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State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

December 13, 2021

Mr. James G. Scott, Director
Division of Program Operations
Medicaid and CHIP Operations Group
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0300
Kansas City, MO 64106-2898

STATE PLAN AMENDMENT 21-0040: RATE STUDY INCREASE

Dear Mr. Scott:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 21-0040 for your review and approval. This SPA proposes to implement a 2019 rate study model. DHCS seeks an effective date of April 1, 2022, for this SPA.

The purpose of the waiver amendment is to implement a 2019 rate study model. Pursuant to Welfare and Institutions Code [Section 4519.8](#), the Department of Developmental Services (DDS) submitted a rate study addressing the sustainability, quality, and transparency of community-based services for individuals with developmental disabilities to the Legislature in March 2019. Chapter 76, Statutes of 2021 ([AB 136, Committee on Budget and Developmental Services](#)) added Welfare and Institutions Code Section 4519.10 specifying the timeline for implementation of the rate models proposed in the rate study. If approved, effective April 1, 2022, DDS shall implement a rate increase for service providers that equals one-quarter of the difference between current rates and the fully funded rate model for each provider.


The SPA public notice was posted on October 27, 2021, and concluded on November 25, 2021. There were no comments received. Additionally, SPA 21-0040 received tribal no-notice approval on November 2, 2021.

Attached within the SPA package are Attachment 4.19-B pages, CMS 179 Form, and Fiscal Impact Summary.

Mr. James G. Scott
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If you have any questions please contact Mr. Richard Nelson, Chief, Integrated Systems of Care Division, at (916) 345-7957, or by email Richard.Nelson@dhcs.ca.gov.

Sincerely,



Jacey Cooper
State Medicaid Director
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Enclosures

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**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER ____ _	2. STATE ____
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3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT XIX XXI
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TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

5. FEDERAL STATUTE/REGULATION CITATION
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6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY _____ \$ _____
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
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8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

9. SUBJECT OF AMENDMENT

10. GOVERNOR'S REVIEW (Check One)	OTHER, AS SPECIFIED:
GOVERNOR'S OFFICE REPORTED NO COMMENT	
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

11. SIGNATURE OF STATE AGENCY OFFICIAL 
12. TYPED NAME
13. TITLE
14. DATE SUBMITTED

15. RETURN TO

FOR CMS USE ONLY	
16. DATE RECEIVED	17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED	
18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS

HCBS Dental Services

DESCRIPTION OF RATE METHODOLOGIES

The following rate methodologies are utilized by multiple providers of the services contained in this SPA. The methodologies are described in this section and are referenced under the applicable individual services. Consistent with Attachment 3.1-i, pages 2-3, qualified providers of 1915i SPA services submit claims to the regional center for services delivered to the beneficiary, pursuant to the individual program plan. The regional center reviews the claim (units of service, rate, etc.), pays legitimate claims, and submits the claim of payment to Department of Developmental Services.

Department of Developmental Services 2019 Rate Study

In March 2019, pursuant to Welfare and Institutions Code Section 4519.8, the Department of Developmental Services (DDS) submitted a rate study addressing the sustainability, quality, and transparency of community-based services for individuals with developmental disabilities to the California Legislature. The rate study included an assessment of the effectiveness of the methods used to pay each category of community service provider and included stakeholder meetings and surveys of the provider and recipient community. As a part of the study, rate models were developed for specified services that include specific assumptions related to the various costs associated with delivering each service, including direct care worker wages, benefits, and 'productivity' (i.e., billable time); staffing ratios; mileage; facility expenses; and agency program support and administration. Separate models were established for each regional center to account for costs differences related to wages, travel, and nonresidential real estate.

In the 2021 legislative session, the legislature provided funding to begin implementation of the above described rate models. The first stage, effective April 1, 2022, includes an increase equal to 25 percent of the difference between a provider's current rate and the rate models that would apply to their service. For example, if a provider has a current rate of \$40 per hour and the rate identified in the rate model for this service is a \$44 per hour, the provider's rate will be increased to \$41 (the \$1 increase being equal to 25 percent of the \$4 difference between the current rate and the applicable rate model).

The rate study covered services with rates subject to median rates, negotiation with regional centers, and the Alternative Residential Model, as well as rates set in statute or regulation. Please see each corresponding rate methodology section below for the specific provider types that will receive the above-described increases effective April 1, 2022. More information on the 2019 Rate Study can be found at:

<https://www.dds.ca.gov/rc/vendor-provider/rate-study>

Rates Set pursuant to a Cost Statement Methodology – Rates for providers who began providing services prior to July 1, 2004, were established based on twelve consecutive months of actual allowable costs divided by the actual total consumer utilization (days or hours) for the same period. The permanent cost based rate must be within the applicable upper and lower rate limits established by the Department of Developmental Services and found in the link below. Subsequent to July 1, 2004, rates for these providers and lower and upper rate limits are only adjusted when there is a change in statute.

