

California Code of Regulations
Title 17, Division 2
Chapter 1: General Provisions

SubChapter 6: Service Provider Accountability

Article 1: General Provisions

Section 50604 - Service Provider Record Maintenance Requirements

(a) Service providers shall maintain financial records which consistently use a single method of accounting. These financial records shall clearly reflect the nature and amounts of all costs and all income. All transactions for each month shall be entered into the financial records within 30 days after the end of that month.

(b) Subsection (a) shall apply to residential facilities for the purposes described in subsection (c), day programs, transportation companies, and other non-medical service providers which provide ongoing services to regional center consumers on a regular basis each month, except that the following service providers shall be exempt:

(1) Residential facilities in which regional center consumers represent less than ten percent of the total consumers served by the facility during the last 12 month period.

(2) Residential facilities in which regional center consumers represent more than ten percent of the total consumers served by the facility; however, no Departmental funds are received for the care and services provided to those consumers.

(c) Subsection (a) shall apply to residential facilities not exempted pursuant to subsections (b)(1) and (2) only for the following purposes:

(1) To facilitate residential cost studies performed by the Department or authorized agency representative;

(2) To ensure that staffing schedules in conformance with staffing level requirements, if any, are supported by payroll records and source documents;

(3) To ensure that revenue and cost information are available to support administrative overhead allocations of parent organizations, if applicable; and

(4) To ensure that revenue and cost information are available to support intercompany transactions with affiliate or commonly-owned organizations, if applicable.

(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers' billing/invoicing shall include, but not be limited to:

(1) Information identifying each regional center consumer including the Unique Consumer Identifier and consumer name;

(2) Documentation for each consumer reflecting the dates for program entrance and exit, if applicable, as authorized by a regional center. ~~If a service is on an infrequent or irregular basis, records shall be specific to the date, time, location, and service provided.~~

(3) ~~A detailed record of services provided to each consumer, maintained in units of service.~~ The record shall include:

(A) For the purchase of medical equipment and/or supplies, and/or other merchandise, the date of the purchase, name of the entity/individual from whom the equipment, supplies, and/or merchandise is purchased, the item(s) purchased, and the cost of each item; or

(B) For transportation services, the dates of service, location, and the number of miles driven or trips provided; or

(C) For all other services, the date, time, location, and daily or hourly units of service provided.

(D) For goods and/or services purchased utilizing a voucher, in addition to the information specified above, the name of the actual provider of the goods and/or services.

(E) For contracts reimbursed based on units of service other than as specified above, units of service shall also be maintained pursuant to (A), (B), or (C) above, as applicable.

(e) All service providers' records shall be supported by source documentation.

(f) Nothing specified in this section shall be construed as superseding other record maintenance requirements set forth in statute or regulation.

Authority: Chapter 157, Statutes of 2003; Sections 4631(a)(2) and 4648.2, Welfare and Institutions Code.

Reference: Sections 4631 and 4648.1, Welfare and Institutions Code.

Section 50608 - Contract Duties and Responsibilities

When a regional center enters into a contract with a service provider, the contract shall include, but not be limited to, the following provisions specifying the duties and responsibilities of the service provider.

(a) A contract provision requiring that the level of service provided shall, at a minimum, be consistent with the service provider's program design, if applicable, and any other program related documentation relied upon by the Department as a basis for establishing rates of payment.

(1) The service provider's program design shall be made a part of the contract.

(2) The service provider's program design shall include, but not be limited to:

(A) A written statement of the facility's purpose and goals;

(B) A description of the services provided;

(C) A description of program methods;

(D) Consumer entrance and exit criteria;

(E) Job descriptions of all positions;

(F) Staff qualifications for each job description;

(G) A staffing plan which indicates the staff-to-consumer ratio for delivery of direct care services for all hours the consumers are under the supervision of the facility;

(H) A staff training plan, if any; and,

(I) Hours and location of service.

(b) A contract provision requiring the service provider to maintain books, records, documents and other evidence pertaining to all income, expenses, and services relating to and/or affecting the performance of the contract.

(c) A contract provision requiring the service provider to maintain service records to support all billings/invoicing as specified in Section 50604(d)(1) through (3)(E), as applicable.

