

DEPARTMENT OF DEVELOPMENTAL SERVICES

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October 26, 2001

**TO: SERVICE DELIVERY REFORM COMMITTEE
INTERESTED PARTIES**

SUBJECT: SERVICE DELIVERY REFORM REPORT

Enclosed is the Department of Developmental Services' (Department) response to the May 15, 2001, **Draft Report to the Service Delivery Reform Committee**, copies of statements received from 26 individuals and organizations in response to that report, and the final CHPs report on a proposed residential rate model.

A meeting had been scheduled for November 8, 2001, to discuss the Department's response. I regret to inform you that we have decided to cancel this meeting. The national and State economies are experiencing a significant slow down that is resulting in a substantial decline in the State General Fund. The tragic events of September 11th have also introduced uncertainty into the State's economic outlook. Consequently, Governor Davis has issued an executive order requiring all State departments to reduce their operating expenses and expenditures. While we regret canceling the meeting, we have done so in the belief that it will assist all members of our system to conserve fiscal resources.

The Department recognizes and appreciates the commitment and hard work of all of those involved in the service delivery reform effort. The recommendations of the committee and all responses to the draft report were reviewed and discussed by the Department. Our comments and commitments are reflected in the enclosed document.

The State is in a period of fiscal restraint and resources are not available to immediately pursue many of the recommendations of the Committee. However, because of the Department's concurrence with many of the recommendations, we are determined to carry forward as much as possible within available resources.

Comments from members of the Committee reflect divergent and shared opinion. For example, there is significant support for the Committee's values, principles, and personal outcomes, and for establishing a floor of quality, provided there is sufficient funding and commitment at the state level for reform efforts. However, the Committee does not have the same unanimity regarding the residential services cost model, certification, personnel model, or service requirements.

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To fulfill the legislative mandates regarding rate methodologies, the Department is convening small workgroups with provider representatives from residential, supported living, day, infant, and respite services. Members of these workgroups will make specific recommendations on rate methodologies for their service delivery. These recommendations will be the subject of a supplemental report shared with the Administration, Legislature, and the Service Delivery Reform Committee. We intend to issue this report in Spring, 2002.

If you have any questions about the enclosed documents, please contact Julia Mullen, Manager, Community Development Branch, at (916) 654-2426. If you have questions about the CHPs residential services rate model, please contact Shelton Dent, Manager, Residential Services Branch, at (916) 654-2732.

Sincerely,

JULIE A. JACKSON, Deputy Director
Community Services and Supports Division

Enclosures

Department of Developmental Services'
Response to the
Draft Report to the Service Delivery Reform Committee

Background

Since 1998, the Department of Developmental Services (Department), in response to three Legislative mandates, has worked in consultation with stakeholder organizations to develop a performance based, consumer outcome rate system for residential, infant, supported living, day program, and in-home respite services.

The culmination of this three year project resulted in a draft Service Delivery Reform Report distributed to committee members and other interested parties in May 2001. Recipients were invited to review the report with their agencies and submit written responses to the Department. We appreciate those who took the time to send comments. It was evident that much consideration was put into the suggestions made.

The Department has reviewed all responses and the recommendations of the Service Delivery Reform Committee and has met to determine what direction to take in the future. The Department is responding to let you know of those areas that we intend to pursue. The State is in a period of fiscal restraint and resources are not available to immediately pursue many of the recommendations. However, we will continue our efforts to move the system forward within the resources available.

The Department's responses are keyed to the topics and lettered tabs contained in the May 15, 2001 draft report.

Tab A: Values and Principles

The Department supports the values and principles developed through consensus of the committee. These have been incorporated into the Department's Strategic Plan.

Tab B: Personal Outcomes

The Department supports the personal outcomes developed by the committee and is committed to using those personal outcome statements in development of outcome measurements. These also have been incorporated into the Department's Strategic Plan.

Tab C: Quality Enhancement

The Department supports the overall concept, principles and goals of the committee's recommendations for a quality enhancement system. The Department agrees that the

establishment of uniform standards for service delivery, the means to assess provider performance in relationship to these standards, and the ability to measure results for consumers and families are essential to improving service quality. To achieve this end, the Department would support the establishment of a statewide certification system to ensure an initial floor of quality for all services. The Department further agrees that quality enhancement should be based on the principles of quality improvement rather than on an inspection model. The costs and benefits of third party accreditation, or other equivalent process, should be further explored.

Implementation of certification and accreditation systems will require resources that are currently unavailable. The Department is committed to continuing its efforts to achieve this outcome.

Tab D: Performance Measures

The Committee did excellent work in this difficult area. The Department supports the recommendation of evaluation of consumer outcomes through the use of personal outcome evaluations and satisfaction surveys. The Department believes this may be an area where some progress can be made within existing resources.