Pursuant to state law, providers who began providing services on or after July 1, 2004, are reimbursed at the fixed new vendor rate under the cost statement methodology. The rates are developed based on the service category, staff ratio, and are calculated as the mean of permanent cost-based rates for like providers established using the permanent costs-based rate methodology described above.

Health and Safety Rate Exception

Regardless of when a provider began providing services or their rate was originally established, if a regional center demonstrates an increase in an individual provider's rate is necessary to protect a beneficiary's health and safety needs, the Department of Developmental Services may authorize reimbursement at a rate up to the actual cost of providing the service, for as long as the need exists. In the process of establishing a rate under this exception, the regional center and department will utilize current cost data. Participant's on-going health and safety needs are reviewed no less than quarterly.

The following allowable costs used to calculate the permanent cost based rate:

- Direct costs for covered services: Includes unallocated payroll costs and other unallocated cost that can be directly charged to covered medical services. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of direct care staff. Other direct costs include costs directly related to the delivery of covered services, such as supervision, materials and supplies, professional and contracted services, capital outlay, and travel. For providers/facilities that are used for multiple purposes, the allowable costs are only those that are directly attributable to the provision of the medical services.
- Indirect costs: Determined by applying the cognizant agency specific approved indirect cost rate to its net direct costs or derived from provider's approved cost allocation plan. If a facility does

not have a cognizant agency approved indirect cost rate or approved cost allocation plan, the costs and related basis used to determine the allocated indirect costs must be in accordance with 2 CFR 200 as implemented by HHS at 45 C.F.R., part 75, (if applicable), Medicare Cost Principle (42 CFR 413 and Medicare Provider Reimbursement Manual Part 1 and Part 2) and in compliance with Medicaid non-institutional reimbursement policy. For providers/facilities that are used for multiple purposes, the allowable costs are only those that are “directly attributable” to the professional component of providing the medical services. For those costs incurred that “benefit” multiple purposes but would be incurred at the same level if the medical services did not occur are not allowed.

Chapter 28, Statutes of 2019 (SB 81, Committee on Budget and Fiscal Review), authorized funding for rate increases. Rates in effect as of October 1, 2021 include rate increases of 8.2% (unless noted otherwise) for the provider types listed below.

Habilitation-Day Services:

- Adult Development Center
- Behavior Management Program

Respite Care:

- In-Home Respite Agencies

Additionally, Chapter 11, Statutes of 2020, Assembly Bill 79 of the 2020 Enacted Budget authorized DDS an 8.2% rate increase for Independent Living Program in effect as of October 1, 2021.

The applicable rate schedules are included in the descriptions of services below.

The California Budget Act of 2021 (SB 129) provided funding to begin implementation of the rate models as described in the 2019 Rate Study. Rates in effect as of April 1, 2022, for the following provider types reimbursed under the Cost Statement rate methodology, will receive an increase equal to 25 percent of the difference between the current rate and that of the regional center specific rate model for the corresponding service. The rate models, listed by regional center, can be found at:

<https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>

Habilitation – Day Services (Community-Based Day Services)

- Adult Development Center
- Behavior Management Program
- Independent Living Program

Respite Care:

- In-Home Respite Agencies

The applicable rate schedules are included in the descriptions of services below.

Usual and Customary Rate Methodology – A usual and customary rate “means the rate which is regularly charged by a vendor for a service that is used by both regional center consumers and/or their families and where at least 30% of the recipients of the given service are not regional center consumers or their families. If more than one rate is charged for a given service, the rate determined to be the usual and customary rate for a regional center consumer and/or family shall not exceed whichever rate is regularly charged to members of the general public who are seeking the service for an individual with a developmental disability who is not a regional center consumer, and any difference between the two rates must be for extra services provided and not imposed as a surcharge to cover the cost of measures necessary for the vendor to achieve compliance with the Americans With Disabilities Act.”

Department of Health Care Services (DHCS) Fee Schedules – Rates established by the single-state Medicaid agency for services reimbursable under the Medi-Cal program. Fee schedule rates are the maximum amount that can be paid for the service. For providers who have a usual and customary rate that is less than the fee schedule rates, the regional center shall pay the provider’s usual and customary rate.

Median Rate Methodology - This methodology requires that rates negotiated with new providers may not exceed the regional center’s current median rate for the same service, or the statewide current median rate, whichever is lower. This methodology stipulates that “no regional center may negotiate a rate with a new service provider, for services where rates are determined through a negotiation between the regional center and the provider, that is higher than the regional center’s median rate for the same service code and unit of

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- Transportation Company

The California Budget Act of 2021 (SB 129) provided funding to begin implementation of the rate models as described in the 2019 Rate Study. Rates in effect as of April 1, 2022, for the following provider types reimbursed under the median rate methodology, will receive an increase equal to 25 percent of the difference between the current rate and that of the regional center specific rate model for the corresponding service. The rate models, listed by regional center, can be found at: <https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>.

