



Michelle Baass | Director

March 29, 2024

THIS LETTER SENT VIA EMAIL

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 24-0005: GROUP HOMES FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

Dear Mr. Scott:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 24-0005 for your review and approval. This SPA proposes to add group homes for children with special health care needs as a new service provider and add participant directed as a service delivery method for Self-directed Support Services. DHCS seeks an effective date of July 1, 2024, for this SPA.

This SPA proposes making edits to the following pages:

- Attachment 3.1-i: 25, 25a, 111a, 111b, 112, 113
- Attachment 4.19-B: 73

In addition, CMS approved the Tribal no-notice on January 30, 2024. DHCS released a public notice on February 6, 2024. At the end of the 30-day public comment period, the Department received a total of five comments – two of which were off-topic and three of which expressed support for the amendment. Two comments expressing support for the amendment also noted that the addition of participant-direction as an option for another service would increase the workload for Financial Management Services providers. No changes were made to this amendment as a result of these comments.

The following documents are included in this submission:

- CMS 179 Form
- Fiscal Impact Summary
- Public Notice
- No-Tribal Notice Approval
- Standard Funding Questions
- Amended State Plan Pages

Director's Office

P.O. Box No. 997413 | MS 0000
Sacramento, CA 95899-7413
Phone (916) 440-7400 | www.dhcs.ca.gov

State of California
Gavin Newsom, Governor



California Health and Human Services Agency

Mr. Scott
Page 2
March 29, 2024

If you have any questions or need additional information, please contact Cortney Maslyn, Division Chief of Integrated Systems of Care Division, at (279) 599-2822 or by email at Cortney.Maslyn@dhcs.ca.gov.

Sincerely,



Tyler Sadwith
State Medicaid Director

Enclosures

cc: Lindy Harrington
Assistant State Medicaid Director
Health Care Programs
Department of Health Care Services
Lindy.Harrington@dhcs.ca.gov

Saralyn M. Ang-Olson, JD, MPP
Chief Compliance Officer
Office of Compliance
Department of Health Care Services
Saralyn.Ang-Olson@dhcs.ca.gov

Susan Philip
Deputy Director
Health Care Delivery Systems
Department of Health Care Services
Susan.Philip@dhcs.ca.gov

Joseph Billingsley
Assistant Deputy Director
Health Care Delivery Systems
Department of Health Care Services
Joseph.Billingsley@dhcs.ca.gov

Cortney Maslyn, Chief
Integrated Systems of Care Division
Department of Health Care Services
Cortney.Maslyn@dhcs.ca.gov

Jim Knight
Deputy Director
Administration Division
Department of Developmental Services
Jim.Knight@dds.ca.gov

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

1. TRANSMITTAL NUMBER

2. STATE

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX

XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY _____ \$ _____
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

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

9. SUBJECT OF AMENDMENT

10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:
Please note: The Governor's Office does not wish to review the State Plan Amendment.

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

	<p>CCLD as to type of facility As appropriate, a business license as required by the local jurisdiction where the business is located.</p>		<p>Section 1562.3 of the Health and Safety Code without exception, 2. Has at least one year of administrative and supervisory experience in a licensed residential program for persons with developmental disabilities, and is one or more of the following: a) A licensed registered nurse. b) A licensed nursing home administrator. c) A licensed psychiatric technician with at least five years of experience serving individuals with developmental disabilities. d) An individual with a bachelor's degree or more advanced degree in the health or human services field and two years of experience working in a licensed residential program for persons with developmental disabilities and special health care needs.</p> <p>Maintain standards identified in "Needs-Based Evaluation/Reevaluation" item #8.</p>
<p>Group Homes for Children with Special Health Care Needs (GHCSHN)</p>	<p>Licensed Group Home for Children with Special Health Care Needs by the Department of Social Services pursuant to Health and Safety Code § 1567.51(b) As appropriate, a business license as required by the local jurisdiction where the business is located.</p>	<p>Per Health and Safety Code §1567.51, the State Department of Developmental Services shall be responsible for granting the certificate of program approval.</p>	<p>Welfare and Institutions Code, § 4684.50 et seq. The administrator must: 1. Complete the 40-hour administrator certification program pursuant to paragraph (1) of subdivision (c) of Section 1522.41 of the Health and Safety Code without exception 2. Has at least one year of administrative and supervisory experience in a licensed residential program for persons with developmental disabilities, and is one or more of the following: a. A licensed registered nurse. b. A licensed nursing home administrator. c. A licensed psychiatric technician with at least five years of experience serving individuals with developmental disabilities. d. An individual with a bachelor's degree or more advanced degree in the health or human services field and two years of experience working in a licensed residential program for persons with developmental disabilities and special health care needs.</p>

<p>Family Home Agency (FHA):</p> <p>Adult Family Home (AFH)/Family Teaching Home (FTH)</p>	<p>No state licensing category.</p> <p>As appropriate, a business license as required by the local jurisdiction where the business is located.</p>	<p>AFH Title 17, CCR, §56088 Authorizes the FHA to issue a Certificate of Approval to each family home which has:</p> <ol style="list-style-type: none"> 1. Completed the criminal record review. 2. Been visited by the FHA and a determination ensuring safe and reasonable and the 	<p>Welfare and Institutions Code 4689.1-4689.6 provides definition and statutory authority for FHA.</p> <p>FHA employs sufficient staff with the combined experience, training and education to perform the following duties:</p> <ol style="list-style-type: none"> 1. Administration of the FHA; 2. Recruitment of family homes; 3. Training of FHA staff and family homes; 4. Ensuring an appropriate match between the needs and preferences of the consumer and the family home; 5. Monitoring of family homes;
--	--	---	---

