



ASSOCIATION OF REGIONAL CENTER AGENCIES

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August 23, 2004

S. Kimberly Belshé
Secretary
State of California Health and Human Services Agency
1600 Ninth Street, Room 460
Sacramento, California 95814

Dear Ms. Belshé:

RE: Stakeholder Survey- California Performance Review

The Association of Regional Center Agencies (ARCA) appreciates the opportunity to provide input on the recommendations of the California Performance Review. ARCA commends the Administration for embarking on this extensive review of government operations. Our organization reviewed the entire report, but has limited our input to issues that we feel will have the most direct impact on services to persons with developmental disabilities and their families. We support, in concept, many of the recommendations, as they offer solutions and efficiencies that we feel could improve the service system. Several of our positions on the CPR recommendations are neutral or support in concept due to the limited availability of information to assess the potential impact of the proposals. However, once more detailed proposals are available, ARCA will reassess its positions on these recommendations. ARCA would like to offer its assistance to the Agency and workgroups as they begin the process of further planning and implementation of the CPR recommendations.

1. Executive Branch Organization: Start Making Sense- ARCA opposes the concept of moving support services, such as financial services and legal counsel, from existing departments to the Health and Human Services Agency (HHS), or its successor. These support functions are critical to ensure that sound program decisions are based on reliable, available and consistent information. Informal discussions with other states, revealed that some support functions, such as purchasing, are more readily realigned without a detrimental result on programs. ARCA would urge the Administration to undertake a comprehensive assessment to determine which support functions can realistically be consolidated outside of the State departments and still ensure that departments can function efficiently to serve their customers. This assessment should consider the unique qualities of the State of California, including its geographic size, the diversity of its people, and the large numbers of constituents that the State serves. A report titled, "A Study of the Administration of State Health Programs," conducted by the Little Hoover Commission in 1976, studied the 1973 creation of a single Department of Health, through the consolidation of the Departments of Public Health, Mental Hygiene and Health Care and elements of the Departments of Social Welfare and Rehabilitation. The study concluded that, "Over-centralization of administrative support functions has disrupted health programs by

depriving program administrators of effective participation in budget presentation, personnel management, data systems design and contract processing. The consolidation that was implemented did not help program managers in the performance of their duties.” The report also states “ The new breed of ‘managers’ have placed superfluous levels of bureaucracy, devoid of authority, between programs and top management. Response time to program requests is elongated. Decisions are made ‘up the line’ with inadequate consultation and too often in an ill considered fashion and after long delays. Attempts to cut budgets arbitrarily hold a higher propriety than evaluation of program needs or performance and elimination of wasteful program practices.” Other states undergoing reorganizations have acknowledged, consistent with the aforementioned study, that one of the consequences of such a massive reorganization is the movement of employees into positions where they have no background or experience to fulfill the position responsibilities. ARCA feels that we can learn a lot from California’s previous reorganizations and from *both* the successes and the failures of other state reorganization efforts. ARCA is hopeful that the Administration will work with constituents to fashion a government for California, that is both *responsive* to the needs of its citizens and *improves* services to Californians.

2. The Department of Health and Human Services- ARCA opposes the proposed functions of the Health and Human Services Agency (HHSA) as recommended in the CPR report. It is ARCA’s position that these proposed responsibilities would result in the HHSA becoming a large and unmanageable bureaucracy, and could lead to the HHSA serving a control function similar to the Department of Finance. The 1976, Little Hoover Report, “ A Study of the Administration of State Health Programs,” cited that confusion between the authority and function of the Health and Welfare Agency and it’s departments was creating friction and resulting in an inability “...to identify those in charge of programs in the Department or to obtain answers to questions. Clear and consistent decisions on policy are not forthcoming.” Implementation of the CPR’s proposed recommendations would result in confusion over the role of the departments and the HHSA, similar to the problems that resulted from the 1973 reorganization of the Department of Health.