Behavior Intervention Services

- Behavior Analysts
- Associate Behavior Analysts
- Behavior Management Assistants
- Behavior Management Consultant
- Client/Parent Support-Behavioral Intervention Training
- Parent Support Services
- Behavior Technician

Community Living Arrangement Services (Licensed/Certified Residential Services)

- In Home Day Program

Community Living Arrangement Services (Supported Living Services Provided in a Consumer's Own Home (Non-Licensed/Non-Certified))

- Supported Living Provider

Habilitation – Day Services (Community-Based Day Services):

- Community Integration Training Program
- Community Activities Support Services
- Adaptive Skills Trainer
- Personal Assistance
- Independent Living Specialist

Habilitation – Day Services (Mobility-Related Day Services):

- Mobility Training Services Agency
- Mobility Training Services Specialist

Homemaker Services:

- Homemaker

Non-Medical Transportation:

- Transportation-Additional Component
- Transportation Assistant
- Transportation Company

payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of direct care staff. Other direct costs include costs directly related to the delivery of covered services, such as supervision, materials and supplies, professional and contracted services, capital outlay, and travel. For providers/facilities that are used for multiple purposes, the allowable costs are only those that are directly attributable to the provision of the medical services.

- **Indirect costs:** Determined by applying the cognizant agency specific approved indirect cost rate to its net direct costs or derived from provider’s approved cost allocation plan. If a facility does not have a cognizant agency approved indirect cost rate or approved cost allocation plan, the costs and related basis used to determine the allocated indirect costs must be in accordance with 2 CFR 200 as implemented by HHS at 45 C.F.R., part 75, , Medicare Cost Principle (42 CFR 413 and Medicare Provider Reimbursement Manual Part 1 and Part 2) and in compliance with Medicaid non-institutional reimbursement policy. For facilities that are used for multiple purposes, the allowable costs are only those that are “directly attributable” to the professional component of providing the medical services. For those costs incurred that “benefit” multiple purposes but would be incurred at the same level if the medical services did not occur are not allowed.

Chapter 28, Statutes of 2019 (SB 81, Committee on Budget and Fiscal Review), authorized funding for rate increases. Rates in effect as of October 1, 2021 include rate increases of 8.2% (unless noted otherwise) for the provider types listed below.

Habilitation-Community Living Arrangement Services (Licensed/Certified Residential Services):

- Adult Residential Facility
- Family Home Agency
- Group Home
- Residential Care Facility for the Elderly

The California Budget Act of 2021 (SB 129) provided funding to begin implementation of the rate models as described in the 2019 Rate Study. Rates in effect as of April 1, 2022, for the following provider types with six or fewer beds reimbursed under the ARM methodology, will receive an increase equal to 25 percent of the difference between the current rate and that of the regional center specific rate model for the corresponding service. The new ARM rates, listed by regional center, can be found at:

<https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>

Habilitation-Community Living Arrangement Services (Licensed/Certified Residential Services)

- Adult Residential Facility
- Family Home Agency
- Group Home
- Residential Care Facility for the Elderly

The State will review rates for residential facilities set using the ARM methodology every three years to ensure that it complies with the statutory and regulatory requirements as specified under Section 1902(a)(30)(A). This will involve an analysis of the factors that have occurred since the ARM rates were initially developed, including changes in minimum wage and the general economy as measured through various indices such as Medicare Economic Index (MEI). The analysis will determine if the rates are consistent with the current economic conditions in the State while maintaining access to services. If this analysis reveals that the current rates may be excessive or insufficient when compared to the current economic conditions, the State will take steps to determine the appropriate reimbursement levels and update the fee schedule and State Plan.

2) Out-of-State Rate Methodology - This methodology is applicable for out-of-state residential providers. The rate paid is the established usual and customary rate for that service, paid by that State in the provision of that service to their own service population.

3) **Median Rate Methodology** – As described on pages 71a-73, above. This methodology is used to determine the applicable monthly rate for Licensed/Certified Residential Service Providers. If a consumer’s needs cannot be met within the ARM rate structure, the median rate methodology is used.

