

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 4260	Department Health Care Services	Priority No.
Budget Request Name 4260-022-BCP-DP-2016-GB		Program 3960050	Subprogram

Budget Request Description
 Residential Treatment Facilities (AB 848)

Budget Request Summary

The DHCS, Substance Use Disorders/Compliance Division, requests 4.0 permanent positions and expenditure authority of \$478,000, from the Residential and Outpatient Program Licensing Fund (ROLF), to implement Assembly Bill (AB) 848, Chapter 744, Statutes of 2015. One Nurse Consultant II position will be phased-in effective January 1, 2017 while the rest will be effective July 1, 2016.

The bill requires DHCS to develop, adopt and implement regulations on or before July 1, 2018. In addition, staff will establish in-house policies and procedures related to the enforcement of regulations and will provide oversight of Residential Treatment Facilities (RTFs) that provide incidental medical services. DHCS is also required to review applications from facilities requesting to amend their licenses to include incidental medical services, establish and collect an additional fee from participating facilities, in an amount sufficient to cover the department's reasonable costs of regulating the provision of those services.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>Karen Baylor</i>	Date <i>1-5-16</i>	Reviewed By <i>[Signature]</i>	Date <i>1/9/16</i>
Department Director <i>[Signature]</i>	Date <i>1/7/16</i>	Agency Secretary <i>[Signature]</i>	Date <i>1-7-16</i>

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA <i>Carla Costas</i>	Date submitted to the Legislature <i>1-8-16</i>
-----------------------------	--

BCP Fiscal Detail Sheet

BCP Title: Residential Treatment Facilities (AB 848)

DP Name: 4260-022-BCP-DP-2016-GB

Budget Request Summary

FY16

	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	4.0	4.0	4.0	4.0	4.0
Total Positions	0.0	4.0	4.0	4.0	4.0	4.0
Salaries and Wages						
Earnings - Permanent	0	247	299	299	299	299
Total Salaries and Wages	\$0	\$247	\$299	\$299	\$299	\$299
Total Staff Benefits	0	119	144	144	144	144
Total Personal Services	\$0	\$366	\$443	\$443	\$443	\$443
Operating Expenses and Equipment						
5301 - General Expense	0	24	16	16	16	16
5302 - Printing	0	8	8	8	8	8
5304 - Communications	0	8	8	8	8	8
5322 - Training	0	4	4	4	4	4
5324 - Facilities Operation	0	36	36	36	36	36
5344 - Consolidated Data Centers	0	4	4	4	4	4
539X - Other	0	28	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$112	\$76	\$76	\$76	\$76
Total Budget Request	\$0	\$478	\$519	\$519	\$519	\$519

Fund Summary

Fund Source - State Operations						
3113 - Residential and Outpatient Program	0	478	519	519	519	519
Total State Operations Expenditures	\$0	\$478	\$519	\$519	\$519	\$519
Total All Funds	\$0	\$478	\$519	\$519	\$519	\$519

Program Summary

Program Funding						
3960050 - Other Care Services	0	478	519	519	519	519
Total All Programs	\$0	\$478	\$519	\$519	\$519	\$519

Analysis of Problem

A. Budget Request Summary

The Department of Health Care Services (DHCS), Substance Use Disorders/Compliance Division, requests 4.0 permanent positions and expenditure authority of \$478,000, from the Residential and Outpatient Program Licensing Fund (ROLF), to implement Assembly Bill (AB) 848, Chapter 744, Statutes of 2015. One Nurse Consultant II position will be phased-in effective January 1, 2017, while the rest will be effective July 1, 2016.

The enactment of AB 848 requires DHCS to assume additional workload by requiring DHCS to develop, adopt and implement regulations on or before July 1, 2018 to include the requirements for a standard certification to be signed by a health care practitioner, further definition of the identified "incidental medical services", the minimum requirements that a facility shall meet in order to be approved to permit the provision of incidental medical services, and the content and manner of providing a required admission agreement. In addition, staff will establish in-house policies and procedures related to the enforcement of regulations and will provide oversight of Residential Treatment Facilities (RTFs) that provide incidental medical services. DHCS is also required to review applications from facilities requesting to amend their licenses to include incidental medical services, and establish and collect an additional fee from participating facilities, in an amount sufficient to cover the department's reasonable costs of regulating the provision of those services.

As required by existing statute, any fee that is established is required to be discussed and vetted with stakeholders before being determined. The Legislature must also review and approve the fee.