(d) A contract provision requiring the service provider to submit to the regional center with their billings/invoices the information specified in (c) above for the billing period.

(e) A contract provision requiring the service provider to adopt and periodically review, a written internal procedure to resolve consumer grievances pursuant to Welfare and Institutions Code Section 4705.

Authority: Chapter 157, Statutes of 2003; Sections 4405, 4631 and 4648.2, Welfare and Institutions Code; and Section 11152, Government Code.

Reference: Sections 4525, 4629(f), 4631 and 4648.1, Welfare and Institutions Code.

**California Code of Regulations
Title 17, Division 2
Chapter 3: Community Services**

SubChapter 2: Vendorization

Article 2: Vendorization Process

Section 54326 - General Requirements for Vendors and Regional Centers

(a) All vendors shall:

(1) Be prohibited from transferring vendorization of their service to another person or entity;

(2) Provide access to regional center and/or Department staff, on an announced or unannounced basis, for the purposes specified in the Welfare and Institutions Code, Section 4648.1;

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of the units of service billed:

(A) Such records shall be maintained for a minimum of three years from the date of origination or until audit findings have been resolved, whichever is longer;

(B) Records must specify for each consumer the date, actual service time, location, and nature of services provided, and units of service provided pursuant to Section 50604(d)(3)(A), (B), (C) and (E), as applicable. For goods and/or services purchased utilizing a voucher, the name of the actual provider of the goods and/or services shall also be maintained pursuant to Section 50604(d)(3)(D).

(C) Attendance data, as specified in (B) above, for the billing period shall be submitted to the regional center with the billings/invoices.

(4) Make available any books and records pertaining to the vendored service, including those of the management organization, if applicable, for audit, inspection or authorized agency representatives. This shall also include only those portions of any personnel records that are necessary to ensure staff qualifications comply with the requirements contained in Section 56724, and Section 56770 or 56792 of these regulations, if applicable, in order to comply with the monitoring of program standards pursuant to the Welfare and Institutions Code, Section 4691(f);

(5) Utilize and be bound by Title 17, Sections 50700 through 50767, and the Welfare and Institutions Code, Section 4648.2, should the vendor elect to appeal any audit findings;

(6) Comply with the provisions contained in the Fair Labor Standards Act (29 U.S.C., Sections 201 through 219);

(7) Not discriminate in the provision of services to consumers on the basis of race, religion, age, disability, sex, or national origin of the consumer, or his/her parents, guardian, or conservator;

(8) Be vendored separately for each type of service provided, as specified in Sections 54342 through 54356 of these regulations unless the regional center waives separate vendorization pursuant to Section 54342(a)(37) or 54342(a)(78)(A);

(9) Provide certification consistent with the Public Contract Code, Sections 10410 and 10411, that the vendor and the agents or employees of the vendor, in the performance of the contracts, are independent contractors and are not officers or employees of the State of California;

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center. When the vendor is receiving payment for a consumer from the Department of Rehabilitation and/or the Department of Health Services for a portion of the program day, and the vendor's rate of reimbursement is based on costs reported pursuant to Section 57422(c)(2), the vendor shall only bill the prorate share of the daily rate.

(11) Not bill for consumer absences for nonresidential services. The Department shall authorize payment for absences which are the direct result of situations and/or occurrences for which a State of Emergency has been declared by the Governor. If payment for absences due to a State of Emergency is authorized by the Department, the vendor shall bill only for absences in excess of the average number of absences experienced by the vendor during the 12-month period prior to the month in which the disaster occurred;

(12) Agree to accept the rate established, revised or adjusted by the Department as payment in full for all authorized services provided to consumers and not bill the consumer nor the consumer's family, conservator, guardian or authorized consumer representative for a supplemental amount regardless of the cost of providing the authorized service. This shall not preclude the vendor from billing the consumer or consumer's family for services provided which were authorized by the consumer or family and which were not authorized by the regional center;

(13) Comply with all applicable staffing ratio requirements;

(14) Be prohibited from being vendored by more than one regional center for the same service at the same location; and

(15) Comply with conflict of interest requirements as determined by the criteria established by Title 17, Sections 54500 through 54525 and the Welfare and Institutions Code, Sections 4626 through 4628.

