

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: February 4, 2020

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 19-0002-S184
Assignment No: 20-01-0053

SUBJECT: Resolution to Support/Sponsor Legislation Related to Payment Rates for Board and Care Facilities

CLA RECOMMENDATION:

Adopt Resolution (Martinez-Bonin) to include in the 2019-2020 State Legislative Program SPONSORSHIP and/or SUPPORT for any legislation or administrative action which would increase the State payment rate for licensed board-and-care facilities that serve vulnerable communities, and especially seniors with mental health issues.

SUMMARY:

Resolution (Martinez-Bonin) states that according to a survey conducted in April 2019, 39 board-and-care facilities in Los Angeles County closed over the previous three years, eliminating 949 beds out of an estimated 6,100 beds and representing a 16 percent decline. The Resolution states that the California Community Care Licensing Division claims that there are only 154 homes in Los Angeles County that are still open, with a total capacity of 5,129 beds.

The Resolution explains that the facilities, which serve both mentally ill people and seniors, are struggling to stay open because the State pays them only about half the rate that operators of homeless shelters receive; and that board-and-care facilities are essential for seniors and people with mental illness who are unable to care for themselves because they provide 24-hour staffing, three meals per day, and medication. The Resolution explains further that most residents in board-and-care facilities are poor, and therefore are at high risk of homelessness.

The Resolution states that reimbursement for services provided at board-and-care facilities, which is based on State allotments and Social Security disability payments, has fallen so far behind inflation that operators claim it is barely enough to cover food costs, pay their staff, and maintain their aging buildings. In addition, the reimbursement rate, which is currently about \$1,058 per month for one bed, must be increased by way of a State supplement for out-of-home care established through the annual budget process in Sacramento. The Resolution states that advocacy groups lobbied unsuccessfully in the spring of 2019 for an \$18-million boost to bring the reimbursement rate to at least \$2,000 per month.

Finally, the Resolution states that the State of California should be urged to use any unspent mental health services funds to prevent board-and-care facilities from closing. Therefore, the Resolution recommends that the City of Los Angeles include in its 2019-2020 State Legislative Program

sponsorship and/or support for any legislation or administrative action that would increase the State payment rate for licensed board-and-care facilities that serve vulnerable communities, and especially seniors with mental health issues.

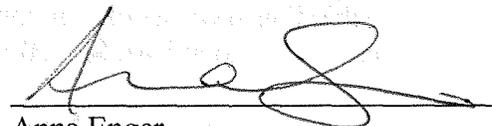
BACKGROUND:

An expansion in inpatient mental health care services is urgently needed for the State and City's homeless, senior, and incarcerated populations. According to State data, 47 percent of inmates found psychologically incompetent to stand trial in 2018, of whom almost half were unsheltered, had received no public mental health services during the six months prior to their incarceration. Between the years 2014 and 2019, the average number of inmates awaiting placement in a mental health treatment facility increased from 343 to 819.

After examining questionnaires taken as a part of the 2019 point-in-time homelessness count, the Los Angeles Times found that 67 percent of homeless individuals in the City have a reported mental illness or substance abuse disorder. Without consistent, 24-hour care, mentally ill homeless individuals do not have available to them the intensive services they may need to access the assistance and employment necessary to achieve housing stability. Moreover, board-and-care facilities are important for the State and City's senior population, which is projected to grow 170 percent for people over the age of 60, and 600 percent for people over the age of 85 in the next four decades, according to State data.

The California Hospitals Association recommends that the State provide at least 50 inpatient mental health treatment beds for every 100,000 individuals. However, as is reflected in State data, there are only 13.57 beds for every 100,000 adults in Los Angeles County. The closure of board-and-care facilities throughout California can be attributed to decades of budget cuts for mental health services, the largest of which occurred in 2010 following the Great Recession.

In 2004, California passed the Mental Health Services Act, which has since generated approximately \$15 billion for mental health services. Instead of using the funds to finance inpatient care, the State financed community engagement and early intervention programs. Consequentially, board-and-care facilities remain underfunded and at high risk for closure. California Governor Newsom's proposed budget for FY 2020-2021 provides \$750 million in one-time funding for homelessness reduction efforts, including subsidies to operators of board-and-care facilities. Moreover, the Los Angeles County 2019-2020 budget includes an additional \$5.2 million in funding for the Long-Term Care Ombudsman Program, which serves elderly patients in assisted living or board-and-care facilities. The budget also includes an additional \$93 million for jail diversion programs and mental health treatment beds. While these new funds are necessary, it is critical that the State of California continue to increase ongoing funding for residential board-and-care facilities to improve public health and reduce homelessness.



Anna Enger
Legislative Analyst

Attachment: Resolution

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, increasingly throughout California, but especially acute in Los Angeles County, board-and-care homes are disappearing even as hundreds of millions of dollars are being spent to house homeless people; an April survey estimated that 39 such facilities had closed in the previous three years — eliminating 949 beds out of an estimated 6,100; and

WHEREAS, board-and-care homes which serve not only mentally ill people but thousands of seniors are struggling to stay open, as the state pays them only about half the rate that operators of homeless shelters receive; and

WHEREAS, these homes provide 24-hour staffing, serve three meals a day and administer medication, they are for seniors as well as for adults with debilitating mental illness who are unable to care for themselves; most residents are poor as well and, therefore, at high risk of homelessness; and

WHEREAS, reimbursement for the services board-and-care homes provide, which is based on state budget allotments and Social Security levels, is currently about \$35 a day per resident but that rate has fallen so far behind inflation that operators say it is barely enough to cover food and pay their staffs; and some are struggling to maintain aging buildings that are worth more as real estate than as a business; and

WHEREAS, the media has reported that the owners of several board-and-care homes are considering, or were in the process of, closing; most are long-term owners who have first-name relationships with their residents, some knowing each other for decades; these owners are barely breaking even, and they foresee going into the red when the minimum wage goes up in the city of Los Angeles next July yet at the same time they are not free to raise their prices, which are set by the state; and

WHEREAS, the California Community Care Licensing Division has advised that there are about 154 homes in Los Angeles County still open, with a total capacity of 5,129 beds and this is due to 39 closures over three years representing a 16% decline; and

WHEREAS, if residents cannot find a vacancy at another board-and-care, there is no assurance they will remain housed; some may be taken back by families, others may wind up in unlicensed homes, and many will land on the streets, in jail or in mental hospitals; and

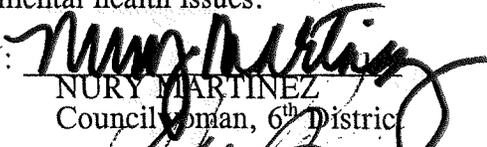
WHEREAS, most beds serve those who cannot pay and for them, the reimbursement rate is \$1,058 per month — or about \$35 per day — per bed, which is comprised of the resident's Social Security disability payment and a state supplement for out-of-home care set by the annual budget process in Sacramento; and

WHEREAS, advocacy groups lobbied unsuccessfully this spring for an \$18-million boost to bring the reimbursement rate to at least \$2,000 per month; and

WHEREAS, the State of California should be urged to use any unspent mental health services funds to prevent board-and-care facilities from closing;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program SPONSORSHIP and SUPPORT for any legislation or administrative action which would increase the State payment rate for licensed board and care facilities which serve vulnerable communities, especially seniors with mental health issues.

19-0002-5184

PRESENTED BY: 
 NURY MARTINEZ
 Councilwoman, 6th District

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SECONDED BY: 