B. Background/History

Prior to July 1, 2013, the Department of Alcohol and Drug Programs (DADP) was responsible for oversight of RTFs. Effective with the passage of the 2013-2014 Budget Act and associated legislation, all DADP programs and staff, except the Office of Problem Gambling, transferred to the DHCS. Under Health and Safety Code (HSC) Section 11834.01, DHCS has sole authority in state government to license adult alcoholism or drug abuse recovery or treatment facilities. Prior to the enactment of AB 848, HSC Section 11834.02 defined residential Alcohol and Other Drug facilities as any premises, place or building that provides 24-hour residential nonmedical services to adults who are recovering from problems related to alcohol, drug, or alcohol and drug misuse or abuse, that includes at least one of the following: recovery services, treatment services or detoxification services, but prohibited incidental medical services from being provided onsite.

AB 848 permits medical care in a residential treatment facility, and requires specific oversight activities. AB 848 is a direct result of concerns raised, in the September 12, 2012 report by the California Senate Office of Oversight and Outcomes, regarding state oversight of drug and alcohol homes and the potential benefits of limited onsite medical care.

Analysis of Problem

Resource History Tables

Substance Use Disorder Services – Compliance Division

(Dollars in thousands)

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	N/A	N/A	N/A	11,221	13,092
Actual Expenditures	N/A	N/A	N/A	6,936	7,610
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	N/A	N/A	N/A	72.0	80.0
Filled Positions	N/A	N/A	N/A	64.0	74.0
Vacancies	N/A	N/A	N/A	8.0	6.0

*EFFECTIVE FY 2013-14, SUDS TRANSITIONED TO DHCS.

Workload History

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15
	N/A	N/A	N/A	N/A	N/A

*THIS WILL BE NEWLY ESTABLISHED SYSTEM FOR DHCS.

C. State Level Considerations

Under current law, the California Department of Public Health (CDPH) licenses chemical dependency recovery hospitals (CDRH) that provide 24-hour in-patient care for people who have a dependency on alcohol or other drugs. These facilities are defined as facilities that provide client counseling, group therapy, physical conditioning, family therapy, outpatient services, and dietetic services (HSC Section 1250.3). In contrast, the enactment of AB 848 authorizes DHCS to license RTFs to provide incidental medical services, which will not be at the same level of medical oversight as a CDRH or hospital setting. The bill defines incidental medical services as obtaining medical services; monitoring health status to determine whether the health status warrants transfer of the client in order to receive urgent or emergent care; testing associated with detoxification from alcohol or drugs; providing alcoholism or drug abuse recovery or treatment services; overseeing patient self-administered medications and treating substance use disorders (SUD), including detoxification.

This proposal provides the necessary staffing to establish, monitor and oversee DHCS licensed facilities providing on-site incidental medical services to ensure wellness and safety of program residents and the general public. Furthermore, AB 848 supports the goals of the Drug Medi-Cal Organized Delivery System (DMC-ODS) waiver to provide a continuum of care for substance use disorder services, by permitting additional medical services to be provided onsite. This proposal also aligns with the DHCS strategic plan by authorizing the delivery of coordinated and integrated SUD treatment services and the development of effective, efficient and sustainable health care delivery systems.

D. Justification

The AB 848 amends the HSC to add Section 11834.026 to allow a licensed alcoholism or drug abuse recovery or treatment facility to provide incidental medical services to a resident at the facility premises through or under the supervision of one or more physicians or surgeons licensed by the Medical Board of California or the Osteopathic Medical Board who are

Analysis of Problem

knowledgeable about addiction medicine. Incidental medical services at RTFs may also be provided by one or more other health care practitioners acting within the scope of practice of his or her license and under the direction of a physician or surgeon, and who are also knowledgeable about addiction medicine, when specified legislative requirements are met.

The enactment of AB 848 requires DHCS to assume an additional workload in the SUDCD. The bill requires DHCS to develop, adopt and implement regulations on or before July 1, 2018. In addition, staff will establish in-house policies and procedures related to the enforcement of regulations and will provide oversight of RTFs providing incidental medical services in accordance with the regulations. DHCS is also required to review applications from facilities requesting to amend their licenses to include incidental medical services, and establish and collect an additional fee from participating facilities, in an amount sufficient to cover the department's reasonable costs of regulating the provision of those services.