Recent reorganizations in other states have resulted in the creation of entities similar to the current HHSA. The functions of these entities include a variety of responsibilities designed to improve the coordination of services and ensure the efficient utilization of limited resources. Consistent with the goal of ensuring the efficient use of California’s resources, ARCA recommends that the role of HHSA include: (1) serving as the single state agency for Medicaid; (2) resolving issues between departments; (3) serving as the policy intermediary between departments and the Governor’s Office; (4) providing the leadership to create a health and human services system that addresses the growing and changing needs of California; and (5) leading the workgroups needed to implement the recommendations of the CPR. To facilitate this new role, HHSA would require clear authority and the mandate to identify and resolve policy issues and disputes between departments. HHSA could ensure that the State of California is accessing its share of federal funds. In addition, the HHSA could work to resolve ongoing

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policy debates that have cost Californians both time and money. The magnitude and sheer number of CPR recommendations is in itself, evidence of the need for improved policy and service coordination. The CPR report includes 1200 recommendations, many of which, stem from problems that have been discussed for years, but have gone unattended and unresolved at the expense of Californians. These recommendations, such as improving the authorization process for TAR's (treatment authorization requests) fixing the Foster Care System, using SMART cards etc., are good ideas, and California can look to other states to build on their experience and successes to implement these reforms. But where will California find the leadership to proactively identify systemic problems and build policy to meet the future needs of California? ARCA believes the answer lies in the leadership and authority of the HHSA to guide, and, if needed, push its departments to achieve better results and outcomes for California's health and human services system.

ARCA is opposed to the creation of the Services to the Disabled Division. We feel that the Department of Developmental Services (DDS), which is the largest developmental services program in the country, and is growing at a rate of 3.8% per year, has more than enough responsibility, serving 200,790 persons with developmental disabilities and their families. The complexity of the issues faced by the developmental services system resulted in the State of Florida's establishment of the Agency for Persons with Disabilities, to ensure that the developmental services system had the resources and focus to address the concerns of its constituents. The CPR report's recommendation to add independent living centers and services to persons that are blind and deaf to the DDS responsibilities, would further dilute the mission and focus of DDS, at a time when the State cannot afford to lose sight of the competing priorities and challenges facing the developmental services system.

Enclosed are ARCA's positions on additional CPR report recommendations that have a potential impact on services to persons with developmental disabilities and their families. Thank you for the opportunity to provide these comments. Please feel free to contact me if you have questions or comments regarding any of the issues raised in this letter.

Sincerely,



Robert Baldo
Executive Director

cc: California Performance Review Commission
Little Hoover Commission
Cliff Allenby, Director, Department of Developmental Services

California Performance Review (CPR)
ARCA Positions

Structure of the CPR Report

The CPR Report consists of four volumes: Volume I-Prescription for Change, a summary of the CPR recommendations; Volume II-Form Follows Function, reorganizing government; Volume III- Keeping the Books, an evaluation of the state's fiscal and performance management practices; and Volume IV-Issues and Recommendations, a compilation of 1,200 recommendations.

Volume IV-Issues and Recommendations includes a table at the end of each Chapter, which lists each of the recommendations and the potential cost savings. The tables are on page 251 for the General Government Chapter, page 493 for the Health and Human Services Chapter, page 685 for the Education, Training and Volunteerism Chapter, page 957 for the Infrastructure Chapter, there is no table for the Resource Conservation and Environmental Protection Chapter, page 1261 for the Public Safety Chapter, and page 1871 for the Statewide Operations Chapter.

Priority 1 Issues

1. a. *Executive Branch Organization: Start Making Sense-* Volume I- Prescription for Change, pages 95-101. b. *The Department of Health and Human Services-* Volume II- Form Follows Function, Chapters 1 and 2, pages 1-17 and organization charts on pages 89-93. These recommendations would: (1) Reorganize the executive branch by aligning state programs by function and consolidate administrative services such as human resources, purchasing and accounting. (2) Realigns the nine Departments one Board, one authority and one office within the Health and Human Services Agency into the Health and Human Services Department (HHSD). The HHSD Secretary would serve as the policy executive for all programs. The HHSD would include the Office of Policy Analysis, Office of Health and Services Information, Chief Counsel, Office of Client Advocacy, Chief Fiscal Officer and would serve as the principal communication link between the Governor and the constituent units of the Department. The following six divisions or centers as they are sometimes referred to, would be functionally aligned under the HHSD: Health Purchasing, Public Health, Quality Assurance, Behavioral Health, Services to Disabled, and Social Services. (3) Establishes the Center for Services to the Disabled and consolidates all services to persons with developmental and physical disabilities into one organization. This division would include: the State Council on Developmental Disabilities, Regional Centers, Developmental Centers, Work Activity Programs, Independent Living Centers, and Services to the Blind and Services to the Deaf. **ARCA Position: Oppose see cover letter for rationale.**

