state licensing and CMS settlement agreement requirements for continued federal funding. The Estimate now presents Unit Staffing, which are the staff necessary to meet licensing requirements for different unit acuity levels (i.e., ICF, General Acute Care, Skilled Nursing, and Crisis), based on the timing of resident placements into the community. The Estimate also identifies separate Program Support Staffing, which are the staff necessary to support all other operations including food service, protective services, pharmacy operations, facilities operation and maintenance, administration, etc. The Unit Staffing levels are driven by the number of units operated, whereas Program Support staffing levels are driven by overall resident population.

In previous Estimates, the Department determined staffing needs using an outdated formula which used an average in-center population. While this formula was adequate when the DCs served thousands of residents, it has become obsolete as populations declined. For instance, the older formula deleted positions related to pharmacy operations, Workers' Compensation, labor relations, and facility operations - positions required regardless of resident population size. Similarly, the formula did not determine staffing based on unit acuity levels.

The Department notes that the inclusion of temporary help and overtime amounts is another change from previous years' estimates. For example, the 2016-17 Enacted Budget included \$48 million for temporary help and overtime to cover for undelivered staff, which are those who were on leave whether due to sickness, vacation, Workers' Compensation, or other reasons. In 2017-18, the DC Estimate does not include funds for temporary help and overtime costs, but rather factors in the number of staff positions needed to cover for undelivered staff and adequately care for residents.

In conjunction with its revised staffing methodology, the Department analyzed

actual resident, staff, and facilities-driven operating expenses and equipment (OE&E) costs to appropriately estimate expenditures. Through this analysis of actual expenditures, the Department calculated an average OE&E factor for residents and staff, which it applied and included in the 2017-18 Estimate.

After estimating staffing and OE&E costs for the DCs, the Department utilized a new formula for determining the GF and reimbursement funding percentages. The new formula specifically ties actual historical reimbursements received to unit acuity levels, and reflects cost reporting and billing corrections based on prior year audit findings on allowable federal fund expenditures. For example, the ICF units at Sonoma receive zero federal financial participation, while those at Canyon Springs, Fairview, and Porterville GTA receive roughly 48 percent. Similarly, the crisis units at Sonoma and Fairview receive zero federal financial participation, whereas the skilled nursing units receive 49 percent. Further, federal reimbursements for acute units range from 32 to 38 percent at different facilities. Therefore, the Department calculated the GF and reimbursements for the specific DCs and their respective unit acuity levels based on these actuals. Through this approach, the Department has more accurately estimated funding.

The following pages present DC-specific budgets for 2017-18, including staffing, OE&E, and funding. These budgets tie to the Executive Summary Tables on pages 5 and 6 of this Estimate.

Canyon Springs Community Facility
Resident Population and Staffing Detail
Budget Year 2017 - 18

Beginning Resident Population			
ICF	SNF	Acute	Total Population
53	0	0	53

Units			
ICF	SNF	Acute	Total Units
3.00	0.00	0.00	3.00

Unit Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	152.0	0.0	0.0	152.0
Medical	2.0	0.0	0.0	2.0
Admin	67.0	0.0	0.0	67.0
Total	221.0	0.0	0.0	221.0

Total Staffing	221.0	0.0	0.0	221.0
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Incremental Position Change from 2016 Enacted Budget			
Staffing	2016 - 17 Enacted Budget	November 2016 Estimate	Change
Level of Care	63.0	124.0	61.0
Non-Level of Care	87.5	97.0	9.5
Total Positions	150.5	221.0	70.5

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Canyon Springs Community Facility
Expenditure and Funding Detail
Budget Year 2017 - 18
(Dollars in thousands)

Unit Staffing Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$20,148	\$0	\$0	\$0	\$20,148
Staff OE&E	1,651	0	0	0	1,651
Resident OE&E	1,222	0	0	0	1,222
Total	\$23,021	\$0	\$0	\$0	\$23,021

Control Section Adjustments					
	ICF	SNF	Acute	Facility-Wide	Total
Employee Comp	\$0	\$0	\$0	\$296	\$296

Total Facility Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$20,148	\$0	\$0	\$0	\$20,148
OE&E	\$2,873	\$0	\$0	\$2,103	\$4,976
Staff OE&E	1,651	0	0	0	1,651
Resident OE&E	1,222	0	0	0	1,222
Fixed OE&E	0	0	0	2,103	2,103
Control Section Adjustments	0	0	0	296	296
Grand Total	\$23,021	\$0	\$0	\$2,399	\$25,420

Fund Sources					
	ICF	SNF	Acute	Facility-Wide	Total
General Fund	\$11,744	\$0	\$0	\$1,373	\$13,117
Reimbursements	11,234	0	0	1,026	12,260
Lottery Education Fund	43	0	0	0	43
Grand Total	\$23,021	\$0	\$0	\$2,399	\$25,420

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Fairview Developmental Center
Resident Population and Staffing Detail
Budget Year 2017 - 18