Six regional centers have adapted some of the Committee's recommendations in a refinement of the performance contracting process (see Attachment A for further details). The six regional centers are Eastern Los Angeles Regional Center, Kern Regional Center, Redwood Coast Regional Center, San Diego Regional Center, Tri-Counties Regional Center, and Valley Mountain Regional Center.

The Department has repeatedly assured the provider community that it would not initiate, nor support, efforts to impose new requirements on providers without additional funding. This position has not changed. If any provider wishes to voluntarily demonstrate an approach to performance measurement in their area of service delivery, the Department will be glad to assist in any way possible. If you are interested in this, please contact Margaret Anderson at (916) 651-6312.

Tab E: Personnel Model

This subject produced much comment and debate and the Committee presented exceptional recommendations. The Department strongly supports a personnel model that recognizes the knowledge, skills, and abilities of direct support professionals, strives to enhance this professionalism, and results in enhancing the career opportunities in this field. The divergent opinions of Committee members suggest that more work is needed to achieve a consensus on a comprehensive personnel model. Additionally, the model is tied directly to a rate model and cannot be implemented until such time as additional resources are available. It may take more than one year to secure the necessary resources and the Department is committed to continue its efforts to achieve this outcome.

Tab F: Service Requirements

The Department continues to believe that service requirements need to be reviewed and enhanced, in order to support consumer and family outcomes. Implementation of service requirements should be linked to the certification/accreditation process and personnel model. Changes to service requirements must be supported by an adequate rate setting system.

Tab G: Modeled Rate Systems

In order to meet the legislative mandates to develop rate models that would provide sufficient resources for providers to enable them to meet consumer outcomes, the Department contracted with an outside consultant. The first phase, based on the mandates, was to develop a new residential rate model. The second phase, based upon the success of the first phase, was to see if the concepts used in developing the residential model could be used for non-residential services (day, infant, supported living, and respite).

The fiscal analysis by the contractor has determined that implementing the model would cost \$689 million, or about 55% more than what is currently being expended.

Feedback received by most non-residential provider organizations was that the residential model developed by the consultant would not work for their services and they did not support moving forward on phase two of the contract.

The Department decided not to move forward on phase two of the contract, given the mixed feedback from provider organizations and the fiscal restraints now facing the State. Instead, the Department has decided to do the following to still fulfill the Legislative mandates:

- 1) Meet with representatives of residential providers to determine if the rate model developed by the contractor would work in this service area. If not, discuss with the workgroup what other alternatives would be available to address the problems in the current residential rate model.
- 2) Establish three committees (Day/Infant, Supported Living, and Respite) to determine what alternatives are available in addressing the problems with the current rate model, or looking at other alternative model(s).
- 3) By Spring of 2002, develop a supplemental report to this report that would provide the Administration and Legislature the results of the above two efforts.

It should be noted that most, if not all provider organizations, feel that whatever rate model is finally agreed upon, that its integrity can only be maintained if adequately funded and periodically updated.

The Department does believe that the two major issues that any current or proposed rate model will eventually need to address is the difference in cost due to the geographical differences throughout the State and the salaries of the people working in the service delivery.

ATTACHMENT A Regional Center Performance Contracts

Beginning January 1, 1993, Senate Bill 1383 (McCorquodale) required the Department to enter into five-year outcome-based performance contracts with regional centers. The experience gained by the Department and the regional centers since then has led to an interest in refining the process of establishing and measuring system and individual outcomes. Also, the Department has led, for the past two-and-a-half years, a system reform effort including the development of associated work products, that seeks to establish a comprehensive performance-based system of accountability for all who serve consumers and their families. The Department, in collaboration with six (6) regional centers, is currently realigning the existing performance contracting process with the work of the system reform effort, establishing a more outcome-oriented, performance measurement system focused on achievement of the values in the Lanterman Act.

With the new process, two categories of public policy performance outcome measures will be applicable to assessing regional center performance: (1) statewide outcomes, and (2) locally developed outcomes unique to a given regional center. Regional center performance with regard to identified compliance criteria will also be measured, as well as consumer/family and service provider satisfaction. The satisfaction data will be obtained through surveys conducted by an independent contractor and will assist regional centers in determining areas where improvement is needed.

The Department is currently working with Eastern Los Angeles Regional Center, Kern Regional Center, Redwood Coast Regional Center, San Diego Regional Center, Tri-Counties Regional Center, and Valley Mountain Regional Center to develop outcome measures and implement this new approach to performance contracting. Once sufficient experience is gained to determine the final shape the revised approach should take, the refined process will be expanded to all regional centers. Currently, the group is working out implementation issues, and it is expected that this initial development phase will take at least two years.