Loss of Board and Care Facilities is at Crisis Level: Undermines California Counties’ Efforts to Support Individuals with Serious Mental Illness, Older Adults and Persons with Disabilities at Risk of Homelessness

There is a critical lack of housing in California, particularly for its most vulnerable low-income adults most at-risk of homelessness: older adults, persons with disabilities, and persons with severe mental illness. With the rapidly growing aging population and continually rising housing costs, the homeless population is expected to grow, and a larger number of the homeless population are expected to be disabled and elderly. Even more alarming, California has lost hundreds of board and care homes in recent years that are specifically set up to serve these very populations.

Licensed Board and Cares, including Adult Residential Facilities (ARFs) and Residential Care Facilities for the Elderly (RCFEs), have long served as an important housing option for seriously mentally ill, disabled and aging populations, preventing homelessness and health deterioration, by providing these vulnerable populations with a safe residence when other housing options are not possible or appropriate. These facilities provide critical care and supervision, often through independent operators who open their homes to offer a room, three meals a day, and basic care and assistance to individuals who cannot live independently and have no other options.

Board and Care facilities support California’s efforts to comply with the Olmstead Decision which entitles individuals with disabilities to receive services within communities, in the least-restrictive setting. Board and Care facilities are also a step down from more costly care in hospitals and other institutional settings such as inpatient psychiatric facilities and nursing homes. Yet, in recent years, the number of these facilities has declined at an alarming rate largely due to inadequate funding and rising housing costs in the state. Los Angeles County lost 45 facilities with 1,226 beds between January 2016 and December 2019. Napa has reported that between 2015 and 2019, there was a 20% reduction in RCFEs. Since 2012,
San Francisco has lost more than a third of licensed residential facilities that serve people under 60. This is consistent with what other counties report anecdotally up and down the state.

The few remaining Board and Care facilities also face rapidly increasing operating costs combined with a low reimbursement rate ($35/day) and high regulatory burdens and are unable to afford needed repairs to maintain facilities. Once a Board and Care closes, it is nearly impossible to reopen or replace that facility. The loss of a Board and Care facility permanently reduces the state’s and counties’ capacity to house vulnerable populations of persons who are aged, disabled or have a mental illness. Without these facilities, the growing aging population and others who are homeless or at-risk for homelessness will likely find themselves with no other options but to live on the streets or in more expensive levels of care such as nursing homes and hospitals. This results in increased costs to state and counties, particularly when vulnerable populations require additional emergency services or end up homeless which increases their risk for institutionalization through hospitalization and justice involvement in the long-run. Continued loss of Board and Care placements will also compound bottlenecks in the state’s mental health crisis continuum, whereby individuals are in extended acute inpatient psychiatric stays, or are boarded in emergency departments awaiting an available Board and Care level placement.

**Background:** The California Department of Social Services (CDSS) licenses several types of facilities that serve the elderly and persons with mental, developmental and physical disabilities. California is quickly losing two primary facility types of licensed facilities that are critical to ensuring that vulnerable seriously mentally ill and aging populations stay housed:

- **Adult Residential Facilities (ARF)** provide 24-hour a day, non-medical care and supervision for clients ages 18-59 or any person 60 years of age or older under specified requirements. These clients may have a mental, physical or developmental disability.

- **Residential Care Facility for the Elderly (RCFE)** are housing arrangements for persons 60 years of age and over, where 24-hour non-medical care and supervision is provided. RCFE’s include assisted living facilities as well as Board and Care homes.

**Board and Care costs are high while rates are low:** The average cost of Board and Care ranges from $2,500 to $4,000 per person per month, and more in high cost of living areas such as the Bay Area and Los Angeles. This rate is well out-of-reach for those on fixed, limited incomes such as SSI/SSP and is increasingly becoming out of reach for the middle-class as they age. Many Board and Cares do not accept residents with SSI/SSP because they charge a rate much higher than SSI recipients could afford, and Board and Care facilities that do accept SSI/SSP recipients are prohibited from charging more than the SSI/SSP rate of $1,069 (2019) for individuals receiving this benefit. This SSI/SSP rate includes a state supplement known as the Non-Medical Out of Home Care (NMOHC) rate and is intended to support persons on SSI/SSP who require additional personal care assistance beyond just a room rental and basic necessities. However, close to only 45,000 SSI/SSP individuals statewide receive this supplement, and because the supplement equates to only $35/day, very few Board and Care operators will accept someone receiving SSI/SSP. This situation ultimately leaves both low-income individuals receiving public

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benefits and middle-income individuals using their own resources unable to pay for the housing with the care and supervision that they need, and with few options other than homelessness or high-cost institutional care. At worst, the aging homeless are at risk to become victims of premature death due to untreated behavioral and physical health care needs, or financial and physical exploitation.