Beginning Resident Population			
ICF	SNF	Acute	Total Population
70	65	0	135

Units*			
ICF	SNF	Acute	Total Units
5.00	3.25	1.00	9.25

Unit Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	211.8	120.2	14.3	346.3
Medical	5.0	6.5	0.5	12.0
Admin	<u>46.2</u>	<u>20.4</u>	<u>2.1</u>	<u>68.8</u>
Total	263.1	147.1	16.9	427.1

Program Support Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	13.5	8.1	1.1	22.8
Medical	24.7	14.9	2.1	41.6
Admin	<u>152.3</u>	<u>91.6</u>	<u>12.7</u>	<u>256.5</u>
Total	190.5	114.6	15.9	320.9

STAR Unit Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	19.7	0.0	0.0	19.7
Medical	0.4	0.0	0.0	0.4
Admin	<u>6.5</u>	<u>0.0</u>	<u>0.0</u>	<u>6.5</u>
Total	26.6	0.0	0.0	26.6

Total Staffing	480.2	261.6	32.8	774.6
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Incremental Position Change from 2016 Enacted Budget			
Staffing	2016 - 17 Enacted Budget	November 2016 Estimate	Change
Level of Care	406.5	239.5	-167.0
Non-Level of Care	627.1	535.1	-92.0
Total Positions	1,033.6	774.6	-259.0

*Total ICF units include the 1.0 STAR Crisis Unit licensed as ICF.

*The total number of units reflect partial year consolidations as populations decline due to community placements.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Fairview Developmental Center
Expenditure and Funding Detail
Budget Year 2017 - 18
(Dollars in thousands)

Unit Staffing Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$25,459	\$15,379	\$2,157	\$0	\$42,995
Staff OE&E	1,582	884	100	0	2,566
Resident OE&E	<u>1,690</u>	<u>1,690</u>	<u>0</u>	<u>0</u>	<u>3,380</u>
Total	<u>\$28,731</u>	<u>\$17,953</u>	<u>\$2,257</u>	<u>\$0</u>	<u>\$48,941</u>

Program Support Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$25,792	\$15,512	\$2,154	\$0	\$43,458
Staff OE&E	1,145	689	96	0	1,930
Fixed Facility OE&E	0	0	0	4,234	4,234
Community State Staff	<u>0</u>	<u>0</u>	<u>0</u>	<u>737</u>	<u>737</u>
Total	<u>\$26,937</u>	<u>\$16,201</u>	<u>\$2,250</u>	<u>\$4,971</u>	<u>\$50,359</u>

STAR Unit Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$2,557	\$0	\$0	\$0	\$2,557
Staff OE&E	160	0	0	0	160
Resident OE&E	<u>130</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>130</u>
Total	<u>\$2,847</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,847</u>

Control Section Adjustments					
	ICF	SNF	Acute	Facility-Wide	Total
Employee Comp	\$0	\$0	\$0	\$1,067	\$1,067

Major Assumptions					
	ICF	SNF	Acute	Facility-Wide	Total
Archive Records	\$0	\$0	\$0	\$250	\$250

Total Facility Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$53,808	\$30,891	\$4,311	\$0	\$89,010
OE&E	\$4,707	\$3,263	\$196	\$4,234	\$12,400
Staff OE&E	2,887	1,573	196	0	4,656
Resident OE&E	1,820	1,690	0	0	3,510
Fixed OE&E	0	0	0	4,234	4,234
Community State Staff	0	0	0	738	738
Control Section Adjustments	0	0	0	1,067	1,067
Major Assumptions	<u>0</u>	<u>0</u>	<u>0</u>	<u>250</u>	<u>250</u>
Grand Total	<u>\$58,515</u>	<u>\$34,154</u>	<u>\$4,507</u>	<u>\$6,289</u>	<u>\$103,465</u>

Fund Sources					
	ICF	SNF	Acute	Facility-Wide	Total
General Fund	\$31,349	\$17,248	\$2,751	\$3,500	\$54,848
Reimbursements*	27,066	16,906	1,756	2,789	48,517
Lottery Education Fund	100	0	0	0	100
Grand Total	<u>\$58,515</u>	<u>\$34,154</u>	<u>\$4,507</u>	<u>\$6,289</u>	<u>\$103,465</u>

*Includes Reimbursement from the Community State Staff Program.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Porterville Developmental Center- General Treatment Area
Resident Population and Staffing Detail
Budget Year 2017 - 18

Beginning Resident Population			
ICF	SNF	Acute	Total Population
72	40	0	112

Units*			
ICF	SNF	Acute	Total Units
3.50	2.50	0.00	6.00

Unit Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	184.3	92.5	0.0	276.8
Medical	4.4	5.0	0.0	9.4
Admin	40.5	15.7	0.0	56.2
Total	229.1	113.2	0.0	342.3

Program Support Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	7.3	4.6	0.0	11.9
Medical	11.8	7.5	0.0	19.4
Admin	84.1	53.6	0.0	137.7
Total	103.2	65.8	0.0	169.0

Total Staffing	332.4	178.9	0.0	511.3
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Incremental Position Change from 2016 Enacted Budget			
Staffing	2016 - 17 Enacted Budget	November 2016 Estimate	Change
Level of Care	600.0	647.8	47.8
Non-Level of Care	983.5	1,056.5	73.0
Total Positions**	1,583.5	1,704.3	120.8

*The total number of units reflect partial year consolidations as populations decline due to community placements.

