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GAVIN NEWSOM
GOVERNOR

January 22, 2024

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: PAYMENT ASSISTANCE FOR INTERMEDIATE CARE FACILITIES
DURING THE TRANSITION TO MANAGED CARE

As noted in the Department of Developmental Services' (Department) November 28, 2023 [correspondence](#), with the transition of payments for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) from Medi-Cal Fee for Service (FFS) to Medi-Cal Managed Care Plans (MCPs), there may be instances in which ICF/DD homes experience delays in receiving reimbursement from MCPs. The purpose of this correspondence is to provide guidance regarding regional center payment assistance if there are delays in ICF/DD homes receiving MCP reimbursement. This payment assistance is often referred to as "lag funding" as the regional center payment is not a replacement for MCP reimbursement, but rather it is to temporarily provide payment until the ICF home receives payment from the MCP, at which time the lag funding must be repaid to the regional center.

Regional centers are required to provide lag funding for ICF/DD homes under the conditions outlined in Enclosure A, "Lag Funding Agreement" (Agreement). The terms of this Agreement may only be modified by mutual agreement of both the ICF/DD home and regional center. Separate Agreements are not required for each ICF/DD home if the signatory has the authority to enter into such agreement for more than one ICF/DD home. In this case, the name of all homes and their vendor numbers must be identified on the Agreement.

If an ICF/DD home has submitted claims to an MCP(s) and has not been reimbursed after 30 calendar days, the ICF/DD home may submit claims, along with the required attestations (see Enclosure B), to the regional center for the amount that has not been reimbursed by the MCP(s). As noted in the Lag Funding Agreement, regional centers will issue payment based on the per diem rate submitted by the ICF/DD, from purchase of service funding, within 10 working days. Regional centers will use the designated subcode "AIM" for lag payments. Lag payments must be repaid no later than 15 days after the ICF/DD home receives reimbursement from the MCP(s).

If an ICF/DD home is not currently vendored with the regional center, emergency vendorization under Title 17, California Code of Regulations [Section 54324](#) will be used to expedite the process. This allows for temporary vendorization, and therefore, execution of Lag Funding Agreements, prior to submission of a completed vendor application. The provisions related to the length of time an emergency vendorization

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may be in place and the time frame for regional centers to review applications once submitted (subsequent to emergency vendorization) are suspended only for the purpose of establishing Lag Funding Agreements. However, regional centers and ICF/DD homes should work to complete the vendorization process by June 30, 2024.

Regional centers must distribute this information to all ICF/DD homes where consumers they serve reside and expedite completion of Agreements for ICF/DD homes. The Department will schedule time with regional centers and ICF/DD home providers to review this information and address questions.

Thank you again for your partnership in support of ICF/DD residents and homes during this time. Assistance from regional centers is critical in effecting a smooth transition.

Sincerely,

Original Signed by:

JIM KNIGHT
Deputy Director
Administration Division

Enclosures

cc: Regional Center Administrators
Regional Center Directors of Consumer Services
Regional Center Community Service Directors
Association of Regional Center Agencies
Brian Winfield, Department of Developmental Services
Ernie Cruz, Department of Developmental Services
Christine Gephart, Department of Developmental Services
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