

DDS Vendor Rate Study – Summary of Public Comment Process

BACKGROUND

Pursuant to § 4519.8 of the Welfare and Institutions Code as added by ABX2-1 during the Second Extraordinary Session of the 2015-16 Legislature, the California Department of Developmental Services (DDS) conducted a rate study to review payment rates for services delivered through the Regional Center system. DDS contracted with the consulting firm Burns & Associates, Inc. (B&A) to complete the rate study.

Based on data collected from vendors and various published sources, detailed rate models were released in February 2019 and stakeholders were invited to provide feedback. This document summarizes the comment process and changes made to the rate models in response to the comments received. The rate study report and supporting documentation is available at <http://www.burnshealthpolicy.com/ddsvendorrates/>. The written responses to comments will also be posted on this website, and at www.dds.ca.gov/rc/vendor-provider/rate-study/.

CHANGES TO RATE MODELS AND FISCAL IMPACT SINCE RATE STUDY REPORT

Three categories of changes to rate models and fiscal impact analysis:

1. Technical adjustments, including:
 - Revising the offset for funding already added for statewide minimum wage increases
 - Revising rate model formulae
2. Methodological changes, including:
 - Incorporation of actual fiscal year 2018-2019 claims to distribute projected fiscal year 2019-20 spending, which reduced the fiscal impact because services with smaller rate increases (e.g., miscellaneous service codes) have grown at a faster rate than other services
 - Changed approach to estimating costs for ‘miscellaneous’ service codes that would be folded into other services (e.g., residential programs other than Adult Residential Facilities for Persons with Special Health Care Needs authorized under service code 113 that would transition to the Community Care Facilities rate models and day programs authorized under service code 055 that would transition to the rate models for Community-Based Day Programs) to recognize the rates approved through these service codes are generally higher than the rates currently approved for the service codes to which they would be transitioned
 - Changed approach in estimating the proportion of day programs that will qualify as medically- or behaviorally-focused based on staffing reported through the provider survey
3. Rate model changes in response to public comments (discussed below)

In total, the estimated cost of fully implementing the rates remains \$1.8 billion in total funds.

This estimate continues to be based on fiscal year 2019-20 spending projections. Implementing the rate models in future years will be more costly for two reasons. First, the rate models would need to be adjusted to account for further cost increases, particularly adjustments in the statewide minimum wage (which is a cost that will be incurred with or without implementation of the rate models, assuming General Fund revenues are sufficient to support future increases in the statewide minimum wage). Second, costs will increase as enrollment increases; that is, the rate models would apply to a larger spending base in future years.

The estimated cost does not account for the two-year rate increase included in the fiscal year 2019-20 budget or the proposed fiscal year 2020-21 supplemental rate increase for additional service codes. Specifically, the 2019 Budget Act included an annualized \$413 million in total funds for rate increases. Accounting for the supplemental rate increases, the remaining cost of the rate study would be \$1.4 billion (the estimated \$1.8 billion cost less \$413 million).

PUBLIC COMMENTS

Vendors and stakeholders were invited to comment on the rate models and rate study report published in February and March 2019.

Process

Consistent with the requirements of ABX2-1, the comment process was originally intended to be channeled through the Developmental Services Task Force. To be more comprehensive, the process was expanded to include provider associations, advocacy groups, and Regional Centers' vendor advisory committees. In total, comments were received from 178 commenters identified through this process who provided about 3,600 pages of material. These comments were reviewed, categorized, and summarized and responses to each comment have been drafted.

Another 119 commenters provided feedback that totaled about 600 pages of material. A general review of the comments suggests the issues raised mirrored the feedback from the commenters described above.

Changes to Rate Models

In response to feedback and additional data submitted by providers and other stakeholders, a number of changes were made to the rate models to better reflect the estimated cost of providing services. In general, these changes related to specific assumptions in rate models for individual services rather than fundamental assumptions that impacted all rate models. Following is a list of significant changes to rate models with a reference to the comments and responses document where a thorough description of each issue is provided. Note this is not a comprehensive listing of changes, which is provided in the comments and responses document.

- Incorporation of more current wage, workers' compensation, and mileage rate data published after release of the draft rate models [comments 33, 49, and 62]
- Increased wage assumptions for various services, including Supported Employment, Independent Living, Community-Based Day Programs, and registered behavior technicians [comments 36, 200, and 228]
- Added assumption that 30 percent of direct care staff work part-time (22 hours per week), which increases the cost of productivity and certain fixed costs (e.g., supervision) on a per-hour basis, but reduces benefit costs (the overall result is a reduction in rates) [comment 51]
- Withdrew the methodology to align rates for certain services with Medi-Cal rates and establishing rate models for these services (most notably affecting Specialized Therapeutic Services (115, 116, and 117) and certain professionals in Infant Development (805) programs) [comment 221]
- Recast the 'types' of Infant Development (805) staff and making various changes to rate model assumptions, resulting in higher rates [comment 214]
- Withdrew the methodology to reimburse Creative Arts (094) and Socialization Training (028) services based on the rates for community-based day programs as well as the rate models for Crisis Services (017); rate models would be reconsidered if regulations are developed for these services [comments 208 and 237]
- Withdrew the methodology establishing separate short-term and long-term encounter rates for various in-home services [comment 70]
- Withdrew the methodology to require Respite vendors supporting employer of record models to become financial management services (FMS) agencies [comment 84]
- Added overtime to rate models for Supported Living (896) and certain residential services [comment 39]
- Allowed more factors to be 'customized' in the rate models for ARFPSHNs and certain other residential services [comments 112 and 115]
- Making various changes to assumptions in Family Home Agency (904) rates models, increasing rates [comments 133 through 145]
- Increased consultant cost assumptions in residential rate models [comment 96]
- Reducing assumed attendance in day programs from 90 percent to 88 percent [comment 150]
- Creating separate rate models for Transportation Company (875) and Transportation-Additional Component (880) [comment 174]
- Withdrew the methodology for a 'transportation coordination' service that would apply to both brokered and non-brokered transportation (there will continue to be a separate rate for Transportation Broker services, service code 883) [comment 184]