**Total 2016-17 positions include both GTA (511.3) and STP (1,193.0), as the Department did not previously budget separately.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Porterville Developmental Center - General Treatment Area

Expenditure and Funding Detail

Budget Year 2017 - 18

(Dollars in thousands)

Unit Staffing Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$21,811	\$11,631	\$0	\$0	\$33,442
Staff OE&E	1,375	680	0	0	2,055
Resident OE&E	1,860	1,033	0	0	2,893
Total	\$25,046	\$13,344	\$0	\$0	\$38,390

Program Support Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$9,903	\$6,309	\$0	\$0	\$16,212
Staff OE&E	620	395	0	0	1,015
Fixed Facility OE&E*	0	0	0	5,216	5,216
Total	\$10,523	\$6,704	\$0	\$5,216	\$22,443

Control Section Adjustments					
	ICF	SNF	Acute	Facility-Wide	Total
Employee Comp	\$0	\$0	\$0	\$676	\$676

Major Assumptions					
	ICF	SNF	Acute	Facility-Wide	Total
Archive Records	\$0	\$0	\$0	\$250	\$250

Total General Treatment Area Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$31,714	\$17,940	\$0	\$0	\$49,654
OE&E	\$3,855	\$2,108	\$0	\$5,216	\$11,179
Staff OE&E	1,995	1,075	0	0	3,070
Resident OE&E	1,860	1,033	0	0	2,893
Fixed Facility OE&E*	0	0	0	5,216	5,216
Control Section Adjustments	0	0	0	676	676
Major Assumptions	0	0	0	250	250
Grand Total	\$35,569	\$20,048	\$0	\$6,142	\$61,759

Fund Sources					
	ICF	SNF	Acute	Facility-Wide	Total
General Fund	\$18,442	\$10,228	\$0	\$3,619	\$32,289
Reimbursements	17,077	9,820	0	2,523	29,420
Lottery Education Fund	50	0	0	0	50
Grand Total	\$35,569	\$20,048	\$0	\$6,142	\$61,759

* Includes Lease Revenue Debt Service Payment.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Porterville Developmental Center - Secure Treatment Program
Resident Population and Staffing Detail
Budget Year 2017 - 18

Beginning Resident Population			
ICF	SNF	Acute	Total Population
211	0	0	211

Units*			
ICF	SNF	Acute	Total Units
13.00	0.00	1.00	14.00

Unit Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	624.6	0.0	14.3	638.9
Medical	16.5	0.0	0.5	17.0
Admin	107.8	0.0	2.1	109.9
Total	748.9	0.0	16.9	765.8

Program Support Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	24.1	0.0	0.7	24.8
Medical	39.2	0.0	1.1	40.3
Admin	278.5	0.0	8.1	286.6
Total	341.8	0.0	9.9	351.7

Intensive Behavioral Treatment Residence Unit Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	59.0	0.0	0.0	59.0
Medical	1.5	0.0	0.0	1.5
Admin	15.0	0.0	0.0	15.0
Total	75.5	0.0	0.0	75.5

Total Staffing	1,166.2	0.0	26.8	1,193.0
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Incremental Position Change from 2016 Enacted Budget			
Staffing	2016 - 17 Enacted Budget	November 2016 Estimate	Change
Level of Care	600.0	647.8	47.8
Non-Level of Care	983.5	1,056.5	73.0
Total Positions**	1,583.5	1,704.3	120.8

*Total ICF includes 2.0 Intensive Behavioral Treatment Residence (IBTR) Units licensed as ICF.

**Total 2016-17 positions include both GTA (511.3) and STP (1,193.0), as the Department did not previously budget separately.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Porterville Developmental Center - Secure Treatment Program

Expenditure and Funding Detail

Budget Year 2017 - 18

(Dollars in thousands)

Unit Staffing Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$72,286	\$0	\$2,120	\$0	\$74,406
Staff OE&E	4,495	0	101	0	4,596
Resident OE&E	4,242	0	0	0	4,242
Total	\$81,023	\$0	\$2,221	\$0	\$83,244

Program Support Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$32,793	\$0	\$949	\$0	\$33,742
Staff OE&E	2,052	0	59	0	2,111
Fixed Facility OE&E*	0	0	0	10,854	10,854
Total	\$34,845	\$0	\$1,008	\$10,854	\$46,707

Intensive Behavioral Treatment Residence Unit Staffing Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$6,915	\$0	\$0	\$0	\$6,915
Staff OE&E	453	0	0	0	453
Total	\$7,368	\$0	\$0	\$0	\$7,368

Control Section Adjustments					
	ICF	SNF	Acute	Facility-Wide	Total
Employee Comp	\$0	\$0	\$0	\$1,580	\$1,580
Lease Revenue Bond	0	0	0	-1,034	-1,034
Total	\$0	\$0	\$0	\$546	\$546