4) **Enhanced Behavioral Supports Homes (Vendor-Operated) Rate Methodology** - There are two components to the monthly rate for Enhanced Behavioral Supports Homes:

1) the facility component: The allowable costs used to calculate the facility component include payroll costs of facility staff and facility related costs such as lease, facility maintenance, repairs, cable/ internet, etc. The facility rate is a negotiated amount based on cost estimates. The provider submits a facility budget to the regional center and the two determine a rate based upon where the facility is located (cost of living, lease, electricity, garbage, county minimum wage rates, the qualification of staff and consultants, and payroll costs). After detailed regional center review, that budget is then sent to the State department for further review and evaluation. The State department then analyzes the rates for each line item and compares it to the state average of other EBSHs. The provider is required to justify all costs and provide explanations of any estimated costs. The rate is effective upon approval from the state and providers are notified in writing by the vendoring regional center. As part of the certification process for Enhanced Behavioral Support Homes (EBSHs), the Department reviews the proposed facility component rate and supporting documentation for each EBSH and compares it to state averages to determine if the included costs are reasonable and economical. All rates must be approved by the Department director prior to the delivery of service at each EBSH. Rates are not reviewed annually, only as required and as agreed upon by the vendoring regional center. The state continues to receive the previous year’s rate until the new rate is needed. Salaries are based upon the geographical area and the experience, education, and professional licensures held. Rate updates can happen due to cost changes in approved or active providers. For example, an increase can occur due to an increase in a vendor’s lease or where another cost was higher than expected. The facility is required to show the Department their lease and contract. If the facility has an unexpected increase, they must justify the need for an increased budget and show that the cost is higher. Once the Department approves the budget an approval letter is generated to the regional center and a copy is sent to the provider. The regional center may submit a new budget to the Department for review and approval of any updates to the rate. When a rate is updated, the new rate is effective once the state department approves. A letter is sent out to the facility approving the new rate. The initial rate is effective upon the first consumer’s admission into the facility.

Maximum rates may not exceed the rate limit determined by the department and administrative costs may not exceed 15%. It takes from 1-3 months to set a facility rate depending on the review process. The department may take up to three months due to additional documentation requests to ensure the accuracy of the rate requested.

Prior to submission of claims for reimbursement, the state uses the following steps to determine the portion of the claim that is eligible for federal reimbursement, using information submitted at the time of facility rate approval:

Step 1: Costs are identified as direct or indirect, consistent with cost principles in 45 CFR Part 75

Step 2: Costs are identified as allowable or unallowable (room and board), consistent with the above cost principles

Computation of allowable costs and their allocation methodology for both the interim and final reconciled rates must be determined in accordance with the Centers for Medicare and Medicaid Services (CMS) Provider Reimbursement Manual (CMS Pub. 15-1), CMS non-institutional reimbursement policies, and 2 C.F.R. Part 200 as implemented by HHS at 45 C.F.R., part 75, which establish principles and standards for determining allowable costs and the methodology for allocation and apportioning those expenses to the Medicaid program, except as expressly modified below.

New homes:

For new homes in which the facility-specific first-year costs are not available, the state will use an estimated average of costs based on similar homes as the estimate for the interim rate. After the first year of operation, the same reconciliation process is followed as described above.

B. Supported Living Services provided in a Consumer’s own Home (Non-Licensed/Certified) Supported Living Services providers are in this subcategory. Maximum hourly rates for these providers are determined using the median rate methodology, as described on pages 71a-73 above.

REIMBURSEMENT METHODOLOGY FOR HABILITATION – DAY SERVICES

This service is comprised of the following three subcomponents:

A. Community-Based Day Services – There are two rate setting methodologies for providers in this subcategory.

1) Rates Set pursuant to a Cost Statement Methodology – As described on pages 70a-71a, above. This methodology is applicable to the following providers (unit of service in parentheses): Activity Center (daily), Adult Development Center (daily), Behavior Management Program (daily), Independent Living Program (hourly), and Social Recreation Program (hourly). Rates in effect as of April 1, 2022 are available at the following link <https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>

2) Median Rate Methodology – As described on pages 71a-73, above. This methodology is used to determine the applicable daily rate for Creative Art Program, Community Integration Training Program and Community Activities Support Services providers. This methodology is also used to determine the applicable hourly rate for Adaptive Skills Trainer, Socialization Training Program, Personal Assistance and Independent Living Specialist providers.

B. Therapeutic/Activity-Based Day Services – The providers in this subcategory are Specialized Recreation Therapy, Special Olympics, Sports Club, Art Therapist, Dance Therapist, Music Therapist and Recreational Therapist. The units of service for all providers are daily, with the exception of Sports Club providers, who have a monthly rate. There are two rate setting methodologies for providers in this subcategory.

1) Usual and Customary Rate Methodology – As described on page 71a, above. If the provider does not have a usual and customary rate, then rates are set using #2 below.

- 2) **Median Rate Methodology** - As described on pages 71a-73, above, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for the provider types under B above.

C. Mobility Related Day Services – The providers in this subcategory are Driver Trainer, Mobility Training Services Agency and Mobility Training Services Specialist. There are two rate setting methodologies for providers in this subcategory.