(16) Sign Form DS 1896 (12/93), Medi-Cal Program Provider Agreement Claim Certification, if applicable pursuant to Section 54310(a)(10)(l), (d) and (e). If Form DS 1896 (12/93), Medi-Cal Program Provider Agreement Claim Certification is required and has not been signed, the regional center shall:

(A) For new applicants requesting vendorization, deny vendorization pursuant to Section 54322(c); or

(B) For existing vendors, notify in writing, the vendor and utilizing regional center(s), if any, that the signed Form DS 1896 (12/93), Medi-Cal Program Provider Agreement Claim Certification is required and that payment of the vendor's rate will be suspended, the effective date of the suspension, and that payment shall remain suspended until the signed Form DS (12/93), Medi-Cal Program Provider Agreement Claim Certification, is received.

(1) The effective date for suspension of payment of the vendor's rate shall be 15 days from the date of the letter notifying the vendor that payment will be suspended.

(2) If the signed Form DS 1896 (12/93), Medi-Cal Program Provider Agreement Claim Certification, is submitted within the time specified, no further action will be taken.

(3) If the Form DS 1896 (12/93), Medi-Cal Program Provider Agreement Claim Certification, is submitted after the date when payment of the vendor's rate has been suspended, the vendoring regional center shall notify the vendor and utilizing regional center(s) that payment of the vendor's rate is reinstated as of the date payment was suspended.

(b) The vendor shall maintain a written description of its organizational structure and operations at the vendor's business office in accordance with the following:

(1) All descriptions shall include:

(A) An identification of the legal entity serving as the governing body or board of directors;

(B) The policies of operation that are established by the governing body or board of directors; and

(C) A diagram depicting the relationships among organizational units and titles of persons responsible for those units.

(2) In addition to the information specified in (b)(1) above, if the vendor:

(A) Operates more than one service, the description shall also include:

1. The names, addresses and vendor numbers of the other services; and
2. Whether any of the services share staff or facility space.

(B) Has a management organization, the description shall also include a diagram depicting the relationships among the management organization, the vendor, and any other services under the management organization.

(c) Regional centers shall submit the information specified in subsection (a)(3)(C) above to the Department on a monthly basis, and no later than 30 days after the end of the previous month.

(d) Regional centers shall not:

(1) Use purchase of service funds to purchase services for a minor child without first taking into account, when identifying the minor child's service needs, the family's responsibility for providing similar services to a minor child without disabilities. In such instances, the regional center must provide for exceptions, based on family need or hardship.

(2) Use purchase of service funds to purchase services for those executive/management services, legal services for the benefit of the regional center, service coordination, and administrative service and support functions that are funded through the regional center operations budget. Funding of specialized clinical and diagnostic assessment services and other services for the benefit of a consumer through purchase of service funds is permissible.

(3) Charge vendors or consumers for providing representative payee services.

(4) Except as specified in Section 54324 of these regulations:

(A) Refer any consumer to an applicant until the vendor application is approved; or

(B) Reimburse a vendor for services provided before vendorization.

~~(d)~~ Compliance with the standards and requirements specified in these regulations does not exempt a vendor from compliance with existing statutes and regulations or with any other applicable standards or requirements promulgated by the controlling agencies for the service provided by the vendor.

Authority: Chapter 157, Statutes of 2003; Section 11152, Government Code.
Reference: Sections 4500, 4501, 4502, 4648, 4648.1 and 4742, Welfare and Institutions Code.

**California Code of Regulations
Title 17, Division 2
Chapter 3: Community Services**

SubChapter 2: Vendorization

Article 4: Vendor Compliance and Prohibitions

Section 54370 - Termination of Vendorization for Noncompliance

(a) The vendoring regional center shall be responsible for ensuring that vendors within its service catchment area comply with the vendorization requirements. Except as specified in section 54372 of these regulations, ~~when a vendoring regional center finds that a vendor is not complying with a vendorization requirement,~~ the regional center shall take the actions as appropriate for the violations specified in (b) and (c) below.