Total Secure Treatment Program Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$111,994	\$0	\$3,069	\$0	\$115,063
OE&E	\$11,242	\$0	\$160	\$10,854	\$22,256
Staff OE&E	7,000	0	160	0	7,160
Resident OE&E	4,242	0	0	0	4,242
Fixed Facility OE&E*	0	0	0	10,854	10,854
Control Section Adjustments	0	0	0	546	546
Grand Total	\$123,236	\$0	\$3,229	\$11,400	\$137,865

Fund Sources					
	ICF	SNF	Acute	Facility-Wide	Total
General Fund	\$123,186	\$0	\$2,166	\$11,300	\$136,652
Reimbursements	0	0	1,063	100	1,163
Lottery Education Fund	50	0	0	0	50
Grand Total	\$123,236	\$0	\$3,229	\$11,400	\$137,865

* Includes Lease Revenue Debt Service Payment.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Sonoma Developmental Center
Resident Population and Staffing Detail
Budget Year 2017 - 18

Beginning Resident Population			
ICF	SNF	Acute	Total
134	115	0	249

Units*			
ICF	SNF	Acute	Total
5.75	4.00	1.00	10.75

Unit Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	250.6	147.9	14.3	412.8
Medical	5.9	8.0	0.5	14.4
Admin	<u>54.9</u>	<u>25.1</u>	<u>2.1</u>	<u>82.1</u>
Total	311.4	181.0	16.9	509.3

Program Support Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	18.4	11.5	1.3	31.2
Medical	28.2	17.6	2.0	47.8
Admin	<u>189.4</u>	<u>118.5</u>	<u>13.4</u>	<u>321.2</u>
Total	236.0	147.6	16.7	400.2

STAR Unit Staffing				
	ICF	SNF	Acute	Total Positions
Clinical	19.7	0.0	0.0	19.7
Medical	0.4	0.0	0.0	0.4
Admin	<u>6.5</u>	<u>0.0</u>	<u>0.0</u>	<u>6.5</u>
Total	26.6	0.0	0.0	26.6

Total Staffing	574.0	328.6	33.6	936.1
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Incremental Position Change from 2016 Enacted Budget			
Staffing	2016 - 17 Enacted Budget	November 2016 Estimate	Change
Level of Care	550.4	280.5	-269.9
Non-Level of Care	807.2	655.6	-151.6
Total Positions	1,357.6	936.1	-421.5

*Total ICF units include the 1.0 STAR Crisis Unit licensed as ICF.

*The total number of units reflect partial year consolidations as populations decline due to community placements.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

Sonoma Developmental Center
Expenditure and Funding Detail
Budget Year 2017 - 18
(Dollars in thousands)

Unit Staffing Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$29,614	\$18,575	\$2,116	\$0	\$50,305
Staff OE&E	1,559	907	85	0	2,551
Resident OE&E	3,340	2,978	0	0	6,318
Total	\$34,513	\$22,460	\$2,201	\$0	\$59,174

Program Support Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$24,847	\$15,541	\$1,756	\$0	\$42,144
Staff OE&E	1,181	739	83	0	2,003
Fixed Facility OE&E	0	0	0	5,873	5,873
Community State Staff	0	0	0	7,552	7,552
Total	\$26,028	\$16,280	\$1,839	\$13,425	\$57,572

STAR Unit Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$2,720	\$0	\$0	\$0	\$2,720
Staff OE&E	133	0	0	0	133
Resident OE&E	129	0	0	0	129
Total	\$2,982	\$0	\$0	\$0	\$2,982

Control Section Adjustments					
	ICF	SNF	Acute	Facility-Wide	Total
Employee Comp	\$0	\$0	\$0	\$1,260	\$1,260

Major Assumptions					
	ICF	SNF	Acute	Facility-Wide	Total
Asset Disposal	\$0	\$0	\$0	\$300	\$300

Total Facility Expenditures					
	ICF	SNF	Acute	Facility-Wide	Total
Personal Services	\$57,181	\$34,116	\$3,872	\$0	\$95,169
OE&E	\$6,342	\$4,624	\$168	\$5,873	\$17,007
Staff OE&E	2,873	1,646	168	0	4,687
Resident OE&E	3,469	2,978	0	0	6,447
Fixed OE&E	0	0	0	5,873	5,873
Community State Staff	0	0	0	7,552	7,552
Control Section Adjustments	\$	0	0	1,260	1,260
Major Assumptions	0	0	0	300	300
Grand Total	\$63,523	\$38,740	\$4,040	\$14,985	\$121,288

Fund Sources					
	ICF	SNF	Acute	Facility-Wide	Total
General Fund	\$63,472	\$20,560	\$2,693	\$6,355	\$93,080
Reimbursements*	0	18,180	1,347	8,630	28,157
Lottery Education Fund	51	0	0	0	51
Grand Total	\$63,523	\$38,740	\$4,040	\$14,985	\$121,287

*Includes Reimbursements from the Community State Staff Program.

Note: Slight rounding differences may occur between the Executive Summary Table and DC Detail Sheets.