- 1) **Usual and Customary Rate Methodology** - As described on page 71a, above. If the provider does not have a usual and customary rate, then rates are set using #2 below.
- 2) **Median Rate Methodology** - As described on pages 71a-73, above.

REIMBURSEMENT METHODOLOGY FOR HABILITATION -- BEHAVIORAL INTERVENTION SERVICES

This service is comprised of the following two subcomponents:

A. Non-Facility-Based Behavior Intervention Services – Providers and services in this subcategory are Behavior Analysts, Associate Behavior Analysts, Behavior Management Assistants, Behavior Management Intervention Training, Parent Support Services, Individual/Family Training Providers, Family Counselors, and Behavioral Technicians, Educational Psychologists, Clinical Social Workers, and Professional Clinical Counselors. There are two rate setting methodologies to determine the hourly rates for all providers in this subcategory (except psychiatrists, physicians and surgeons, physical therapists, occupational therapists, psychologists, Marriage and Family Therapists (MFT), speech pathologists, and audiologists -see DHCS Fee Schedule below).

- 1) **Usual and Customary Rate Methodology** - As described on page 71a, above. If the provider does not have a usual and customary rate, then rates are set using #2 below.
- 2) **Median Rate Methodology** - As described on pages 71a-73, above.
- 3) **DHCS Fee Schedules** - The fee schedule rates for Non-Facility-Based Behavior Intervention Services were set as of October 1, 2021 and are effective for services provided on or after that date. All rates are published at: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

B. Crisis Intervention Facility – The following five methodologies apply to determine the daily rates for these providers;

- 1) **Usual and Customary Rate Methodology** - As described on page 71a, above. If the provider does not have a usual and customary rate, then rates are set using #2 below.
- 2) **Median Rate Methodology** - As described on pages 71a-73, above, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for Crisis Intervention Facilities.
- 3) **Community Crisis Homes (Vendor-Operated) Rate Methodology** - There are three components to the monthly rate for Community Crisis Homes:

There are five rate setting methodologies for Respite Services. The applicable methodology is based on whether the service is provided by an agency, individual provider or facility, type of facility, and service design.

1) Rates Set pursuant to a Cost Statement Methodology – As described on pages 70a-71a, above. This methodology is used to determine the hourly rate for In-home Respite Agencies.

2) Rates set in State Regulation – This rate applies to individual respite providers. The rate for this service is \$19.18 per hour. This rate is based on the current California minimum wage, effective January 1, 2022, plus a differential (retention incentive), mandated employer costs, and the SB 81 increase.

Chapter 28, Statutes of 2019 (SB 81, Committee on Budget and Fiscal Review), authorized funding for rate increases. Rates in effect as of October 1, 2021 for Individual Respite Providers includes an increase of 8.2%.

The California Budget Act of 2021 (SB 129) provided funding to begin implementation of the rate models as described in the 2019 Rate Study. Rates in effect as of April 1, 2022, for individual respite providers with rates set in statute, will receive an increase equal to 25 percent of the difference between the current rate and that of the regional center specific rate model for the corresponding service. The updated rates, listed by regional center, can be found at: <https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>

3) ARM Methodology - As described on pages 73-74a above, with the exception that the 2022 Rate Study Implementation increases do not apply. This methodology is applicable to respite facilities that also have rates established with this methodology for “Habilitation-Community Living Arrangement Services.” The daily respite rate is calculated as 1/21 of the established monthly ARM rate. This methodology applies to Foster Family Agency/Certified Family Home, Foster Family Home, Small Family Home, Group Home, Adult Residential Facility, Residential Care Facility for the Elderly, Adult Residential Facility for Persons with Special Health Care Needs and Family Home Agency. If the facility does not have rate for “Habilitation-Community Living Arrangement Services” using the ARM methodology, then rates are set using #5 below.

4) Usual and Customary Rate Methodology - As described on page 71a, above. This methodology is applicable for the following providers (unit of service in parentheses); Adult Day Care Facility (daily), Camping Services (daily) providers. If the provider does not have a usual and customary rate, then rates are set using #5 below.

5) Median Rate Methodology - As described on pages 71a-73, above, with the exception that the 2022 Rate Study Implementation increase does not apply.

**REIMBURSEMENT METHODOLOGY FOR ENHANCED HABILITATION – SUPPORTED EMPLOYMENT
(INDIVIDUAL)**

There are two rate setting methodologies for this service:

- 1) Supported employment rates for all providers are set in State statute at \$42.34 per job coach hour. The rate schedule, in effect as of April 1, 2022, can be found at the following link:
<https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>

Chapter 28, Statutes of 2019 (SB 81, Committee on Budget and Fiscal Review), authorized funding for rate increases. Rates in effect as of October 1, 2021 for Supported Employment Programs includes an increase of 7.60%.

