

An act to amend Section 15432 of the Government Code, and to amend Sections 4851, 4856, 4861, and 4865 of, and to add Section 4868.6 to, the Welfare and Institutions Code, relating to developmental services.

SECURED
COPY



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 15432 of the Government Code is amended to read: 15432. As used in this part, the following words and terms shall have the following meanings, unless the context clearly indicates or requires another or different meaning or intent:

(a) "Act" means the California Health Facilities Financing Authority Act.

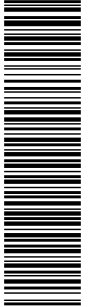
(b) "Authority" means the California Health Facilities Financing Authority created by this part or any board, body, commission, department, or officer succeeding to the principal functions thereof or to which the powers conferred upon the authority by this part shall be given by law.

(c) "Cost," as applied to a project or portion of a project financed under this part, means and includes all or any part of the cost of construction and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and interests acquired or used for a project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which those buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during, and for a period not to exceed the later of one year or one year following completion of construction, as determined by the authority, the cost of insurance during construction, the cost of funding or financing noncapital expenses, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements, the cost of engineering, service contracts, reasonable financial and legal services, plans, specifications, studies, surveys, estimates, administrative expenses, and other expenses of funding or financing, that are necessary or incident to determining the feasibility of constructing any project, or that are incident to the construction, acquisition, or financing of any project.

(d) "Health facility" means a facility, place, or building that is licensed, accredited, or certified and organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, or physical, mental, or developmental disability, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons, and includes, but is not limited to, all of the following types:

(1) A general acute care hospital that is a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical staff that provides 24-hour inpatient care, including the following basic services: medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy, and dietary services.

(2) An acute psychiatric hospital that is a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical staff that provides 24-hour inpatient care for mentally disordered, incompetent, or other patients referred to in Division 5 (commencing with Section 5000) or Division 6 (commencing with Section 6000) of the Welfare and Institutions Code, including the following basic services: medical, nursing, rehabilitative, pharmacy, and dietary services.



(3) A skilled nursing facility that is a health facility that provides the following basic services: skilled nursing care and supportive care to patients whose primary need is for availability of skilled nursing care on an extended basis.

(4) An intermediate care facility that is a health facility that provides the following basic services: inpatient care to ambulatory or semiambulatory patients who have recurring need for skilled nursing supervision and need supportive care, but who do not require availability or continuous skilled nursing care.

(5) A special health care facility that is a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical or dental staff that provides inpatient or outpatient, acute or nonacute care, including, but not limited to, medical, nursing, rehabilitation, dental, or maternity.

(6) A clinic that is operated by a tax-exempt nonprofit corporation that is licensed pursuant to Section 1204 or 1204.1 of the Health and Safety Code or a clinic exempt from licensure pursuant to subdivision (b) or (c) of Section 1206 of the Health and Safety Code.

(7) An adult day health center that is a facility, as defined under subdivision (b) of Section 1570.7 of the Health and Safety Code, that provides adult day health care, as defined under subdivision (a) of Section 1570.7 of the Health and Safety Code.

(8) A facility owned or operated by a local jurisdiction for the provision of county health services.

(9) A multilevel facility is an institutional arrangement where a residential care facility for the elderly is operated as a part of, or in conjunction with, an intermediate care facility, a skilled nursing facility, or a general acute care hospital. For purposes of this paragraph, "elderly" means a person 60 years of age or older.

(10) A child daycare facility operated in conjunction with a health facility. A child daycare facility is a facility, as defined in Section 1596.750 of the Health and Safety Code. For purposes of this paragraph, "child" means a minor from birth to 18 years of age.

(11) An intermediate care facility/developmentally disabled habilitative that is a health facility, as defined under subdivision (e) of Section 1250 of the Health and Safety Code.

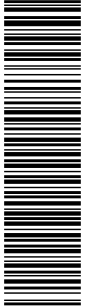
(12) An intermediate care facility/developmentally disabled-nursing that is a health facility, as defined under subdivision (h) of Section 1250 of the Health and Safety Code.

(13) A community care facility that is a facility, as defined under subdivision (a) of Section 1502 of the Health and Safety Code, that provides care, habilitation, rehabilitation, or treatment services to developmentally disabled or mentally impaired persons.

(14) A nonprofit community care facility, as defined in subdivision (a) of Section 1502 of the Health and Safety Code, other than a facility that, as defined in that subdivision, is a foster family agency, a foster family home, a full service adoption agency, or a noncustodial adoption agency.