CONTROL SECTION ADJUSTMENTS

Employee Compensation Adjustments

The Department requests \$4.7 million (\$2.8 million GF) in 2016-17, and \$4.9 million (\$3.0 million GF) in 2017-18 for the following Employee Compensation adjustments:

- Control Section 3.60 Retirement Adjustments. Pursuant to Section 3.60 of the Budget Act, departmental appropriations are adjusted annually to accurately reflect the State's share of retirement costs through the Executive Order process. Based on an analysis of positions and retirement contribution amounts, the Department requests \$3.6 million (\$2.2 million GF) in both 2016-17 and 2017-18 for retirement adjustments.
- Item 9800 Employee Compensation Adjustments. Employee Compensation adjustments approved through the collective bargaining process, and for employees excluded from collective bargaining as approved by the California Department of Human Resources, are referred to as Item 9800 adjustments. Item 9800 contains general salary increases, shift differentials, retention incentives, and various changes to the employers' share of staff benefits. The Department requests \$1.1 million (\$0.6 million GF) in Fiscal Year 2016-17, and \$1.3 million (\$0.8 million GF) in Fiscal Year 2017-18 for Item 9800 employee compensation adjustments.

Control Section 4.30 Lease Revenue Adjustments

Pursuant to Control Section 4.30 of the Budget Act, the Director of Finance may adjust amounts in appropriation items for rental payments on lease-revenue bond-funded projects. Currently, the Department's budget includes funds to make lease revenue payments at Porterville. In 2016-17, the Department's budget will decrease by -\$0.7 million GF, and in 2017-18 will decrease by -\$1.0 million GF.

MAJOR ASSUMPTION

Fairview and Porterville GTA - Closure Activity Costs

On April 1, 2016, the Department submitted to the Legislature a plan for the closure of Fairview and Porterville GTA. Consistent with closure planning for Sonoma, the Department will initiate certain activities to complete closure activities more efficiently. In 2017-18, the Department requests funds to archive records at both Fairview and Porterville GTA facilities. More specifically, the Department requests \$500,000 (\$260,000 GF) annually for three years to inventory, scan, package, and archive clinical records. This includes \$250,000 (\$128,000 GF) for Fairview, and \$250,000 (\$132,000 GF) for Porterville GTA.

The Department notes that the \$250,000 requested to archive records at Fairview and Porterville GTA is less than the \$500,000 appropriated for Sonoma. This is due to the fact that Sonoma has operated for more than a century and houses more records, including those transferred from Agnews and Lanterman following those closures.

Fairview and Porterville GTA Archive Clinical Records

	2017-18	2018-19	2019-20	2020-21
Fairview Archive Records	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Porterville GTA Archive Records	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
	\$ 500,000	\$ 500,000	\$ 500,000	\$ -

MAJOR ASSUMPTION

Sonoma Developmental Center - Closure Activity Costs

Pursuant to Senate Bill (SB) 82 (Chapter 23, Statutes of 2015), DDS submitted to the Legislature on October 1, 2015, a plan to close Sonoma by December 31, 2018. As learned during the closure of the Lanterman DC, certain activities should be initiated early to more efficiently complete closure activities. In response, the Department requested and received funding in 2015-16 and 2016-17 to archive clinical and historical records, and to fund the cost of staff time and expenses to physically move residents and their belongings to new community homes.

In addition to amounts appropriated in prior fiscal years, the Department requests \$300,000 (\$245,000 GF) annually for two years to dispose of and/or relocate assets. Sonoma currently houses substantial physical assets, including many items transferred from the Agnews and Lanterman DCs during those closures. Assets include office and resident furniture, office and medical equipment and supplies, artwork, photos, and a myriad of other items housed in over 100 buildings. With the \$300,000, the Department will begin identifying, declaring, disposing, and moving surplus assets in preparation for final Sonoma closure.

The table below displays both appropriated and requested funds for Sonoma closure activity costs.

Sonoma Closure Activity Expenses

	2015-16	2016-17	2017-18	2018-19	2019-20
OT for Resident Transfers	\$ 144,000	\$ 236,000	\$ 236,000	\$ 236,000	\$ 0
Archive Records	0	500,000	500,000	500,000	0
Resident Relocations	808,000	1,330,000	1,330,000	1,330,000	0
Dispose/Relocate Assets*	0	0	300,000	300,000	0
	\$ 952,000	\$ 2,066,000	\$2,366,000	\$2,366,000	\$ 0

*Proposed

REVISED MAJOR ASSUMPTION

Proposed Trailer Bill – Clean Up Language Allowing DDS Employees to Become Service Providers

Assembly Bill 1606, Chapter 26, Statutes of 2016, also known as the trailer bill to the 2016 Enacted Budget, amended Section 10430 of the Public Contract Code to provide an exemption to DDS employees from terminating state employment before entering into a service provider contract with a regional center. The current language ties the point in time an employee must terminate state employment to vendorization. However, it has been determined that there are different interpretations of when vendorization actually occurs. It can be interpreted that vendorization occurs at the beginning of a start-up contract, since the regional center assigns a service code in order to issue contract payments. Under this interpretation, the intent of the language would be defeated. Therefore, Department proposes to clarify the existing language to remove the reference to vendor or vendorization. The language will be clearer as to the time frame the employee can continue working for the State and not create a conflict of interest. This clarification will protect both the employee and the regional center, and encourage use of the exemption.