The California Budget Act of 2021 (SB 129) provided funding to begin implementation of the rate models as described in the 2019 Rate Study. Rates in effect as of April 1, 2022, for Supported Employment (Individual) providers with rates set in statute, will receive an increase equal to 25 percent of the difference between the current rate and that of the regional center specific rate model for the corresponding service. The updated rates, listed by regional center, can be found at:

<https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>.

- 2) Incentive payments will be paid to service providers. Incentive payments include 1) A one-time payment of \$1,000 made to a provider when an individual obtains competitive integrated employment and is still employed after 30 consecutive days. 2) An additional one-time payment of \$1,250 made to a provider when an individual obtains competitive integrated employment and is still employed after six consecutive months. 3) An additional one-time payment of \$1,500 made to a provider when an individual has been employed consecutively for one year.

Effective as of October 1, 2021, until June 30, 2025, incentive payments will be paid to service providers. Incentive payments include 1) A one-time payment of \$2,000 made to a provider when an individual obtains competitive integrated employment and is still employed after 30 consecutive days. 2) An additional one-time payment of \$2,500 made to a provider when an individual obtains competitive integrated employment and is still employed after six consecutive months. 3) An additional one-time payment of \$3,000 made to a provider when an individual has been employed consecutively for one year.

REIMBURSEMENT METHODOLOGY FOR ENHANCED HABILITATION – PREVOCATIONAL SERVICES

There are three rate setting methodologies for this service:

- 1) Daily rates for Work Activity Program providers are set using the cost statement methodology, as described on pages 70a-71a, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply. The Work Activity Program rate schedule can be found at the following link. The rate schedule is effective July 1, 2016.
<https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>

- 2) Rates for Supported Employment Group providers are set in State statute at \$42.51 per job coach hour.

The rate schedule, in effect as of April 1, 2022, can be found at the following link:

<https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>

- 3) Incentive payments will be paid to service providers. Incentive payments include 1) A one-time payment of \$1,000 made to a provider when an individual obtains competitive integrated employment and is still employed after 30

consecutive days. 2) An additional one-time payment of \$1,250 made to a provider when an individual obtains competitive integrated employment and is still employed after six consecutive months. 3) An additional one-time payment of \$1,500 made to a provider when an individual has been employed consecutively for one year.

Effective as of October 1, 2021, until June 30, 2025, incentive payments will be paid to service providers. Incentive payments include 1) A one-time payment of \$2,000 made to a provider when an individual obtains competitive integrated employment and is still employed after 30 consecutive days. 2) An additional one-time payment of \$2,500 made to a provider when an individual obtains

competitive integrated employment and is still employed after six consecutive months. 3) An additional one-time payment of \$3,000 made to a provider when an individual has been employed consecutively for one year.

REIMBURSEMENT METHODOLOGY FOR HOMEMAKER SERVICES

There are two rate methodologies to set hourly rates for Homemaker services provided by either an agency or individual.

- 1) **Usual and Customary Rate Methodology** - As described on page 71a, above. If the provider does not have a usual and customary rate, then rates are set using #2 below.
- 2) **Median Rate Methodology** - As described on pages 71a-73, above.

REIMBURSEMENT METHODOLOGY FOR HOME HEALTH AIDE SERVICES

DHCS Fee Schedules - As described on page 71a, above. The fee schedule rates for Home Health Aide Services were set as of October 1, 2021 and are effective for services provided on or after that date. All rates are published at: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

REIMBURSEMENT METHODOLOGY FOR COMMUNITY BASED ADULT SERVICES

DHCS Fee Schedules - As described on page 71a, above. The fee schedule rates for Community Based Adult Services were set as of October 1, 2021 and are effective for services provided on or after that date. All rates are published at: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

REIMBURSEMENT METHODOLOGY FOR PERSONAL EMERGENCY RESPONSE SYSTEMS

There are two methodologies to determine the monthly rate for this service.

- 1) **Usual and Customary Rate methodology** - As described on page 71a, above. If the provider does not have a usual and customary rate, then rates are set using #2 below.
- 2) **Median Rate Methodology** - As described on pages 71a-73, above, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for this provider type under this methodology.

REIMBURSEMENT METHODOLOGY FOR VEHICLE MODIFICATION AND ADAPTATION

The per modification rate for vehicle modifications is determined utilizing the usual and customary rate methodology, as described on page 71a, above.

REIMBURSEMENT METHODOLOGY FOR SPEECH, HEARING LANGUAGE SERVICES

There are two rate setting methodologies for this service:

- 1) **DHCS Fee Schedules** - As described on page 71a, above. The fee schedule rates for Speech, Hearing Language Services were set as of October 1, 2021 and are effective for services provided on or after that date. All rates are published at: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>
- 2) **Median Rate Methodology** – the median rate (as defined previously) may be used if the provider has at least one year experience working with persons with developmental disabilities, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for this provider type under this methodology.