**Counties are Taking Action, but State Intervention is Needed:**
California’s 58 counties recognize that Board and Care homes are a critical tool in both preventing and addressing the homeless crisis in the immediate, and are a foundational element in preparing for the predicted growth in our aging population. Board and Care facilities are the first line of defense to prevent unnecessary hospitalizations and placement into other higher-cost institutional settings, and ultimately, homelessness. As a result, many counties have stepped in by paying rate “patches” or enhanced rates to augment SSI/SSP rates in limited situations when necessary, utilizing local funding sources, such as Mental Health Services Act funding, that would otherwise support direct client services. These rate patches range from $15/day to $125/day depending on the client’s needs. However, counties’ efforts are unsustainable given the increasing number of persons in need of Board and Care facilities. Furthermore, the rapid rate of Board and Care facility closures is proof that this strategy has not been enough to prevent the facility closures on the whole. A more comprehensive statewide solution is necessary - one that builds on state and county partnership and leverages federal Medicaid matching funding to address the long-term care needs of vulnerable populations.

**PROPOSED SOLUTION**
California’s Board and Care crisis requires immediate action. CBHDA is working in coalition alongside several key organizations concerned about preventing the closure of more Board and Care facilities in the short-term, and developing sustainable longer-term solutions to ensure a robust home and community-based continuum that improves on the quality of these placements through the following strategies:

1. **Invest $500 million** State General Funds on a one-time basis to stabilize and prevent the loss of additional Board and Care facilities and begin to rebuild supply. These funds, administered through CDSS, would be available to counties on a grant-basis and could be enhanced rates and incentive payments to operators to keep the existing supply of Board and Care facilities in place and begin to build new capacity, with a priority given to those Board and Cares serving individuals with serious mental illness, as well as individuals served by counties who are aging and have disabilities. As a condition of funding, counties would be required to identify how they are leveraging existing funding to support individuals who are placed into Board and Cares. The one-time $500 million across the state would provide crucial tools for counties to help keep their most vulnerable residents from becoming homeless, entering hospitals or other locked settings, and to preserve the housing stock of Board and Cares. For instance, counties could provide additional patches or enhanced rates, tailored to the vulnerable populations in their counties, which would provide Board and Cares with the funds they need to keep their doors

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3 In the Developmental Services system, the rate for a Regional Center Level 2 owner/operator of a 5+ bed facility is $2,618. The difference between this rate and the maximum $1,069 a Board and Care operator can receive for an SSI recipient is $1,560. Taking that difference and multiplying by the approximately 45,000 current recipients of the NMOHC rate, and assuming that 60 percent of those Board and Care operators will need an enhanced rate equivalent to the Regional Center Level 2 rate to stay in business, brings the proposal to $500 million.
open and continue caring for individuals most in need, these funds could be used to keep the approximately 40,000 individuals currently in Board and Cares from becoming homeless and begin to expand capacity pending longer-term reforms.

2. **Establish a sustainable rates and program structure that maximizes federal funding to support the long-term viability of board and care facilities.** This would be accomplished through a CDSS-led working group, in collaboration with the Departments of Aging and Health Care Services, to establish a tiered-rates structure similar to that provided through the developmental services programs operated by Regional Centers. This workgroup should consider other promising state models such as the use of Home and Community Based Services waivers to leverage federal Medicaid funding as done in other states. Consideration should be given to what programmatic supports are needed to maintain these individuals in Board and Care homes (i.e. rep payee options, case management, etc.). We believe this effort should be undertaken by both DHCS as well as CDSS given their role in administering older adult services including IHSS as well as Community Care Licensing and are thus poised to help prepare California for the growing aging population.

**CONCLUSION**

Interim solution of one-time funding is needed while a new rate structure is being determined to prevent homelessness of seniors and/or individuals with disabilities including serious mental illness. Board and Care facilities are a critical housing option for California’s most vulnerable residents. In order to halt the loss of Board and Cares and begin to create a sustainable business model that will support new Board and Care operators, a multi-pronged solution is needed:

(1) **Immediate relief:** A one-time $500 million infusion of emergency funding to meet the short-term goal of keeping current Board and Cares in business; keeping individuals living in those facilities from falling into homelessness; and modestly beginning to maintain existing Board and Care facility stock.

(2) **Creating a more sustainable, quality-focused Board and Care structure:** State and county partnership to explore long-term solutions to build a more sustainable continuum of home and community-based options to prepare for an increasingly aging population including for persons who are homeless and disabled.

This proposal supports persons served across a wide variety of safety-net programs and systems including county probation, county behavioral health, hospitals, homeless programs, Adult Protective Services, and the Public Administrator/Public Guardian/Public Conservator. Without immediate action, the Board and Care crisis in California will continue as more closures will occur -- impacting county emergency response systems and increasing costs to the State and counties.