(b) Vendorization shall be terminated at the end of the first working day after written notification is received from the vendoring regional center if any of the following conditions exist:

- (1) The vendor is serving consumers without a current license, credential, registration, certificate, degree or permit that is required for the performance or operation of the service;
- (2) Vendorization has been transferred to another person or entity;
- (3) The vendor has refused to make available any books and records pertaining to the vendored service, including those of the management organization, for audit, inspection or reproduction by regional center, Department or authorized agency representative staff;
- (4) The service currently provided is not the same service that was approved for vendorization;
- (5) The vendor is using planned behavior modification interventions that cause pain or trauma without meeting the conditions specified in title 17, sections 50800 through 58023; or
- (6) The vendor is transporting consumers using a driver who does not possess a valid driver's license appropriate for the vehicle being driven.
- (7) The regional center has determined that continued utilization of the vendor threatens the health and safety of the consumer(s).

(c) If a vendor is not in compliance with any requirement, other than those specified in (b) above, vendorization shall be terminated 30 days after written notification from the vendoring regional center.

(d) The written notification pursuant to (b) or (c) above shall:

- (1) Be sent by registered return receipt requested mail; and,
- (2) Include all of the following:
 - (A) A description of the specific violation(s);
 - (B) A reference to the statute(s) or regulation(s) with which the vendor is not complying; and,
 - (C) The date on which vendorization will be terminated unless corrective action is taken or an appeal is filed.

(e) Termination pursuant to (b) or (c) above shall not occur if the vendor takes either of the following actions prior to the expiration of the period specified in the notice:

(1) Corrects the violation(s) and provides documentation of the correction to the vendoring regional center; or

(2) Files an appeal in accordance with section 54380 of these regulations. Such action shall not preclude the vendoring regional center nor any user regional center from withdrawing purchase of service authorizations if necessary to protect the health, safety and welfare of the consumers.

(f) No provision of this section shall be construed to supersede or replace the monitoring or corrective action plan provisions for residential facilities contained in title 17, sections 56550 through 56610.

Authority: Chapter 157, Statutes of 2003; Sections 4405 and 4648 (a), Welfare and Institutions Code and Section 11152, Government Code.

Reference: Sections 4631 and 4648 (a), Welfare and Institutions Code.

**California Code of Regulations
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SubChapter 4: Residential Services and Quality Assurance Regulations

Article 2: General Requirements

Section 56003 - Residential Services Orientation

(a) The regional center shall provide a residential services orientation for all persons who wish to become vendorized to provide services pursuant to Subchapter 4. The residential services orientation shall occur no less than every six months and shall include the following information:

(1) An overview of Title 17, California Code of Regulations requirements applicable to residential facilities, including:

(A) Record maintenance requirements pursuant to Title 17, California Code of Regulations, Section 50604.

(AB) Vendorization procedures pursuant to Title 17, California Code of Regulations, Sections ~~5674054310~~ through ~~5673454374~~;

(BC) Service level approval pursuant to Section 56005;

(CD) Regional center evaluation and monitoring processes pursuant to Sections 56046 through 56052;

(DE) Access requirements as specified in Title 17, California Code of Regulations, Section 50603;

(EF) Consumers' Rights as defined in Section 56002(a)(9);

(FG) Elements of the program design pursuant to Section 56013.

(2) An overview of the self-assessment process and the individual life quality outcomes identified in the "Looking at Service Quality Provider's Handbook".

(3) Copies of sections of Title 17, California Code of Regulations applicable to residential facilities, and "Looking at Service Quality Provider's Handbook," supplied by the Department.

(b) The administrator shall complete the residential services orientation:

(1) Before the admission of the first regional center consumer; or

(1) When two or more years have elapsed since he/she last served as an administrator.

Authority: Chapter 157, Statutes of 2003; Sections 4648.1, 4681.1, 4742, and 4748 and 4791(i), Welfare and Institutions Code; ~~Chapter 722, Statutes of 1992, Section 147.~~

Reference: Sections 4648, 4648.1, 4681.1, 4740, 4742, and 4748 and 4791, Welfare and Institutions Code.