REIMBURSEMENT METHODOLOGY FOR DENTAL SERVICES

There are two rate setting methodologies for this service:

- 1) **DHCS Fee Schedules** - As described on page 71a, above. The fee schedule, effective October 1, 2021 can be found at the following link: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>
- 2) **Median Rate Methodology** – the median rate (as defined previously) may be used if the provider has at least one year experience working with persons with developmental disabilities, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for this provider type under this methodology.

REIMBURSEMENT METHODOLOGY FOR OPTOMETRIC/OPTICIAN SERVICES

DHCS Fee Schedules - As described on page 71a, above. The fee schedule, effective October 1, 2021 can be found at the following link: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

REIMBURSEMENT METHODOLOGY FOR PRESCRIPTION LENSES AND FRAMES

DHCS Fee Schedules - As described on page 71a, above. The fee schedule, effective October 1, 2021 can be found at the following link: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

REIMBURSEMENT METHODOLOGY FOR PSYCHOLOGY SERVICES

There are two rate setting methodologies for this service:

- 1) **DHCS Fee Schedules** - As described on page 71a, above. The fee schedule rates for Psychology Services were set as of October 1, 2021 and are effective for services provided on or after that date. All rates are published at: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

2) Median Rate Methodology – the median rate (as defined previously) may be used if the provider has at least one year experience working with persons with developmental disabilities, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for this provider type under this methodology.

REIMBURSEMENT METHODOLOGY FOR CHORE SERVICES

Usual and Customary Rate Methodology - As described on page 71a, above.

REIMBURSEMENT METHODOLOGY FOR COMMUNICATION AIDES

There are two methodologies to determine the monthly rate for this service.

- 1) Usual and Customary Rate Methodology** - As described on page 71a, above. If the provider does not have a usual and customary rate, then rates are set using #2 below.
- 2) Median Rate Methodology** - As described on pages 71a-73, above, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for this provider type under this methodology.

REIMBURSEMENT METHODOLOGY FOR ENVIRONMENTAL ACCESSIBILITY ADAPTATIONS

Usual and Customary Rate Methodology - As described on page 71a, above.

REIMBURSEMENT METHODOLOGY FOR NON-MEDICAL TRANSPORTATION

There are three methodologies to determine the monthly rate for this service (except individual transportation providers – see Rate based on Regional Center Employee Travel Reimbursement below).

- 1) Usual and Customary Rate Methodology** - As described on page 71a, above. If the provider does not have a usual and customary rate, then rates are set using #2 below.
- 2) Median Rate Methodology** - As described on pages 71a-73, above.
- 3) Rate based on Regional Center Employee Travel Reimbursement** – The maximum rate paid to an individual transportation provider is established as the travel rate paid by the regional center to its own employees at the IRS standard mileage rate. This rate is used only for services provided by an individual transportation provider.

REIMBURSEMENT METHODOLOGY FOR NUTRITIONAL CONSULTATION

Usual and Customary Rate Methodology - As described on page 71a, above.

REIMBURSEMENT METHODOLOGY FOR SKILLED NURSING

DHCS Fee Schedules - As described on page 71a, above. The fee schedule, effective October 1, 2021 can be found at the following link: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

REIMBURSEMENT METHODOLOGY FOR SPECIALIZED MEDICAL EQUIPMENT AND SUPPLIES

DHCS Fee Schedules - As described on page 71a, above. The fee schedule, effective October 1, 2021 can be found at the following link: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

REIMBURSEMENT METHODOLOGY FOR TRANSITION/SET-UP EXPENSES

Usual and Customary Rate Methodology - As described on page 71a, above.

REIMBURSEMENT METHODOLOGY FOR COMMUNITY-BASED TRAINING SERVICES

The maximum rate for this service is set in State statute at \$16.22 per hour.

Chapter 28, Statutes of 2019 (SB 81, Committee on Budget and Fiscal Review), authorized funding for rate increases. Rates in effect as of October 1, 2021 for Community-Based Training Services includes an increase of 8.2%.

The California Budget Act of 2021 (SB 129) provided funding to begin implementation of the rate models as described in the 2019 Rate Study. Rates in effect as of April 1, 2022, for Community-Based Training Service providers with rates set in statute, will receive an increase equal to 25 percent of the difference between the current rate and that of the regional center specific rate model for the corresponding service. The updated rates, listed by regional center, can be found at: <https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rates-by-regional-center/>

REIMBURSEMENT METHODOLOGY FOR FINANCIAL MANAGEMENT SERVICES

Rates for FMS are set in State regulation as follows:

If the FMS functions as a fiscal/employer agent, the rate is based on the number of participant-directed services used by the consumer:

- (A) A rate not to exceed a maximum of \$45.88 per consumer per month for one participant-directed service; or
- (B) A rate not to exceed a maximum of \$71.73 per consumer per month for two or three participant-directed services; or
- (C) A rate not to exceed a maximum of \$96.86 per consumer per month for four or more participant-directed services.

