



California Association of Local Behavioral Health Boards and Commissions

Rev. 9 June2024 www.calbhbc.org/homeless—housing

ADULT RESIDENTIAL FACILITIES (ARFs) — The critical need for “Board and Care” facilities.

ISSUE BRIEF: Adult Residential Facilities

Adult Residential Facilities (ARFs) are a **critical component of CA's housing continuum**. Lack of ARFs (and RCFEs) impacts families, local communities, and most of all, it impacts individuals with severe mental illness (SMI) who for health and/or physical reasons cannot live independently. **The social and financial costs are high** as individuals enter revolving doors between crisis facilities, psychiatric facilities, emergency rooms, homelessness and incarceration. Local budgets are impacted due to crisis management, expensive placements and incarcerations.

What is an ARF?

Names and acronyms include:

- ARF: Adult Residential Facilities
- RCFE: Residential Care Facility for the Elderly (for ages 60 and older)
- Board & Care (often called “Enhanced” or “Augmented” Board & Care)
- Assisted Living

ARFs are licensed to provide care and services sufficient to support needs resulting from an inability to perform Activities of Daily Living or Severe Cognitive Impairment. ARFs provide services that allow people to maintain independence and receive individualized care in a home-like environment, to include:

1. 24 Hour Care
2. Trained Staff
3. Three meals/day (must accommodate special dietary needs)
4. Access to a physician/nurse in case of emergency
5. Assistance with managing medications

Three Key Challenges

1. **Financial:** ARFs cannot survive on a small scale without substantial subsidies. On a larger scale (45+ beds), a supplemental rate (known as ‘patches’) from counties ranging from \$64/day to \$160/day is required for fiscal stability.¹
2. **Staffing:** Providing and retaining a professional, trained and experienced staff requires proper management, appropriate salaries and ongoing training.
3. **“Not In My Backyard” (NIMBY)** opposition from communities for new construction or attempts to rezone a property for ARF (required for more than 6 beds).

Costly Consequences



- Psychiatric hospitals/facilities range from \$350 - \$775/day.
- Prison costs appr. \$291/day²
- County jail costs appr. \$254 per day in L.A. County: www.vera.org/publications/what-jails-cost-cities/los-angeles-ca³

Thousands of Beds Needed

CA counties who responded to the [2021 CA Behavioral Health Planning Council survey](#)⁴ estimate that their need for ARF beds for individuals with serious mental illness totals **4,052** persons (for **27** counties out of 58).

CA Department of Social Services unpublished reports show **488 licensed ARFs and RCFEs serving individuals with SMI closed in 2021** (excluding those that closed due to a change of location or ownership, resulting in a new license being issued). **Losses reported in 2021 total 3852 beds.**

Legislation

ARCF Draft Bill (previously SB 1082, 2024)

Data: [AB 1766](#) requires data collection and reporting for ARFs/RCFEs that serve individuals with SMI, and anticipated closures.

Closures & Purchase: [AB 2377](#) requires notification of ARF/RCFE proposed closures, and gives the city/county the first opportunity to make an offer to purchase/continue operation.

A Call for Immediate & Long-Term Solutions

Current ARF/RCFE funding is insufficient for adults with severe mental illness. It is limited to the SSI rate, approximately **\$1,398.07 per month**. Some counties bolster this rate, providing “patches” to large-scale ARFs/RCFEs, often located hours away from an individual’s community. These patches range from \$64/day to \$225/day.⁶

A Tiered Model: It is worth examining a different funding model, such as the one for adults with intellectual and developmental disabilities (IDD). The IDD model provides **several tiers of funding based on the needs of the consumer**. Funding ranges from **\$1,398.07 to \$12,714.70 per month per consumer**, allowing for community-based, appropriately staffed ARFs and RCFEs. Dept of Dev. Services Community Care Facility rates:

www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center-2/

Workforce/Training/Education: Funding and resources are necessary to sustain the ARF/RCFE workforce. This includes a **living wage, technical assistance, training and support** for staff and owners to:

- Provide trauma-informed, culturally relevant, recovery-focused services and supports to individuals with SMI (including SMI with co-occurring Substance Use Disorder.)
- Provide services and supports that meet health and physical needs of residents
- Develop and maintain workforce
- Fiscal stability
- Sustain licensing

New Funding

The following new funding sources help to expand infrastructure and provide time-limited funding. However, the small, community-based ARFs/RCFEs have not shown the capacity to leverage: Community Care Expansion (CCE) funds, Behavioral Health Bridge Housing operational funds (that are time-limited) or MediCal funding. A **tiered model of funding** as is in-place for individuals with IDD (but not SMI) that provides reliable operating income is required. CALBHB/C is sponsoring a bill in the 2024 legislative session related to implementing this model.

Infrastructure:

Community Care Expansion Program funds the acquisition, construction and rehabilitation of adult and senior care facilities. Requires a match. [Dept of Social Services – CCE](#) (funding ends June 30, 2024)

Project Homekey: Local entities partner with the state to acquire and rehabilitate a variety of housing types, to include residential care facilities. www.hcd.ca.gov/grants-and-funding/homekey (funding ends June 20, 2026)

Behavioral Health Bridget Housing Program www.dhcs.ca.gov/services/Pages/Behavioral-Health-Expansion-Branch.aspx

Medi-Cal Home & Community-Based Alternatives (HCBA) Waiver & Assisted Living Waivers (ALW):

The HCBA Waiver provides long-term supports and services to eligible Medi-Cal beneficiaries in their home or community residence of choice.

The ALW provides eligible Medi-Cal beneficiaries the choice to reside in an assisted living setting as an alternative to long-term placement in a nursing facility.

The goal of both Waivers is to facilitate transition of institutionalized individuals to a less-restrictive, community-based setting, and prevent individuals who are at imminent risk of institutionalization from being admitted. [Waivers](#)

End Notes:

1. ARFs that provide residential care to adults with mental illness survive at a larger scale (45+ beds), with “patches” provided by counties. [Psynergy Programs, Inc.](#) and [Davis Guest Home](#) offer examples of companies that operate RCFs with a financial model that works due to “patches” paid by counties (added to resident’s SSI). Even with the additional revenue, this financial model requires a minimum of 45 residents. These are considered “Enhanced” or “Augmented Board & Cares” as they provide needed supports to the residents, including team leaders, activities, dietary staff, access to a psychiatrist and more. Psynergy additionally provides: Medication Support, Mental Health Services, Crisis Intervention, Case Management and Collateral (all Medi-Cal billable.)
2. CA Legislative Analyst’s Office: http://www.lao.ca.gov/PolicyAreas/CJ/6_cj_inmatecost
3. Vera Institute of Justice: <https://www.vera.org/publications/what-jails-cost-cities/los-angeles-ca>
4. [2021 CA Behavioral Health Planning Council Data Notebook](#), page 12.
5. [2018 CA Behavioral Health Planning Council ARF Issue Paper](#): www.dhcs.ca.gov/services/MH/Pages/CBHPC-Reports.aspx
6. Rates found on-line from 2022 [Monterey County Contract with Psynergy Programs, Inc](#) (page 28 and 30); [Amador County Contract with Davis Guest Home](#) (page 14); [A&A Health Services](#), LLC, Contra Costa County. Also see FY 21-22 [Lake County Contract with Davis Guest Home](#) (page 14), with range from \$125—\$800 per day.