(15) A ~~nonprofit~~ ~~accredited~~ community work activity program, as specified in subdivision (e) of Section 4851 and Section 4856 of the Welfare and Institutions Code.

(16) A community mental health center, as defined in paragraph (3) of subdivision (b) of Section 5667 of the Welfare and Institutions Code.



(17) A nonprofit speech and hearing center, as defined in Section 1201.5 of the Health and Safety Code.

(18) A blood bank, as defined in Section 1600.2 of the Health and Safety Code, licensed pursuant to Section 1602.5 of the Health and Safety Code, and exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.

(19) A residential facility for persons with developmental disabilities, as defined in Sections 4688.5 and 4688.6 of the Welfare and Institutions Code, which includes, but is not limited to, a community care facility licensed pursuant to Section 1502 of the Health and Safety Code and a family teaching home as defined in Section 4689.1 of the Welfare and Institutions Code.

(20) (A) A residential care facility for the elderly, as defined in Section 1569.2 of the Health and Safety Code.

(B) This paragraph shall not be construed as affecting the licensing of health facilities under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code, or any other provisions relating to health facilities, except as the term "health facility" is interpreted for purposes of the California Health Facilities Financing Authority Act under this part. The designation of a residential care facility for the elderly as a health facility, as made pursuant to this paragraph, shall apply to this part only.

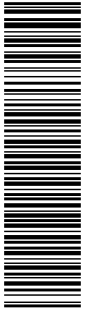
(21) A nonpublic school that provides educational services in conjunction with a health facility, as defined in paragraphs (1) to (20), inclusive, that otherwise qualifies for financing pursuant to this part, if the nonpublic school is certified pursuant to Sections 56366 and 56366.1 of the Education Code as meeting standards relating to the required special education and specified related services and facilities for individuals with physical, mental, or developmental disabilities.

"Health facility" includes a clinic that is described in subdivision (l) of Section 1206 of the Health and Safety Code.

"Health facility" includes information systems equipment and the following facilities, if the equipment and facility is operated in conjunction with or to support the services provided in one or more of the facilities specified in paragraphs (1) to (21), inclusive, of this subdivision: a laboratory, laundry, a nurses or interns residence, housing for staff or employees and their families or patients or relatives of patients, a physicians' facility, an administration building, a research facility, a maintenance, storage, or utility facility, an information systems facility, all structures or facilities related to any of the foregoing facilities or required or useful for the operation of a health facility and the necessary and usual attendant and related facilities and equipment, and parking and supportive service facilities or structures required or useful for the orderly conduct of the health facility.

"Health facility" does not include any institution, place, or building used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship.

(e) "Participating health institution" means a city, city and county, or county, a district hospital, or a private nonprofit corporation or association, or a limited liability company whose sole member is a nonprofit corporation or association authorized by the laws of this state to provide or operate a health facility or a nonprofit corporation that controls or manages, is controlled or managed by, is under common control or management with, or is affiliated with any of the foregoing, and that, pursuant to this



part, undertakes the financing or refinancing of the construction or acquisition of a project or of working capital as provided in this part. "Participating health institution" also includes, for purposes of the California Health Facilities Revenue Bonds (UCSF-Stanford Health Care) 1998 Series A, the Regents of the University of California.

(f) "Project" means construction, expansion, remodeling, renovation, furnishing, or equipping, or funding, financing, or refinancing of a health facility or acquisition of a health facility to be financed or refinanced with funds provided in whole or in part pursuant to this part. "Project" may include reimbursement for the costs of construction, expansion, remodeling, renovation, furnishing, or equipping, or funding, financing, or refinancing of a health facility or acquisition of a health facility. "Project" may include any combination of one or more of the foregoing undertaken jointly by any participating health institution with one or more other participating health institutions.

(g) "Revenue bond" or "bond" means a bond, warrant, note, lease, or installment sale obligation that is evidenced by a certificate of participation or other evidence of indebtedness issued by the authority.

(h) "Working capital" means moneys to be used by, or on behalf of, a participating health institution to pay or prepay maintenance or operation expenses or any other costs that would be treated as an expense item, under generally accepted accounting principles, in connection with the ownership or operation of a health facility, including, but not limited to, reserves for maintenance or operation expenses, interest on any loan for working capital made pursuant to this part, and reserves for debt service with respect to, and any costs necessary or incidental to, that financing.

