

October 10, 2019

Wendy Horowitz, Esq.
Deputy Attorney General
California Department of Justice
300 South Spring Street, Suite 1702
Los Angeles, CA 90013

Re: Adolescent Treatment Centers, Inc. – Request for Modification of Change in Control Conditions

Dear Deputy Horowitz:

As you are aware, the California Attorney General approved the change in control and governance of the above-referenced non-profit corporation from Sutter Health to Bay Area Community Services, Inc. (“BACS”) as set forth in your September 23, 2016 letter to Kimberlee Rotchy, Esq. The attachment to your letter described a series of conditions for that approval in sections II through VII.

Bay Area Community Services, as the sole corporate member of Adolescent Treatment Centers, dba Thunder Road, has operated the services under the conditions outlined in your approval to date.

Subsequent to the change in ownership, BACS learned the State of California had started to implement a major Statewide Reform entitled the ‘Continuum of Care Reform (CCR)’ (AB 403, AB 1997, and AB 404). This series of reforms to the Statewide Child Welfare System directly affects licensed group homes like Thunder Road and their subsequent role in the System of Care. Thunder Road’s current license, entitled a Rate Classification Level (RCL) 12 Group Home License, will sunset with the completion of this phase of reform. The state is replacing this license along with all other RCL licenses, with a single Short Term Residential Therapeutic Program (“STRTP”) license. The stated goal of the STRTP within the Continuum of Care Reform is to limit group homes to providing intensive, short term duration services to youth who cannot be served in the preferred setting of a home/family location.

As the license referred to in the Attorney General’s September 23, 2016 letter will soon cease to exist, we are no longer able to categorically comply with Section IV of the Attorney General’s issuance of conditional approval

Based on our in-depth analysis of the options to continue to use the Thunder Road facility to serve the demonstrated needs of our community, Bay Area Community Services respectfully requests the Attorney General to approve the following amendment of the terms and conditions of the conditional consent under Corporations Code section 5915 or 5921. Please note, the sole basis for this request is a change in circumstances which could not have reasonably been foreseen at the time of your conditional consent.

Amendment I – Section IV

Requested Change: For five years from the closing date of the Membership Substitution and Donation Agreement unless otherwise stated, Thunder Road ~~Chemical Dependency Recovery Hospital and Group Home~~ shall be operated and maintained as an outpatient services program for youth and adults, as well as a residential center for adults and/or families with complex needs. ~~50-bed licensed chemical dependency recovery hospital (as defined in California Health and Safety Code, sections 120 and 1250.3) and as a group home (as defined in California Health and Safety Code, sections 1500 and 1502.3). Bay Area Community Services, Inc., Bay Area Community Services Housing Corporation, or Adolescent Treatment Centers, Inc. shall not place all or any portion of its above listed licensed bed capacity or services in voluntary suspension or surrender its licenses for any of these beds or services.~~¹

Our proposed amendment recognizes both the discontinuance of Thunder Road’s current Rate Classification Level (RCL) 12 Group Home License, and that there is no equivalent license that would fit with Thunder Road’s current program model. This proposed amendment is consistent with the spirit of the Attorney General’s conditional consent to the transaction because the programs at the facility would continue to serve youth in an outpatient setting favored by the State’s Continuum of Care Reform, while also utilizing the facility to serve adult and families who have similar needs but do not present the risks and other challenges outlined above for a youth-focused STRTP facility.

Amendment II – Section VI

BACS reviewed the following contracts and proposes the following edits:

- (a) ~~Contra Costa 74-106-18~~ – Expired
- (b) ~~Contra Costa 24-443-34~~ – Expired
- (c) ~~Alameda Probation Department, Procurement No. 12007~~ Expired

¹ As you are aware, the Attorney General clarified in a May 26, 2017 letter that Adolescent Treatment Centers, In. was able to surrender of the Chemical Dependency Recovery Hospital license without violating the conditions for transfer of the facility to BACS.

- (d) Alameda BHCS Master Contract 900034 (Mental Health)
- (e) Alameda BHCS Master Contract 90034 (Alcohol and Drug Treatment)
- (f) ~~Alameda Public Health Master Contract 90034 – Tobacco Cessation Training – Expired~~
- (g) ~~San Francisco Dep't of Public Health Contract No. BPHM12000012, Day Treatment/Outpatient – Expired~~
- (h) ~~Santa Cruz Mental Health Services Contract No. 4003, Mental Health and Substance Abuse – Expired~~

Below is a description of the efforts Thunder Road undertook to avoid the need of the amendment.

