

**DEPARTMENT OF DEVELOPMENTAL SERVICES**

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March 10, 2023

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: HOME AND COMMUNITY-BASED SERVICES (HCBS) FINAL RULE:  
ACTION REQUIRED FOR NON-COMPLIANT SERVICE PROVIDERS

The Federal HCBS Final Rule was developed to ensure that individuals have full access to the benefits of community living and the opportunity to receive services in the most appropriate integrated setting. Compliance with the HCBS Final Rule is required for the State of California to receive funding from the federal government for services provided to regional center consumers. The purpose of this correspondence is to identify corrective actions for service providers that do not have policies demonstrating compliance with the HCBS Final Rule (see Enclosure for requirements).

The Department of Developmental Services' (Department) January 24, 2023 [letter](#) required regional centers to issue a moratorium on new referrals for services to all providers who had failed to submit documentation (e.g. policies, procedures, etc.) that align with the HCBS Final Rule by February 6, 2023. Additionally, the letter stated that continued non-compliance would result in additional corrective actions.

Therefore, regional centers must implement a temporary payment withhold of 50% for services provided in March 2023 for any provider that does not have documentation demonstrating compliance with the HCBS Final Rule, as verified by the regional center, by March 17, 2023. This temporary payment withhold will continue until the regional center has verified the provider has policies in place that align with the HCBS Final Rule, at which time any funds withheld will be forwarded to the provider. Regional centers must report a list of providers that will receive a temporary payment withhold by March 31, 2023, to the email address listed below. Regional centers must also notify any provider impacted in advance of withholding payment.

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Service providers should contact their regional center with questions if they receive a notice of a temporary payment withhold. Additionally, providers may contact the Department either by phone at (833) 396-4337, or email at [hcsregs@dds.ca.gov](mailto:hcsregs@dds.ca.gov). Questions from regional centers should be directed to [hcsregs@dds.ca.gov](mailto:hcsregs@dds.ca.gov).

Sincerely,

*Original Signed by:*

BRIAN WINFIELD  
Chief Deputy Director

Enclosure

cc: Regional Center Administrators  
Regional Center Directors of Consumer Services  
Regional Center Community Services Directors  
Regional Center HCBS Program Evaluators  
Association of Regional Center Agencies  
State Council on Developmental Disabilities  
Nancy Bargmann, Department of Developmental Services  
Carla Castañeda, Department of Developmental Services  
Vicki Smith, Department of Developmental Services  
Jim Knight, Department of Developmental Services  
Ernie Cruz, Department of Developmental Services  
Suzy Requarth, Department of Developmental Services