SEC. 2. Section 4851 of the Welfare and Institutions Code is amended to read:

4851. The definitions contained in this chapter shall govern the construction of this chapter, with respect to habilitation services provided through the regional center, and unless the context requires otherwise, the following terms shall have the following meanings:

(a) "Habilitation services" means community-based services purchased or provided for adults with developmental disabilities, including services provided under the Work Activity Program and the Supported Employment Program, to prepare and maintain them at their highest level of vocational functioning, or to prepare them for referral to vocational rehabilitation services.

(b) "Individual program plan" means the overall plan developed by a regional center pursuant to Section 4646.

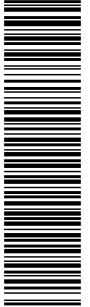
(c) "Individual habilitation service plan" means the service plan developed by the habilitation service vendor to meet employment goals in the individual program plan.

(d) "Department" means the State Department of Developmental Services.

(e) "Work activity program" includes, but is not limited to, ~~sheltered workshops or work activity centers, centers~~ or community-based work activity programs ~~certified pursuant to subdivision (f) or accredited by CARF, the Commission on Accreditation of Rehabilitation Facilities; vendored by a regional center.~~

(f) "Certification" means certification procedures developed by the Department of Rehabilitation.

(g) "Work activity program day" means the period of time during which a Work Activity Program provides services to ~~consumers; individuals.~~



(h) "Supported employment program" means a program that meets the requirements of subdivisions ~~(h) to (q)~~, (j) to (o), inclusive.

(i) ~~"Consumer"~~ "Individual" means any adult who receives services purchased under this chapter.

~~(j) "Accreditation" means a determination of compliance with the set of standards appropriate to the delivery of services by a work activity program or supported employment program, developed by CARF, the Commission on Accreditation of Rehabilitation Facilities, and applied by the commission or the department.~~

~~(k) "CARF" means the Commission on Accreditation of Rehabilitation Facilities.~~

~~(l)~~

(j) "Supported employment" means paid work that is integrated in the community for individuals with developmental disabilities.

~~(m)~~

(k) "Integrated work" means the engagement of an employee with a disability in work in a setting typically found in the community in which individuals interact with individuals without disabilities other than those who are providing services to those individuals, to the same extent that individuals without disabilities in comparable positions interact with other persons.

~~(n)~~

(l) "Supported employment placement" means the employment of an individual with a developmental disability by an employer in the community, directly or through contract with a supported employment program. This includes provision of ongoing support services necessary for the individual to retain employment.

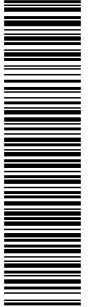
~~(o)~~

(m) "Allowable supported employment services" means the services approved in the individual program plan and specified in the individual habilitation service plan for the purpose of achieving supported employment as an outcome, and may include any of the following:

- (1) Job development, to the extent authorized by the regional center.
- (2) Program staff time for conducting job analysis of supported employment opportunities for a specific ~~consumer~~ individual.
- (3) Program staff time for the direct supervision or training of ~~a consumer or consumers~~ an individual while they engage in integrated work unless other arrangements for ~~consumer~~ individual supervision, including, but not limited to, employer supervision reimbursed by the supported employment program, are approved by the regional center.
- (4) Community-based training in adaptive functional and social skills necessary to ensure job adjustment and retention.
- (5) Counseling with ~~a consumer's~~ an individual's significant other to ensure support of ~~a consumer~~ an individual in job adjustment.
- (6) Advocacy or intervention on behalf of ~~a consumer~~ an individual to resolve problems affecting the ~~consumer's~~ individual's work adjustment or retention.
- (7) Ongoing support services needed to ~~ensure the consumer's~~ maximize the individual's retention of the job.

~~(p)~~

(n) "Group services" means job coaching in a group supported employment placement at a ~~job-coach-to-consumer~~ coach-to-individual ratio of not less than 1 to 2 nor more than 1 to 8 where services to a minimum of two ~~consumers~~ individuals are



funded by the regional center or the Department of Rehabilitation. For ~~consumers~~ individuals receiving group services, job coaching shall be provided at the worksite.

~~(q)~~

(o) "Individualized services" means job coaching and other supported employment services for regional center-funded ~~consumers~~ individuals in a supported employment placement at a ~~job-coach-to-consumer~~ coach-to-individual ratio of 1 to 1, and that decrease over time until stabilization is achieved. Individualized services may be provided on or off the jobsite.