FUTURE FISCAL ISSUES

Fairview and Porterville GTA - Closure Activity Costs

On April 1, 2016, the Department submitted to the Legislature a plan for the closure of Fairview and Porterville GTA. With the planned closures, the Department will incur additional costs in 2018-19 and 2019-20 to physically move residents and their belongings to new community homes, and to dispose of and/or relocate assets such as office and resident furniture, office and medical equipment and supplies, artwork, photos, etc.

The identification of these future costs is consistent with funding received in 2015-16 and 2016-17 for the Department to move Sonoma residents and their belongings. It is also consistent with the Department's 2017-18 request for funds to dispose of and/or relocate Sonoma assets.

Decertification of Fairview and Porterville GTA ICF Units

The California Department of Public Health (CDPH) notified both Fairview and Porterville GTA in early August 2015 that the facilities did not meet specified Conditions of Participation for the ICF units based on surveys completed in July 2015. The letters further stated that the provider agreements for the residential Intermediate Care Facilities-Developmentally Disabled (ICF/DD) units would be terminated November 1, 2015, with payment for inpatient Medi-Cal beneficiaries ending on December 1, 2015.

Subsequent to receiving these notifications, DDS submitted appeal letters to CDPH for both Fairview and Porterville GTA, and requested full evidentiary hearings. In turn, CDPH approved a number of consecutive extensions of the Medicare and Medi-Cal provider agreements, and approved extensions for both facilities through July 1, 2016.

On July 1, 2016, a Settlement Agreement (Agreement) was reached between CMS, the California Health and Human Services Agency (CHHS), DDS, DHCS, Fairview, Porterville GTA, and CDPH. Under the Agreement, CDPH exercised its authority under 42 C.F.R. 431.154 to revise the effective date of the termination of Fairview and Porterville GTA ICF/DD provider agreement to December 31, 2016.

The Agreement allowed CDPH to initiate reconsideration and extend provider agreement termination dates annually up to December 31, 2019 for Fairview and October 31, 2021 for Porterville GTA, provided CMS finds all parties are in compliance with the Agreement. In November 2016, both Fairview and Porterville

received CDPH and CMS partnership surveys and the survey reports found that both were in compliance.

Based on these survey results CDPH notified the Department in December 2016 that both the Fairview and Porterville provider agreement termination dates are being extended to December 31, 2017. Nevertheless, CMS may, in its sole discretion, terminate the agreements for any reason. If this were to occur, the estimated monthly FFP loss in 2016-17 is estimated at \$3.9 million for Fairview, and \$2.8 million for Porterville GTA. The 2017-18 estimated monthly FFP loss is estimated at \$2.5 million for Fairview, and \$1.5 million for Porterville GTA.

USDOJ Civil Investigative Demand (CID)

DDS received notification from the United States Department of Justice (USDOJ) in March 2014 of a CID to determine whether a violation had occurred at the Sonoma DC relative to the Medicare and Medicaid programs. DDS reviewed the CID and retained outside counsel to respond to the USDOJ CID. To date, DDS has produced over 400,000 pages of documents, including e-mails and electronic records to USDOJ. It is unclear whether USDOJ will take any action against the department after USDOJ reviews the documents, and no additional information has been requested or produced during calendar year 2016.

General Fund

DESCRIPTION:

The General Fund is used for two purposes: 1) as a match to Title XIX Reimbursement funds received for payment of resources/services for Medi-Cal eligible residents (these funds are referred to as "General Fund Match" and 2) to pay for non-Medi-Cal eligible resources/services for residents in the developmental centers and the state-operated community facility (DC/CF). These funds are referred to as "General Fund Other."

ASSUMPTIONS/METHODOLOGY:

CY 2016-17 BY 2017-18

General Fund:

The DCs'/CF's General Fund appropriation consists of two components: (1) General Fund Match and (2) General Fund Other. Details of these components are as follows:

• General Fund Match:			\$152,477,000	\$111,227,000
General Fund Match to FMAP	<u>CY 2016-17</u>	<u>BY 2017-18</u>		
Non-Proposition 98	50.00%	50.00%	149,713,000	108,463,000
Proposition 98	50.00%	50.00%	2,459,000	2,459,000
HIPAA	50.00%	50.00%	305,000	305,000

This portion of General Fund is required as a match to Medi-Cal Reimbursements received from the Department of Health Care Services (DHCS). These Reimbursements are originally funded by the federal government and passed through DHCS (the federally recognized single state agency for Medicaid). The federal financial participation costs are established by utilizing the federal medical assistance percentages (FMAP) provided by DHCS.