2. Intermediate Care Facilities for Individuals with Developmental Disabilities not Benefiting from Full Federal Participation- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 433-439. This recommendation (HHS 02) would seek to increase federal funding for day and transportation services for persons residing in ICF-DD facilities by restructuring the rates and the program. The report discusses three options, all have different programmatic and implementation ramifications. **ARCA Position: Support the concept of obtaining increased federal financial participation(FFP) and offer ARCA's assistance in working with the Health and Human Services Agency (HHSA), the Department of Health Services (DHS) and the Department of Developmental Services (DDS) on a solution.**

Priority 2 Issues

1. Establish Performance-Based Budgeting- Volume I, Prescription for Change, pages 55-61 and Volume IV, Issues and Recommendations, Chapter 7-Statewide Operations, pages 1485-1490. This recommendation (SO 36) would move the state to a performance-based budgeting system, based on statewide goals and objectives. The Department of Finance would identify core programs and performance targets and distribute guidelines and procedures on developing performance measures. **ARCA Position: Support in concept with the caveat that an emphasis on outcomes would result in increased flexibility to allocate positions and resources.**

2. Establish Performance-Based Contracting- Volume I, Prescription for Change, pages 79-81. This recommendation would require the Department of General Services to promote performance-based contracting to reduce the cost of goods and improve performance. **ARCA Position: Support in concept**

3. Biennial Budgeting Should Be Adopted- Volume IV, Issues and Recommendations, Chapter 7-Statewide Operations, pages 1507-1509. This recommendation (SO 40) would establish a two-year budget cycle. **ARCA Position: Support**

4. Maximize Federal Funds- Volume I, Prescription for Change, Pages 53-54 and Volume IV, Issues and Recommendations, Chapter 1- General Government, pages 37-42. This recommendation (GG 07) would place responsibility for monitoring activities related to eligibility for federal funds and proactive efforts to increase federal funds through coordination with the state's congressional delegation, federal and state governmental entities and the governor through the Governor's Office of Planning and Research. Texas and New York have implemented similar efforts with favorable results. **ARCA Position: Support**

5. Transform Eligibility Processing- Volume I- Prescription for Change, pages 40-43 and Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 261-269. This recommendation (HHS 01) would centralize and consolidate at the state level the

eligibility processes being implemented by the counties for Medi-Cal, CalWORKs, and the Food Stamp programs. The Healthy Families program would serve as the model to transform the eligibility process. **ARCA Position: Support in concept**

6. Improve Integrity in Medi-Cal Through the Use of Smart Cards- Volume I- Prescription for Change, pages 43-44 and Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 459-466. This recommendation (HHS 28) would implement the use of identification cards imbedded with a computer chip that reduces fraud and can store demographic, health, security, and biometric (fingerprints) information, ensure a service is authorized and store cash for co-payments. **ARCA Position: Support**

7. Amend the Administrative Procedure Act to do More with Less- Volume IV, Issues and Recommendations, Chapter 1- General Government, pages 221-226. This recommendation (GG41) would change the Administrative Procedures Act by permitting and encouraging negotiated rulemaking with stakeholders, streamlining the process requirements and clarifying that the necessity requirements refer to the rule rather than each provision of the rules. **ARCA Position: Support**

8. Realigning the Administration of Health and Human Services Programs- Volume IV, Issues and Recommendations, Chapter 2-Health and Human Services, pages 271-282. This recommendation (HHS 02) would realign the state Medically Indigent Adult and the In-Home Supportive Services programs to the state and would realign the remaining state administered mental health and the non-federal Child Welfare Services programs to the counties. **ARCA Position: Neutral**

9. State Leadership Needed to Repair a Foster Care System in Crisis- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 323-329. This recommendation (HHS 08) would clarify the responsibilities and authority for services to children in the foster care system. **ARCA Position: Support in concept**

10. Finding Permanent Homes for Foster Children- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, Pages 331-339. This recommendation (HHS 09) would improve adoption recruitment efforts, streamline adoption application timelines, and establish a workgroup to explore privatizing adoption. **ARCA Position: Support in concept**