SEC. 3. Section 4856 of the Welfare and Institutions Code is amended to read:

4856. (a) The regional center shall monitor, evaluate, and audit habilitation services providers for program effectiveness, using performance criteria that include, but are not limited to, all of the following:

(1) Service quality.

(2) Protections for individuals receiving services.

(3) Compliance with applicable ~~CARF standards~~. service standards established by the department. The department shall, in consultation with regional centers, providers, and other stakeholders, establish the service standards no later than September 1, 2027.

(b) (1) The regional center may impose immediate sanctions on providers of work activity programs and supported employment programs for noncompliance with ~~accreditation~~ or services standards contained in regulations adopted by the department, and for safety violations ~~which~~ that pose a threat to ~~consumers~~ individuals of habilitation services.

(2) Sanctions include, but are not limited to, any of the following:

(A) A moratorium on new referrals.

(B) Imposition of a corrective plan as specified in regulations.

(C) Removal of ~~consumers~~ individuals from a service area where dangerous conditions or abusive conditions exist.

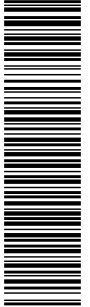
(D) Termination of vendorization.

(c) A moratorium on new referrals may be the first formal sanction to be taken except in instances ~~where consumers~~ in which individuals are at imminent risk of abuse or other harm. When the regional center determines a moratorium on new referrals to be the first formal sanction, a corrective action plan shall be developed. The moratorium shall be lifted only when the conditions cited are corrected per a corrective action plan.

(d) A corrective action plan is a formal sanction, that may be imposed either simultaneously with a moratorium on new referrals, or as a single sanction in circumstances that do not require a moratorium, as determined by the regional center. Noncompliance with the conditions and timelines of the corrective action plan shall result in termination of vendorization.

(e) Removal of ~~consumers~~ individuals from a program shall ~~only~~ take place where only when dangerous or abusive conditions are present, or upon termination of vendorization. In instances of removal for health and safety reasons, when the corrections are made by the program, as determined adequate by the regional center, ~~consumers~~ individuals may return, at their option.

(f) ~~Any~~ A provider sanctioned under subparagraph (B) or (C) of paragraph (2) of subdivision (b) may request an administrative ~~review~~ review, as specified in Section 4648.1.



(g) ~~Any~~ A provider sanctioned under subparagraph (D) of paragraph (2) of subdivision (b) shall have a right to a formal review by the Office of Administrative Hearings under Chapter 4 (commencing with Section 11370) of Part 1 of Division 3 of Title 2 of the Government Code.

(h) Effective July 1, 2004, if a habilitation services provider is under sanction under former Section 19354.5, the provider shall complete the requirements of the corrective action plan or any other terms or conditions imposed upon it as part of the sanctions. At the end of the term of the corrective action plan or other compliance requirements, the services provider shall be evaluated by the regional center based upon the requirements in this section.

SEC. 4. Section 4861 of the Welfare and Institutions Code is amended to read:

4861. ~~The~~ A regional center may vendor a new work activity or supported employment programs, program after determining the capacity of the program to deliver effective services, and ~~assessing the ability of the program to comply with CARF requirements. services and meet the requirements specified in subdivision (a) of Section 4856.~~

(a) Programs that receive the regional center's approval to provide supported employment services shall receive rates in accordance with Section 4860.

(b) A new work activity program shall receive the rate posted on the department's internet website.

~~(c) The regional center may purchase services from new work activity programs and supported employment programs, even though the program is not yet accredited by CARF, if all of the following apply:~~

~~(1) The vendor can demonstrate that the program is in compliance with certification standards established by the Department of Rehabilitation, to allow a period for becoming CARF accredited.~~

~~(2) (A) The program commits, in writing, to apply for accreditation by CARF within three years of the approval to purchase services by the regional center.~~

~~(B) CARF shall accredit a program within four years after the program has been vendored.~~

~~(d)~~

~~(c)~~ The regional center may approve or disapprove proposals submitted by new or existing vendors based on all of the following ~~criteria~~ criteria, to the extent that it is federally permissible:

(1) The need for a work activity or supported employment program.

(2) The capacity of the vendor to deliver work activity or supported employment services effectively.

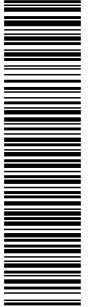
(3) ~~The ability of the vendor to comply with the requirements of this section.~~ Section and Section 4856.