• General Fund Other			\$216,046,000	\$218,758,000
This funding is for services provided to the DC/CF residents who are not eligible for federal or other reimbursement funding. Funding also includes \$9,432,000 (CY) and \$9,141,000 (BY) for Lease-Revenue Bonds.			216,046,000	218,758,000

TOTAL GENERAL FUND

\$368,523,000 \$329,985,000

Reimbursements Title XIX Medi-Cal and Other

DESCRIPTION:

Title XIX Medi-Cal Reimbursements are funds received for services provided to eligible residents in the developmental centers and the state-operated community facility (DC/CF). These funds require a General Fund match at the FMAP rate. Other Reimbursements are funds received for services provided to the DCs/CF residents who have no General Fund match requirements.

ASSUMPTIONS/METHODOLOGY:

CY 2016-17 BY 2017-18

Reimbursements:

The DCs'/CF's appropriation for reimbursements consists of two components: (1) Title XIX Medi-Cal and (2) Other Reimbursements. The detail of these two components are as follows:

• **Title XIX/Medi-Cal** **\$152,477,000** **\$111,227,000**

Title XIX Medi-Cal Reimbursements fund eligible services provided to residents in the DCs/CF system via DHCS (the federally recognized single state agency for Medicaid). The federal financial participation costs are established by utilizing the FMAP as provided by DHCS.

FMAP	<u>CY 2016-17</u>	<u>BY 2017-18</u>		
Non-Proposition 98	50.00%	50.00%	152,126,000	110,876,000
Proposition 98	50.00%	50.00%	242,000	242,000
HIPAA	50.00%	50.00%	109,000	109,000

• **Reimbursements - Other** **\$8,290,000** **\$8,290,000**

This amount represents reimbursements from providers, vendors, or Regional Centers, which are in a contractual agreement with DDS, for the implementation of the Community State Staff Program.

8,290,000 *8,290,000*

TOTAL REIMBURSEMENTS

\$160,767,000 **\$119,517,000**

Federal Funds

DESCRIPTION:

The Federal Foster Grandparent Program Grant provides funds to establish person-to-person relationships between low income seniors aged 60 years and older, and consumers with developmental disabilities and/or mental health issues.

ASSUMPTIONS/METHODOLOGY:

CY 2016-17 BY 2017-18

• **Foster Grandparent Program Grant**

\$285,000

\$0

The Foster Grandparent Program grant is used for specified operational costs, such as stipends and educational supplies in the developmental centers. In 2017-18 the Foster Grandparent Program will be transferred to the Local Assistance/Regional Center Budget.

TOTAL FEDERAL FUNDS

\$285,000

\$0

Lottery Education Fund

DESCRIPTION:

Lottery Education Fund uses state General Fund revenues guaranteed for the support of school districts, community colleges districts, and state agencies that provide direct elementary and secondary level instructional services.

ASSUMPTIONS/METHODOLOGY:

CY 2016-17 BY 2017-18

Lottery Education Fund:

\$294,000

\$294,000

- The Lottery Education Fund is used for specified educational costs, such as training programs to establish curriculum as well as to support special needs and equipment costs in the developmental centers and the state-operated community facility (DC/CF). Funds received are based on the DC/CF resident average daily attendance.

TOTAL LOTTERY EDUCATION FUND

\$294,000

\$294,000

CAPITAL OUTLAY PROJECT

Porterville Developmental Center – Nitrate Removal System

DESCRIPTION:

Separate from the 2016 November Estimate, the Department submitted a Capital Outlay Budget Change Proposal (COBCP) that requests \$3.7 million GF for Preliminary Plans, Working Drawings, and Construction to install a centralized nitrate removal system (NRS) at the Porterville Developmental Center. The NRS will remove excess levels of nitrates from well water to meet state-mandated safe drinking water requirements. The Secure Treatment Area at Porterville will remain open, and this health and safety project will establish a safe, reliable, and efficient potable water delivery system. The COBCP details the need for the project, as well as project costs and duration.

SB 82 Reporting

Pursuant to Chapter 23, Statutes of 2015 (SB 82), the Department is required to identify GF Savings associated with the downsizing or closure of the DCs. Following notifications to the Legislature in October 2015 and April 2016, the Department is proceeding with the closures of Sonoma, Fairview, and Porterville GTA.

Table 1 below displays FY 2016-17 and 2017-18 funding impacts related to the Sonoma, Fairview, and Porterville GTA closures. This report updates amounts previously reported for 2016-17, and also provides estimated amounts for 2017-18.

In total, net GF expenditures related to closure in 2016-17 and 2017-18 are estimated at \$124.5 million and \$53.4 million, respectively. While total expenditures for DC operations are declining overall, the GF cost has increased due to the decertification of ICF units and changing cost ratios as a result of federal fund audit findings. These costs, in addition to closure-related expenditures, including the development of community-based resources to support individuals transitioning out of the DCs, continue to outpace savings.

