

Date of Hearing: April 17, 2018

ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE

Ash Kalra, Chair

AB 2025 (Maienschein) – As Amended March 21, 2018

**SUBJECT:** Elders Living with Dignity, Empathy, Respect, and Support (ELDERS) Bond Act.

**SUMMARY:** This bill would provide for submission to the voters, the Elders Living with Dignity, Empathy, Respect, and Support (ELDERS) Bond Act of 2020 for allocation to organizations including Community-Based Adult Services (CBAS), Program for All-Inclusive Care for the Elderly (PACE) and Alzheimer’s Day Care Resource Centers (ADCRC).

Specifically, **this bill:**

- 1) Provides that, if enacted by the people, the state would be authorized to issue and sell general obligation bonds in the aggregate amount of \$200,000,000.
- 2) Creates for the sole purpose of authorizing the issuance and sale of the bonds the Elders Living with Dignity, Empathy, Respect, and Support (ELDERS) Finance Committee.
- 3) The committee consists of the Controller, the Treasurer, the Director of Finance, and a representative of the California Health and Human Services Agency who is appointed by the Secretary of Health and Human Services.
- 4) The representative of the California Health and Human Services Agency shall serve as chairperson of the committee. A majority of the committee may act for the committee.
- 5) The committee shall determine, by resolution, whether or not it is necessary or desirable to issue and sell bonds, and, if so, the amount of bonds to be issued and sold.
- 6) Provides that money in the fund derived from the bonds would be awarded by the California Health Facilities Financing Authority (Authority).
- 7) The Authority shall make awards from funds derived from this bond act to public agencies or nonprofit organizations for the acquisition, renovation, construction, start-up costs, program expansion of eligible facilities, or purchase of equipment for eligible facilities designed to serve adults with chronic medical, cognitive, or behavioral health conditions, including, but not limited to, Alzheimer’s disease or related dementia.
- 8) Priority shall be given to qualified applicants in unserved or underserved geographic areas. “Disadvantaged community” means a community with a median household income less than 80 percent of the statewide average. “Unserved geographic area” means a community that has either no licensed adult day health care facility or licensed adult day program within one hour driving time, on average, from the proposed facility.
- 9) “Program expansion” means redesign of existing space to increase capacity and efficiency, or addition of a new program within an existing facility to be able to serve more individuals.

- 10) The Authority shall seek the advice of stakeholders on the request for proposal and the criteria for reviewing and evaluating the responses and adopt policies and guidelines to carry out the purposes for which the bonds are issued.

**EXISTING LAW:**

- 1) Authorizes the sale of General Obligation Bonds and deems facilities eligible that are developed to provide a program of specialized day care for participants with moderate to severe dementia, specialized day services for adults with complex chronic medical, cognitive or behavioral health conditions, and including, but not limited to, Alzheimer's disease and related dementias.
- 2) Existing state and federal law provides for various programs to distribute or furnish services to elderly persons, including those for adult day community service, Alzheimer's Day Care Resource Centers, and the PACE Program.

**FISCAL EFFECT:** This bill has not yet been analyzed by a fiscal committee.

**COMMENTS:**

**Author's Statement:** "The Department of Finance and the Legislative Analyst Office both project significant growth in California's older adult population by the year 2025. With that growth comes increased rates of individual disability and cognitive impairment, as well as negative impacts on family caregivers and stress on fragile systems of care.

"In anticipation of this unprecedented demographic shift, California needs to plan now to expand capacity and build infrastructure to meet the consumer demand. Not only will advance planning benefit thousands of individuals and families, but also the State General Fund by offering more low-cost, community based options as alternatives to high cost institutional care."

**Note:** Last year AB 1500 and almost identical bill specifies the State Treasurer's office as the entity to administer the program. This committee's direction was for the author to identify an appropriate state agency or entity to administer the program. AB 2025 creates for the sole purpose of authorizing the issuance and sale of the bonds the Elders Living with Dignity, Empathy, Respect, and Support (ELDERS) Finance Committee consisting of the Controller, the Treasurer, the Director of Finance, and a representative of the California Health and Human Services Agency who is appointed by the Secretary of Health and Human Services. It also provides that the awarding agency would be the California Health Facilities Financing Authority.

**How General Obligation Bonds Work:** General Obligation Bonds, which are also referred to as GOs, are municipal bonds which provide a way for the state to raise money for projects that may not generate a revenue stream directly. Examples of the types of projects funded by General Obligation Bonds are the construction of public schools and highway systems.

They are called "General Obligation" bonds because they are not backed by specific revenue producing project or asset. Instead, they are backed by the "full faith and credit" of the issuer. In simple terms that means the bonds are backed by the State's ability to tax, and to raise taxes if necessary, in order to pay bondholders. GO bonds require voter approval.

The bond measure, as presented to the voters, specifies who will oversee and administer the program. This is referred to as the program component and must be a state department or entity. The fiscal components are administered by the Public Finance Division (PFD) of the Treasurer's office. The PFD handles the sale of general obligation bonds and manages the State's debt portfolio. PFD ensures that all standard provisions of all GO Bond Acts are met.