(4) ~~The ability of the vendor to achieve integrated paid work for consumers~~ individuals served in supported employment.

SEC. 5. Section 4865 of the Welfare and Institutions Code is amended to read:

4865. At the request of the Department of Rehabilitation, a work activity or supported employment ~~program or both program, or both,~~ shall release accreditation and state licensing reports and ~~consumer individual special incident reports reports,~~ as required by law or ~~regulations~~ regulations, in instances of suspected abuse.

SEC. 6. Section 4868.6 is added to the Welfare and Institutions Code, to read:



4868.6. (a) The department and the Department of Rehabilitation shall develop an interagency agreement, with respect to the delivery of habilitation services and vocational rehabilitation programs, to create an integrated employment services system between the Department of Rehabilitation and regional centers, with the goals of having each individual experience uninterrupted services, minimized handoffs, and fewer barriers, and increase timely access to employment. The interagency agreement shall outline an integrated employment services system to develop opportunities for, and increase access to, competitive integrated employment for individuals that includes, but is not limited to, all of the following:

(1) A dual provider process for employment providers between the Department of Rehabilitation and regional centers.

(2) Clear funding paths between the department, the Department of Rehabilitation, and regional centers to enable timely employment services access for each individual seeking employment.

(3) A process to make employment supports and services leading to competitive integrated employment seamless to the individual, regardless of which department an individual seeks supports from or which department funds the services.

(b) The department and the Department of Rehabilitation shall develop the interagency agreement no later than August 1, 2027.

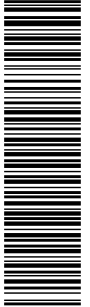
(c) The department and the Department of Rehabilitation shall develop the integrated employment services system with input from the community no later than March 1, 2029. Input from the community shall include, but not be limited to, consultation with the department's Lived Experience Advisory Group, individuals and families, caregivers, advocates and associations, service providers, regional centers, the State Council on Developmental Disabilities, the State Rehabilitation Council, and legislative staff.

(d) Beginning December 1, 2026, the department shall semiannually report milestones on the development of the integrated employment services system on the department's internet website until the integrated employment services system is developed.

(e) For purposes of this section, the following definitions apply:

(1) "Dual provider process" means an aligned vendorization process for supported employment programs between regional centers and the Department of Rehabilitation.

(2) "Clear funding path" means an outline that defines funding obligations between regional centers and the Department of Rehabilitation for the different services used for an individual to achieve competitive integrated employment.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: Developmental services: employment services.

Existing law establishes the Department of Rehabilitation (DOR), which provides individuals with disabilities with the tools to, among other things, maximize employment, independence, and economic and social self-sufficiency in the mainstream of society. Existing law designates DOR as the sole state agency with full power to supervise every phase of the administration of the state plan for vocational rehabilitation services to individuals with disabilities.

Existing law, the Lanterman Developmental Disabilities Services Act, requires the State Department of Developmental Services (DDS) to contract with regional centers to provide services and support to individuals with developmental disabilities. Existing law requires a regional center consumer to be referred to a provider of habilitation services if they are determined to be in need of habilitation services, which is defined to mean community-based services purchased or provided for adults with developmental disabilities, including services provided under the Work Activity Program and the Supported Employment Program, to prepare and maintain them at their highest level of vocational functioning, or to prepare them for referral to vocational rehabilitation services. Existing law authorizes a regional center to vendor a new work activity or supported employment program after determining the capacity of the program to deliver effective services and assessing the ability of the program to comply with the requirements of CARF, the Commission on Accreditation of Rehabilitation Facilities. Existing law requires a regional center to monitor, evaluate, and audit habilitation services providers for program effectiveness using performance criteria that include, among other things, compliance with applicable CARF standards.

This bill would remove the requirement for a work activity program or supported employment program to comply with the requirements of CARF, the Commission on Accreditation of Rehabilitation Facilities, and would instead require a regional center to monitor, evaluate, and audit habilitation services providers for program effectiveness using, among other things, service standards established by DDS. The bill would also require DDS and DOR to develop an interagency agreement, with respect to the delivery of habilitation services and vocational rehabilitation programs, to create an integrated employment services system between DOR and regional centers, with the goals of having each individual experience uninterrupted services, minimized handoffs, and fewer barriers, and increase timely access to employment, as specified. The bill would, beginning December 1, 2026, require the department to semiannually report milestones on the development of the integrated employment services system on the department's internet website until the integrated employment services system is developed. The bill would also make related technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