Table 1
DC Closures – Funding Impacts
Dollars in Thousands

1. DCs - Operations Adjustments	-\$8,800	\$22,300	-\$80,800	-\$11,900
2. DCs - Closure Activities	\$7,100	\$5,300	\$5,700	\$3,600
3. Community Services - Closure Placement	\$78,800	\$69,100	\$25,700	\$19,200
4. Community Services - Continuation Costs	\$45,000	\$26,000	\$68,700	\$40,700
5. HQ - Closure Coordination & Oversight	<u>\$2,100</u>	<u>\$1,800</u>	<u>\$2,100</u>	<u>\$1,800</u>
Total	\$124,200	\$124,500	\$23,200	\$53,400

The amounts in Table 1 are more fully explained below, and do not include other costs to the State that are not reflected in the Department’s budget, such as Medi-Cal and In-Home Supportive Services for individuals living in the community. Table 1 also does not include accelerated expenditures to resolve outstanding Workers’ Compensation claims for DC employees.

1. DC – Operations Adjustments

The 2016 November Estimate decreases DC Operations expenditures in 2017-18 by \$80.8 million total funds (\$11.9 million GF decrease) from the updated 2016-17 amounts. The decrease results from declining resident populations, which drive staffing and OE&E costs. There is no change to the total fund reduction reported

for 2016-17 as compared to the 2016 Budget Act. However, GF costs increased \$27.2 million as a result of the reduction in federal funding noted above.

2. Developmental Centers – Closure Activities

Following the announced DC closures, the Department has requested and received funds for closure-related activities such as taking inventory of and archiving clinical records at Sonoma, contracting for an independent monitor at Sonoma, Fairview, and Porterville GTA, moving Sonoma clients and their belongings to new residences in the community, and assessing the Sonoma facilities and land.

For 2017-18, the November Estimate proposes an additional \$500,000 (\$260,000 GF) to inventory and archive records at Fairview and Porterville GTA, and \$300,000 (\$245,000 GF) to begin disposing or relocating assets from Sonoma. These additional costs are offset by a -\$2.2 million GF reduction of one-time funds received in the 2016 Enacted Budget for the Sonoma site assessment. Table 2 below details amounts appropriated and requested for closure activities.

Table 2
Closure Activity Costs
Whole Dollars

Sonoma		
OT for Resident Transfers	\$236,000	\$236,000
Archive Records	500,000	500,000
Resident Relocations	1,300,000	1,300,000
Site Assessment	2,240,000	0
Independent Monitor	947,000	947,000
Dispose/Relocate Assets*	<u>0</u>	<u>300,000</u>
Total Sonoma	\$5,223,000	\$3,283,000
Fairview		
Independent Monitor	\$950,000	\$950,000
Archive Records*	<u>0</u>	<u>250,000</u>
Total Fairview	\$950,000	\$1,200,000
Porterville GTA		
Independent Monitor	\$950,000	\$950,000
Archive Records*	<u>0</u>	<u>250,000</u>
Total Porterville GTA	<u>\$950,000</u>	<u>\$1,200,000</u>
Total Closure Activity Costs	<u>\$7,123,000</u>	<u>\$5,683,000</u>
GF	\$5,319,000	\$3,584,000

*Proposed in 2017-18

3. Community Services – Closure Community Placement Plan (CPP)

The closures of Sonoma, Fairview, and Porterville GTA require increased regional center positions and resources to develop community living arrangements and place individuals from DCs into the community. Within the Regional Center Estimate, the Department proposes \$25.7 million (\$19.2 million GF) in 2017-18 in CPP funds related to the Sonoma, Fairview, and Porterville GTA closures, as detailed in Table 3. These funds are in addition to \$68 million (\$43 million GF) in ongoing funds identified for regular community placement activities. The 2016 November Estimate proposes no changes to the 2016 Enacted Budget, which provided \$78.8 million (\$69.1 million GF) for closure-specific CPP.

Table 3
Community Placement FY 2017-18
Dollars in Thousands

Operations	\$3,600	\$1,200	\$600	\$5,400
Purchase of Services	<u>13,300</u>	<u>4,600</u>	<u>2,400</u>	<u>20,300</u>
Total	\$16,900	\$5,800	\$3,000	\$25,700
GF	\$12,700	\$4,300	\$2,200	\$19,200

4. Community Services – Continuation Costs

After individuals transition from DCs to the community, Purchase of Services costs not currently reflected in the Regional Center Estimate expenditure trends will increase. To account for these increased costs, the Department separately estimates expenditures for individuals who have already moved into the community in the prior year. The 2016 Enacted Budget included \$62.6 million (\$40.3 million GF) for 2016-17 Continuation Costs. The 2016 November Estimate reduces this figure to \$45 million (\$26 million GF) based on an analysis of historical expenditure trends for transitioned consumers. For 2017-18, the estimated Continuation Costs are \$68.7 million (\$40.7 million GF).

5. Headquarters – Closure Coordination and Oversight

The 2016 Enacted Budget includes \$2.1 million (\$1.8 million GF) in FY 2016-17 for new and redirected vacant headquarters positions for staffing and contract resources needed to support the continued efforts for multiple DC closures. The 2016 November Estimate proposes no changes in 2016-17, and reflects the same for these continued activities in 2017-18.