If the FMS functions as a co-employer, the rate is not to exceed a maximum of \$96.86 per consumer per month.

REIMBURSEMENT METHODOLOGY FOR INTENSIVE TRANSITION SERVICES

In effect as of October 1, 2021, the permanent, single statewide rate for Intensive Transition services and supports will be established using the average cost of services rendered to Medi-Cal beneficiaries in state fiscal year 2019-20. The costs used to calculate the rate are salaries, wages, payroll taxes, and benefits of direct care staff providing Intensive Transition services and supports, in addition to direct care staff travel and operating costs (consisting of office lease, communications, equipment, office supplies, liability insurance, property insurance, training expenses, independent audit, and general administrative costs consistent with 45 CFR Section 75.414). needed to support a consumer during a transition. The costs will be drawn from actual expenditures as reported by providers of ITS services. Upon regional center approval, the

providers of this service will be informed of the rate in writing. This rate will be used for all ITS vendors including any new vendors that get vendored after 2019-20.

Components of this service are assessments; substance use and recovery treatment, anger management, self-advocacy, medication management, health and dietary education, sex education, fostering healthy relationships, behavioral support and modification training for the individual, outpatient therapy, co-occurring disorders integrated treatment, and transition planning. This service is paid as a monthly unit. Any provider delivering services through ITS will be billed and paid through the ITS agency and not individually. If a provider delivers services outside of the ITS services agency purview, that provider should bill such services separately. At least one of the services included in ITS must be provided per month for the ITS agency to bill for payment. The regional center conducts yearly monitoring of the IPP to ensure services are needed and that also includes a verification of rates paid in accordance with the approved payment methodology. The IPP process includes initial and ongoing review on no later than an annual basis to ensure that services are provided efficiently and continue to meet the individual need of the consumer. Additionally, service-specific plans from the provider that demonstrate the frequency and manner in which services are actually provided are reviewed on no less than a quarterly basis.

Computation of allowable costs and their allocation methodology must be determined in accordance with the Centers for Medicare and Medicaid Services (CMS) Provider Reimbursement Manual (CMS Pub. 15-1), CMS non-institutional reimbursement policies, and 2 C.F.R. Part 200 as implemented by HHS at 45 C.F.R., part 75, which establish principles and standards for determining allowable costs and the methodology for allocation an apportioning those expenses to the Medicaid program, except as expressly modified below.

The state assures that it will only begin seeking Federal Financial Participation for ITS once an individual is eligible to receive the service.

REIMBURSEMENT METHODOLOGY FOR HOUSING ACCESS SERVICES

The rate for Housing Access Service is determined utilizing the Usual & Customary rate methodology as previously defined.

REIMBURSEMENT METHODOLOGY FOR FAMILY SUPPORT SERVICES

There are two rate setting methodologies for this service. If the provider does not have a “usual and customary,” then the maximum rate is set using the median rate setting methodology. Usual and customary and median rates (with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply) are defined previously.

REIMBURSEMENT METHODOLOGY FOR OCCUPATIONAL THERAPY

There are two rate setting methodologies to determine the hourly rates for providers in this subcategory.

1) DHCS Fee Schedules - As described on page 71a, above. The fee schedule rates for Occupational Therapy Services were set as of October 1, 2021 and are effective for services provided on or after that date. All rates are published at: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

2) Median Rate Methodology– As described on pages 71a-73, above, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for this provider type under this methodology. This rate may be utilized if the provider has at least one year of experience working with persons with developmental disabilities.

REIMBURSEMENT METHODOLOGY FOR PHYSICAL THERAPY

There are two rate setting methodologies to determine the hourly rates for providers in this subcategory.

1) DHCS Fee Schedules - As described on page 71a, above. The fee schedule rates for Physical Therapy Services were set as of October 1, 2021 and are effective for services provided on or after that date. All rates are published at: <https://files.medi-cal.ca.gov/rates/rateshome.aspx> as well as <https://www.dhcs.ca.gov/services/ltc/Pages/DD.aspx>

2) Median Rate Methodology – As described on pages 71a-73, above, with the exception that the SB 81 rate increase and the 2022 Rate Study Implementation increase do not apply for this provider type under this methodology. This rate may be utilized if the provider has at least one year of experience working with persons with developmental disabilities.

REIMBURSEMENT METHODOLOGY FOR FAMILY/ CONSUMER TRAINING

The median rate methodology, as described on pages 71a-73 above, with the exception that the SB 81 rate increase do not apply for this provider type under this methodology, is used to determine the hourly rates for providers in this subcategory.