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SubChapter 4.1: Family Home Agency (FHA) Regulations

Article 3: Contract and Vendorization

Section 56082 - Contract and Vendorization

(a) The regional center shall negotiate a contract with the FHA selected pursuant to Section 56080 which includes, but is not limited to:

(1) a rate(s) of reimbursement for the FHA; and

(2) A requirement that the vendor maintain service records to support all billing/invoicing as specified in Section 50604(d)(1) through (3)(E), as applicable; and

(3) A requirement that the vendor submit to the regional center with their billings/invoices the information specified in (2) above for the billing period.

(b) Regional center reimbursement to FHAs shall not exceed rates for similar individuals when residing in other types of out-of-home care established pursuant to Welfare and Institutions Code Section 4681.1.

(1) The FHA shall ensure that family homes receive a sufficient portion of the rate of reimbursement to provide the services and supports specified in a consumer's IPP.

(c) Each contracted FHA shall be vendored pursuant to Title 17, Sections 54310 and 54322.

Authority: Chapter 157, Statutes of 2003; Section 4689.1, Welfare and Institutions Code; Chapter 1095, Statutes of 1994, Section 14.

Reference: Sections 4648 and 4689.1, Welfare and Institutions Code.

**California Code of Regulations
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SubChapter 9: Rate-Setting Methodology for Community-Based Day Programs

Article 4: Service Contracts

Section 57540 - Service Contracts Between the Regional Center and Community-Based Day Program Vendors

(a) Once the Department has established a rate of reimbursement for community-based day program vendors pursuant to Sections 57500 through 57519 for vendors whose temporary payment rate is being converted to a permanent payment rate and vendors whose permanent payment rate is being established or reestablished, or pursuant to Sections 57520 through 57522, for vendors who are requesting a temporary payment rate, a regional center and a vendor may negotiate a service contract for provisions of the vendored service.

(b) The service contract shall commence on the date agreed to by the regional center and vendor, and shall terminate on the expiration date specified by the Department in its written notification to the vendor of the established rate, or earlier, if an earlier termination date has been mutually agreed to by the regional center and vendor.

(1) If the service contract terminates on the expiration date specified in the Department's written notification to the vendor of the established rate, the Department shall:

(A) For those vendors whose established rate is a temporary payment rate, establish a permanent payment rate, as applicable, pursuant to Section 57642 or 57652; or,

(B) For those vendors whose established rate is a permanent payment rate:

1. Reestablish the permanent payment rate during Fiscal Year 1996-97, and each alternate fiscal year thereafter, as specified in Section 57640; or,

2. Establish a permanent payment rate during Fiscal Year 1997-98, and each alternate fiscal year thereafter, as specified in Section 57650.

(2) If the service contract terminates prior to the expiration date specified in the Department's written notification to the vendor of the established rate, the vendor shall be reimbursed at the rate established by the Department until the expiration of the established rate.

(c) Each regional center and vendor shall mutually agree, in writing, to the:

(1) Level of payment;

(2) Effective date for commencing and terminating payment as determined by the regional center and vendor pursuant to (b) above;

(3) Units of service which the vendor shall use to charge and invoice the regional center for services provided to consumers. The units of service shall include the minimum and maximum number of units of service to be provided during the period specified. Units of service for contracts reimbursed other than a daily or hourly rate shall also be maintained pursuant to Section 50604(d)(3)(A) through (E), as applicable.

(d) The level of payment agreed to under the service contract may be less than but shall not exceed the maximum reimbursement possible during the contract period, using the rate established by the Department and the units of service actually provided by the vendor as the basis for determining the maximum reimbursement possible.

(e) In addition to the items specified in (a) through (d) above, service contracts negotiated pursuant to the provisions of this section shall include:

(1) The provisions specified in Sections 50607 through 50611; and,

(2) A statement that the vendor shall agree to maintain service and program information in accordance with the provisions of Section 50604(d)(1) through (3)(E), as applicable, and Section 57433(b)(1), (2), and (3).

(3) A provision requiring the vendor to submit to the regional center with their billings/invoices the information specified in Section 50604(d)(3)(A) through (E), as applicable, for the billing period.

Authority: Chapter 157, Statutes of 2003; Chapter 722, Statutes of 1992, Sections 147, 4648(a), 4691, and 4691.5 and 4791(i), Welfare and Institutions Code.