Upon learning about the CCR, BACS embarked on a deep analysis related to how the Reform would affect the future of Thunder Road which included meeting with the following stakeholders:

- Alameda County Social Services Agency
- Alameda County Behavioral Health Care Services
- Alameda County Probation Department
- Non-Profit Referral Partners including La Familia Counseling Services and REFUGE
- Alameda County Judges
- Community Care Licensing
- California Alliance of Children and Family Services
- Contra Costa County
- Others

What we found is that many entities will only refer youth 'in placement' to programs that have the STRTP license, such as Probation and Social Services agencies. These same providers also stated they generally refer youth who have heavy elopement/AWOL behavior out of the local area to maximize treatment engagement. This referral preference mirrors the consistently low census that Thunder Road has experienced both before and after the transfer of the program to BACS.

Bay Area Community Services completed a comprehensive review of the STRTP license and whether there is a fit between the target population, treatment model, and regulations as well as evaluating the fit between the existing program model and those standards. Unfortunately, there is not a fit between the STRTP license and the current Thunder Road treatment model, for a variety of reasons:

- The STRTP license is typically limited to programs serving youth with a substantial mental illness for a short duration of intensive services when those youth cannot be served in the home/family setting preferred by the continuum of care reform. The youth meeting this heightened threshold, when combined with a substance abuse diagnosis, are not appropriate for a voluntary, urban drug and alcohol treatment

setting like Thunder Road and differ significantly from the population historically served by this program.

- While requiring increased acuity for eligibility, the STRTP license continues the general prohibition on either locked facilities or delayed egress devices for the population that Thunder Road serves – requiring the program to work with youth who are significantly more at risk of harm for leaving the urban facility without enhanced and meaningful tools to prevent runaways.
- Bay Area Community Services also carefully evaluated the remaining basic Group Home license available to non-STRTP programs. While that license is a fit from a regulatory standpoint and would complement the type of unique program Thunder Road offers, it does not permit the placement of youth who are referred from social services/probation departments. Therefore, this type of license does not provision for a payment/funding mechanism for youth to reside in residential treatment consistent with Thunder Road’s existing program and purpose

Also, during this process, and since BACS assumed the Thunder Road program, there has not been an adequate supply of appropriate referrals to the program. The public policy and demographic trend away from institutional care for youth has become routinized in our communities to the point where the local juvenile hall has under 40 youth in custody, and across the Bay, San Francisco County has announced the closure of its juvenile hall. When BACS assumed the program in August, 2017, there were only two youth living in the group home. Over the course of the last two years, there has been a total of approximately 45 clients admitted to the program, and a total of approximately 45 discharges. As of the writing of this letter, there are zero clients in the group home program. BACS has held meetings with local referring agencies including:

- Alameda County Probation – Probation has stated they are only referring to a STRTP and they are not referring to Thunder Road. Alameda County Probation in years past was responsible for approximately 50% of referrals.
- Alameda County Social Services – Social Services has stated they will only refer to a STRTP, they generally refer out of county for high-end youth who are ‘runners’, and that they have an adequate supply of local beds to meet their placement needs. They stated there are approximately 130 youth in placement total for the County. Alameda County Social Services in years past was responsible for approximately 25% of referrals.
- Alameda County Behavioral Health Services – Behavioral Health has stated they are interested in continuing to refer, but cannot guarantee increased utilization, which in two years’ time, has led to seven intakes.

The proposed amendment would retain the outpatient portion of adolescent behavioral health services for youth who need assessment, triage, outpatient case management, and rehabilitation. The facility would support youth in an outpatient setting

and would provide social and independent living opportunities for youth and families to access as needed, while the bulk of those services would happen in the community. Services would be physically and programmatically separated from adult and family services outlined below.

While the demand for out-of-home substance use residential treatment for teens has waned over time along with policy change, there has been an increase in the demand and need for a broad array of adult services. Bay Area proposes to serve adults and families in a residential and outpatient format, segregated away from the youth outpatient services.

Thank you for your review of the proposed amendment and please let me know if you need any additional information.

Regards,

A handwritten signature in black ink, consisting of a series of loops and a final checkmark-like stroke.

Jamie Almanza, MBA
CEO