**1984 Bond Measure:** The Senior Center Bond Act of 1984 (Act), Proposition 30, pursuant to SB 1359 (John Garamendi, John Seymour) authorized a \$50 million general obligation bond issue to provide funds for senior centers. The money raised by the bond sale was used to finance the purchase, construction, renovation, and expansion of senior centers. The funds were available for this purpose until they were spent; that is, the measure set no limit on the period of time during which the bond funds were available.

The measure specified how much of the bond funds would be allocated to each of the 33 planning and service areas in the state, as determined by local Area Agencies on Aging (AAAs).

It also provided for the reallocation of funds in the event an AAA was unable to use all of the funds initially allocated to it. Under the provisions of the Act, AAAs that wished to participate were required to submit proposals to the California Department of Aging (CDA) to fund senior centers in their planning and service areas.

## **BACKGROUND:**

**Community-Based Adult Services (CBAS):** Community-Based Adult Services (CBAS) programs are licensed community-based day care programs providing a variety of health, therapeutic and social services. Under an interagency agreement, CBAS is administered between the Department of Health Care Services (DHCS), the California Department of Public Health (CDPH) and the California Department of Aging (CDA). CDPH licenses CBAS as Adult Day Health Care (ADHC) centers; CDA certifies them for participation in Medi-Cal.

Each CBAS center has a multidisciplinary team of health professionals who conduct a comprehensive assessment of each potential participant to determine and plan services needed to meet the individual's health and social needs. Services include professional nursing services; physical, occupational and speech therapies; mental health services; therapeutic activities; social services; personal care; hot meals and nutritional counseling; and, transportation to and from the participant's residence. CBAS seeks to restore or maintain optimal capacity for self-care to frail elderly persons and other adults with physical or mental disabilities and to delay or prevent institutionalization.

In 30 of California's 58 counties, CBAS is provided as a Medi-Cal managed care benefit. In the remaining rural managed care counties, CBAS remains a fee-for-service benefit. There are 241 CBAS centers state-wide who currently serve 35,588 participants.

**Program for All-Inclusive Care for the Elderly (PACE):** PACE provides medical and supportive services to individuals who are age 55 or older, and who are certified to need nursing home care, but who are able to live safely in the community at the time of enrollment. The program is available in limited areas of the state, with services that include:

- a) Medical care provided by a PACE physician familiar with the history, needs and preferences of each participant;
- b) Adult day care that offers nursing; physical, occupational and recreational therapies; meals; nutritional counseling; social work and personal care;
- c) Home health care and personal care in the home;
- d) Prescription drugs;
- e) Social services;
- f) Medical specialty services; and,
- g) Hospital and nursing home care, when necessary.

An interdisciplinary team assesses participants' needs, develops care plans, and delivers all services (including acute care services, and when necessary, nursing facility services). PACE provides social and medical services primarily in a CBAS center, supplemented by in-home and referral services in accordance with the participant's needs. The PACE service package includes all Medicare and Medi-Cal covered services, and other services.

There are 11 PACE sponsoring organizations operating 37 centers or alternative care sites in 12 counties, serving about 7,000 beneficiaries as of July 2017. About 75 percent are dually eligible for Medicare and Medi-Cal, about 24 percent are eligible for Medi-Cal only and about 1 percent are Medicare only.

**Alzheimer's Day Care Resource Centers (ADCRC):** The Alzheimer's Day Care Resource Centers (ADCRC) is authorized under the Older Californians Act; however, there are no longer any federal or General Fund dollars supporting this program. To this end, the local Area Agencies on Aging determine whether, and to what extent, to fund the program. ADCRCs provide care for persons with Alzheimer's disease and other dementia. The centers provide services that support the physical and psychosocial needs of persons with Alzheimer's disease or related dementia.

Individual care plans are developed for each program participant with activities scheduled in accordance with these plans to maintain the highest level of functioning.

An additional unknown number of people are served within CBAS centers or Adult Day Programs.

**Argument in Support:** The California Association for Adult Day Services writes, "We are writing in support of AB 2025, which would help non-profit organizations obtain much needed capital to build or renovate state licensed Adult Day Health Care Centers, Adult Day Program centers or PACE organizations through a voter approved General Obligation Bond. As you know, the cost of starting up or renovating a facility suited to serving medically or cognitively complex and physically impaired elderly is prohibitive for most community-based non-profits. Access to capital is a major barrier to continuing or expanding these invaluable services. ...

"AB 2025 would enable California to rebuild community infrastructure that was gravely diminished over the past two decades so that California's aging population will have access to needed services their own communities."

**Argument in Opposition:** None.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Alzheimer's Association – Sponsor  
California Association for Adult Day Services –Co-Sponsor  
National Alzheimer's Association – Co-Sponsor  
California Association for Health Services at Home (CAHSAH)  
California Long-Term Care Ombudsman Association (CLTCOA)

**Opposition**

None on file.

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