Reference: Chapter 1011, Statutes of 1992, Sections 15, 4648(a), 4691, and 4691.5 and 4791, Welfare and Institutions Code.

**California Code of Regulations
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Chapter 3: Community Services**

SubChapter 18: Transportation Service

Article 2: General Provisions

Section 58510 - General Requirements Applicable to Regional Centers

(a) The regional center shall purchase transportation service only when:

- (1) The transportation service is included in the consumer's IPP;
- (2) The vendor has a rate approved by the Department or the regional center;
- (3) Provision of the transportation service is not the responsibility of any public agency which receives public funds for providing the transportation service;
- (4) Provision of the transportation service is not part of the consumer's community-based day program; and,

(b) The regional center shall purchase transportation service by using, at its discretion, any of the following processes:

- (1) Competitive procurement utilizing a Request for Proposal (RFP) pursuant to Sections 58530 through 58535;
- (2) Noncompetitive procurement, which is limited to:
 - (A) Negotiated rate, pursuant to Section 58540;
 - (B) Cost statement, pursuant to Sections 58550 through 58555;
 - (C) Temporary transportation service pursuant to Section 58541;
 - (D) Standardized rates pursuant to Section 58542; and,
 - (E) Standard Rate Schedule pursuant to Section 58543.

~~(3) During Fiscal Year 1991-92, the regional center and vendor may negotiate a level of payment, pursuant to Section 57300(d), using any of the methods of procurement specified in (b)(1) and (2).~~

(c) The regional center shall:

(1) Establish the level of liability insurance coverage to be obtained by each vendor, for damages for bodily injuries or death and for damages to or destruction of property;

(2) Provide monthly records of services provided to each consumer, including the date, time, and the number of miles driven, on the total number of consumers utilizing each transportation service vendor and the days transported, or number of trips provided, by vendor, for each Medicaid Waiver consumer. Units of service for contracts reimbursed other than a per mile, per day, or per trip rate shall also be maintained and reported as specified above. The above information must be submitted to the Department on a monthly basis, and no later than 30 days after the end of the previous month;

(3) At least annually inform the local transportation planning agency designated pursuant to Government Code Section 29532 of the transportation needs of its consumers; and,

(4) Determine the necessity for transportation assistant and transportation aide services.

Authority: Chapter 157, Statutes of 2003; Chapter 722, Statutes of 1992, Section 147; Sections 4405, 4631, and 4690.1 and 4791(i), Welfare and Institutions Code; and Section 11152, Government Code.

Reference: Sections 4631, 4646, 4646.5, 4648, 4648.3, 4690, and 4690.1 and 4791, Welfare and Institutions Code; and 42 U.S.C. Section 1396m.

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SubChapter 19: Supported Living Service

Article 8: SLS Contract Standards

Section 58671 - Contract Requirements

In addition to the requirements set forth in Section 58670, all contracts shall include:

- (a) The vendor's approved service design;
- (b) Performance standards and service provision outcomes the SLS vendor is obligated to meet; and
- (c) The procedures that will be used to monitor and evaluate the outcomes of the vendor's service provision, including but not limited to the requirements of Section 58680.
- (d) Rates agreed upon through negotiation, pursuant to Sections 58660, 58661, and 58662;
- (e) Limitations on the SLS services referenced in Title 17, Section 54349(a) through (e), which the SLS vendor is authorized to deliver;
- (f) Disclosure by the vendor of any past, present or pending residential licensure revocation or denial, and/or any pending application(s) the vendor has filed for residential licensure in the State of California; and
- (g) A description of the contract termination conditions specified in Section 58672.
- (h) A requirement that the vendor maintain service records to support all billing/invoicing as specified in Section 50604(d)(1) through (3)(E), as applicable.
- (i) A requirement that the vendor submit to the regional center with their billings/invoices the information specified in (h) above for the billing period.

Authority: Chapter 157, Statutes of 2003; Section 11152, Government Code; Sections 4648(a)(3), 4689.7(c), and 4690, Welfare and Institutions Code.
Reference: Section 4648(a)(3)(B), 4689(e), and 4689.7(c), Welfare and Institutions Code.