The necessary staffing requirements to effectively implement the provisions outlined in AB 848 are:

- 2.0 full time permanent Associate Governmental Program Analyst (AGPA) positions for the SUDCD. The AGPA positions will be responsible for formulating procedures, policies and making recommendations on administrative and program-related problems. In addition, staff will respond to calls and e-mail inquiries from applicants and providers and county program representatives related to program requirements, the licensure process, and status of applications; develop and complete provider trainings and outreach on program requirements; and conduct county outreach and training on program standards and licensure requirements, fieldwork and complete multiple outreach and reviews for applicants and providers to ensure understanding and program compliance.
- 1.0 full time permanent Nurse Consultant II position for the SUDCD to develop and assist in promulgating regulations. DHCS requires the resources to perform administrative duties, participate in the development and evaluation of policies, procedures and standards, develop and coordinate training programs and monitor programs authorized to provide incidental medical services in DHCS-licensed RTFs.
- 1.0 full time permanent Staff Services Manager I (Supervisory) position for the SUDCD to supervise analytical and support staff for the development and administration of incidental medical services in RTFs. In addition, this individual will be responsible for the supervision of staff engaged in a wide variety of activities including the oversight of analysis and evaluation of current policy and procedures, recommending, implementing and monitoring changes as needed; preparation of written materials including memos, policy statements, legislation, regulations, procedure manuals, and coordination with legal staff for interpretation of statute to bring program into compliance with state and federal laws and program integrity protections.

Analysis of Problem

E. Outcomes and Accountability

DHCS expects that this proposal would allow the following:

Projected Outcomes

Workload Measure	2015-16	2016-17	2017-18
Develop all-county letters, plan or provider bulletins, or similar instructions to provide guidance to RTFs.	0	as needed	As needed
Develop and promulgate regulations.	0	1 package begins	1 package complete by July 1, 2018
Bi-Annually visit RTFs.	0	Ongoing	Ongoing
Monitor and provide appropriate oversight to RTFs.	0	Ongoing	Ongoing
Process applications/amend licenses to include incidental medical services.	0	Ongoing	Ongoing
Coordinate stakeholder meetings quarterly.	0	4 meetings	As needed
Analyze the impact on the current data systems and make the necessary enhancements over the course of implementation of incidental medical services.	0	As needed	As needed
Provide ongoing technical assistance to providers.	0	Ongoing	Ongoing
Conduct continual trend analysis to determine if patterns exist related to incidental medical services and if preventative measures can be taken to prevent future complaints.	0	4 trend analyses	As needed
Develop and maintain enforcement action tracking log.	0	1 log	Ongoing

F. Analysis of All Feasible Alternatives

Alternative 1: Approve funding for 4.0 permanent authorized positions and expenditure authority of \$478,000, from the Residential and Outpatient Program Licensing Fund (ROLF), to implement Assembly Bill (AB) 848, Chapter 744, Statutes of 2015.

Pros:

- Enables DHCS to address the increased workload associated with drafting regulations and monitoring RTFs.
- Improves DHCS ability to provide additional oversight of residential treatment programs.

Con:

- Expands State government.

Analysis of Problem

Alternative #2: Request some or all positions on a limited-term basis.

Pro:

- Provides for temporary ability for state staff to handle increased workload activities.

Cons:

- Does not address ongoing oversight workload.
- Potential loss of staff knowledge as the limited-term positions expire.

Alternative #3 – Redirect existing staff, no cost.

Pros:

- No additional funding or staffing is required.
- Does not expand staff government.
- Does not increase in workspace or equipment purchases to accommodate new staff.

Cons:

- Limits ability to meet workload demands.
- Potentially delays the licensure and/or certification of facilities.
- Results in potential backlogs of other program workload as resources are redirected.

G. Implementation Plan

In order to meet the July 1, 2018 date, for the implementation of regulations governing facilities providing incidental medical services, DHCS identified the need for permanent positions.

July 1, 2016, DHCS will begin the recruitment process. Once the positions are filled, the new staff will begin drafting the regulations. Staff will establish in-house policies and procedures related to enforcement of the regulations and receive any necessary training to implement the regulations and the policies and procedures. Upon implementation of the regulations, the staff will oversee the facilities providing provisional incidental medical services in accordance with the regulations.

Anticipated regulations will include the following:

- Application process to approve the inclusion of incidental medical services.
- Facility compliance reviews.
- Review of policies and procedures.
- Collection of fees.