11. Consolidate the State's Mental Health and Alcohol and Drug Programs to Better Serve Californians- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 377-381. This recommendation (HHS 15) would consolidate the administration of the state's substance abuse and mental health programs into one department or division. Twenty-five other states have already merged these two programs. **ARCA Position: Support in concept**

12. Relocate the Vocational Rehabilitation(VR) Program to Improve Employment Outcomes of Individuals with Disabilities- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 391-395. This recommendation (HHS 18) would move the Vocational Rehabilitation Program to the Employment Development Department or its successor. **ARCA Position: Oppose and propose that the responsibility and resources for VR funded services to persons with developmental disabilities be moved to the Department of Developmental Services(DDS). The rationale is that employment and supported employment services for persons with the most severe disabilities are most effective when they are integrated with and provided closest to long term care supports. Recently, the Habilitation program was transferred to DDS and the existing regional center and community based provider service system has the knowledge and experience to provide employment outcomes for persons with developmental disabilities.**

13. Standardize Criminal Background Reviews in Health and Human Service Agency- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 397-404. This recommendation (HHS 19) would establish clear standards for criminal background reviews for the five HHS departments that conduct these reviews. **ARCA Position: Support in concept**

14. Consolidate Licensing and Certification Functions- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 411-416. This recommendation (HHS 21) would consolidate the licensing and certification functions currently performed by five HHS departments. **ARCA Position: Support the concept if the Licensing and Certification Center serves solely as an “administrative support service”. All policy making authority should be maintained by the department with program responsibility for services such as in this case, the Department of Developmental Services, or its successor. Consistent with this concept, we recommend that the Health and Human Services Agency serve as the single state agency for Medicaid.**

15. Issue Fee-Supported Licenses Without Delay- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, Pages 417-424. This recommendation (HHS 22) would address the licensing backlog by filling vacancies and other measures to reduce delays for fee-supported licenses including Adult Day Health Care Center, Intermediate Care Facility-Developmentally Disabled, Nursing Facilities, Home Health Agency, Clinic and Hospice licensees. **ARCA Position: Neutral**

16. Obtain Best Prices for Durable Medical Equipment- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 441-445. This recommendation (HHS 25) would allow the Department of Health Services or its successor to contract with a limited number of providers through a competitive bid process. **ARCA Position: Neutral**

17. Maximize Federal Funding by Shifting Medi-Cal Costs to Medicare- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 447-452. This recommendation (HHS 26) would implement a program to identify high cost Medi-Cal beneficiaries that are eligible to be moved to the Medicare program. **ARCA Position: Neutral**

18. Centralize Medi-Cal Treatment Authorization Process- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 471-474. This recommendation (HHS 30) would centralize and automate the treatment authorization request (TAR) process to reduce backlogs. **ARCA Position: Support in concept**

19. Transfer the In-Home Supportive Services (IHSS) Program to the Department of Health Services- Volume IV- Issues and Recommendations, Chapter 2- Health and Human Services, pages 483-486. This recommendation (HHS 32) would transfer the responsibility of the IHSS program from the Department of Social Services to the Department of Health Services or its successor. **ARCA Position: Neutral**

20. Restructure the Role of the Secretary of Education- Volume IV- Issues and Recommendations, Chapter 3- Education, Training and Volunteerism, pages 503-508. This recommendation (ETV 01) would restructure the Secretary of Education's role. **ARCA Position: Neutral**

21. Improve the Special Education Hearing and Mediation Process- Volume IV- Issues and Recommendations, Chapter 3- Education, Training and Volunteerism, pages 575-578. This recommendation (ETV 13) would move the responsibility to conduct special education hearings and mediations to the State of California's Office of Administrative Hearings and implement procedures to increase the use of mediation. **ARCA Position: Neutral**

22. Supply of Affordable Multi-Family Housing is Inadequate- Volume IV- Issues and Recommendations, Chapter 4- Infrastructure, pages 837-843. This recommendation (INF 21) would promote self-certification pilots, create a State Lending Task Force to coordinate and streamline the funding application process for state-offered housing subsidies, divert \$10 million annually from the Tax Credit Allocation Fee Account to new multi-family housing models such as real estate investment trusts (REIT), study the how REIT's or similar entities could invest in multi-family housing, and require redevelopment agencies to spend their 20% set-aside for affordable housing within three-years or forfeit the money. **ARCA Position: Support but encourage that options in addition to REIT's be examined.**