H. Supplemental Information

Request for one-time funding for cubicle buildouts, including cabling, at a cost of \$28,000

I. Recommendation: Alternative 1

Approve funding for the 4.0 full time permanent positions as requested. This will allow DHCS to fulfill the legislative mandates of AB 848.

WORKLOAD STANDARDS
Substance Use Disorder Compliance Division
2.0 AGPA 808-950-5393-XXX (Permanent)

Activities	Number of Items Weekly, Monthly, Etc.	Hours per Item	Total Hours
Develop policies, procedures, monitoring tools, contracts and secure stakeholder engagement in the development process.	12	20	240
Establish policies related to implementing incidental medical services.	12	20	240
Provide technical assistance to RTF providers and counties that apply to provide incidental medical services.	150	2	300
Assist with coordinating the training, collaborating with contractors for trainings, developing training materials.	3	40	120
Monitor Corrective Action Plans (CAPs): <ul style="list-style-type: none"> • Perform on-site reviews of RTFs. • CAPs: Receive, review, and approve/deny, • Act as a resource liaison for provider staff and county in areas of education, training, available resources as well as the development of tools that can be used at the provider level such as a policies and procedures document 	35	40	1,400
Substantiate findings in the event of a provider appeal.	20 annual appeals	20	400
Prepare reports derived from on-site reviews. Develop and write reports on findings, as related to statutory and regulatory requirements, within specified timeframes; determine areas requiring corrective action.	36	20	720
Participate in a peer review process to ensure reports are sent to the management team with accurate information.	12	10	120
Work with other Departmental staff to develop periodic reports for the State Legislature.	6	10	60
Total hours by classification			3,600
1,800 hours = 1 Position			
Actual number of Positions requested			2.0

WORKLOAD STANDARDS
Substance Use Disorder Compliance Division
1.0 Staff Services Manager I 808-950-4800-XXX (Permanent)

Activities	Number of Items Weekly, Monthly, Etc.	Hours per Item	Total Hours
Develop/revise/update training plans. Train staff on DHCS and unit policies and procedures. Assist in development of RTF monitoring procedures.	2 staff	40	80
Conduct sensitive programmatic and program integrity monitoring reviews of RTFs as required by federal and State statutes and regulations.	30	28	840
Supervise and direct the work of staff engaged in coordination and development of new, updated, and revised monitoring standards and practices associated with incidental medical services.	2 staff	50	100
Serves as a LCS Subject Matter Expert (SME) in the completion of assignments and represents the section in presentations, workgroups and other meetings. <ul style="list-style-type: none"> • Provide guidance to staff for questions sent to the LCS public email address. • Oversee development and delivery of presentations and webinars. • Collaborate with management team for the planning, development and improvement of the operations of the office. • Represent Department and Section in various meetings and workgroups with internal and external stakeholders. • Develop responses to appeals and monitor settlement agreements. 	13	60	780
Total hours by classification			1,800
1,800 hours = 1 Position			
Actual number of Positions requested			1.0

WORKLOAD STANDARDS
Substance Use Disorder Compliance Division
1.0 Nurse Consultant II 808-950-8195-XXX (Permanent)
Effective 1/1/17

Activities	Number of Items Weekly, Monthly, Etc.	Hours per Item	Total Hours
Initial development and promulgation of regulations.	1 regulations package	500	500
Plan, develop, organize, monitor and evaluate programs and studies on the delivery of SUD treatment services.	10	8	80
Identify and make recommendations of system areas needing to be addressed in order to implement the intent of the medical policy.	9	11	99
Act as the non-supervisory lead-person in the development and release of operational procedures and field policy direction and obtains the necessary input for effective implementation of new and/or amended policies.	12	20	240
Represent the Section and the Department on the most sensitive and complex issues requiring skilled nursing expertise.	30	4	120
Perform onsite medical monitoring reviews to determine whether RTFs are in compliance with regulatory requirements. Prepare reports derived from on-site reviews. <ul style="list-style-type: none"> • Present findings and recommendations verbally or in writing, request a CAP and perform follow-up as indicated. 	15	35	525
Provide technical assistance to RTF providers and counties that apply to provide incidental medical services.	30	2	60
Prepare written correspondence, issue papers, briefing materials, and other written products related to incidental medical services development and oversight.	11	16	176
Total hours by classification			1,800
1,800 hours = 1 Position			
Actual number of Positions requested			1.0