Service Specifications (Specify a service title for the HCBS listed in Attachment 4.19-B that the state plans to cover):			
Service Title:		Self-Directed Support Services	
<p>Service Definition (Scope): This service guides and assists the individual and/or the participant’s family or representative, as appropriate, in arranging for, directing, and managing their services. With planning team oversight, providers assist the participant or family in identifying immediate and long-term needs, developing options to meet those needs, and accessing identified supports and services. Practical skills training is offered to enable families and participants to independently direct and manage 1915i services. In addition, this service provides training on managing an annual budget for service expenditures.</p> <p>This service is available to consumers who have identified an interest in self-directing some or all their services. Assistance provided to participants and/or their families consists of guidance and advisement in ensuring a thorough understanding of responsibilities involved with self-direction of services, to make informed planning decisions about services and supports through the person-centered planning process, development of their initial budget and spending plan, and appropriate practices of hiring, managing, and communicating with staff. The extent of the assistance furnished to the participant or family is specified in the Individual Program Plan (IPP). This service does not duplicate, replace, or supplant other 1915i services, including casemanagement.</p>			
Additional needs-based criteria for receiving the service, if applicable (specify):			
<p>Specify limits (if any) on the amount, duration, or scope of this service. Per 42 CFR Section 440.240, services available to any categorically needy recipient cannot be less in amount, duration and scope than those services available to a medically needy recipient, and services must be equal for any individual within a group. States must also separately address standard state plan service questions related to sufficiency of services.</p> <p><i>(Choose each that applies):</i></p> <p>This service is limited to 40 hours per consumer annually. Additional hours must be reviewed by the Department and maybe authorized if deemed necessary to meet the needs of the consumer.</p>			
Provider Qualifications (For each type of provider. Copy rows as needed):			
Provider Type (Specify):	License (Specify):	Certification (Specify):	Other Standard (Specify):
Agency	An appropriate business license as required by the local jurisdiction for the adaptations to be completed.	Completion of a training course about the principles of participant-directed services.	

Individual	An appropriate business license as required by the local jurisdiction for the adaptations to be completed.	Completion of a training course about the principles of participant-directed services.	
------------	--	--	--

Verification of Provider Qualifications (For each provider type listed above. Copy rows as needed):

Provider Type (Specify):	Entity Responsible for Verification (Specify):	Frequency of Verification (Specify):
Business entity/ individual	Regional centers, through the vendorization process, verify providers meet requirements/qualifications outlined in Title 17, CCR, § 54310 including the following, as applicable: any license, credential, registration, certificate, permit, or academic degree required for the performance or operation of the service; the staff qualifications and duty statements; and service design.	Verified upon application for vendorization and biennially thereafter.

Service Delivery Method. (Check each that applies):

<input checked="" type="checkbox"/>	Participant-directed	<input checked="" type="checkbox"/>	Provider managed
-------------------------------------	----------------------	-------------------------------------	------------------

Service Specifications (Specify a service title for the HCBS listed in Attachment 4.19-B that the state plans to cover):

Service Title:	Technology Services
Service Definition (Scope):	

Participant-Direction of Services

Definition: Participant-direction means self-direction of services per §1915(i)(1)(G)(iii).

1. Election of Participant-Direction. *(Select one):*

<input type="radio"/>	The state does not offer opportunity for participant-direction of State Plan HCBS.
<input type="radio"/>	Every participant in State Plan HCBS (or the participant’s representative) is afforded the opportunity to elect to direct services. Alternate service delivery methods are available for participants who decide not to direct their services.
<input checked="" type="radio"/>	Participants in State Plan HCBS (or the participant’s representative) are afforded the opportunity to direct some or all of their services, subject to criteria specified by the state. <i>(Specify criteria):</i> Participants who receive respite, financial management services, community-based training services, family support services, self-directed support services, supported employment individual and Habilitation day services, Participant-directed services, skilled nursing or non-medical transportation have the opportunity to direct those services.

2. Description of Participant-Direction. *(Provide an overview of the opportunities for participant-direction under the State Plan HCBS, including: (a) the nature of the opportunities afforded; (b) how participants may take advantage of these opportunities; (c) the entities that support individuals who direct their services and the supports that they provide; and (d) other relevant information about the approach to participant-direction):*

In support of personal control over supports and services, self-direction is an option that enables participants to procure their own services. Self-direction of services empowers participants and families by giving them direct control over how and when the services are provided. As an alternative to only receiving services from regional center vendors, families and consumers will have decision-making authority and the freedom to directly control who provides their services and how they are provided.

For those participants who receive Enhanced Habilitation supported employment- Individual Services, habilitation day service, participant-directed services, respite, financial management services, family support services, self-directed support services, skilled nursing, non-medical transportation, and/or community-based training services identified as a need in their IPP, the opportunity to self-direct those services will be offered at the time of the IPP development. As required by Title 17, CCR section 58886, when the decision to self-direct services is made, the regional center is required to provide the consumer/family member with information regarding their responsibilities and functions, as either an employer or co-employer.

For those selecting to self-direct the indicated services, a Financial Management Service (FMS) provider, vendored by the regional center, will perform selected administrative functions such as payroll, taxes, unemployment insurance, etc. This relieves the participant of the burden of these administrative functions while still having the freedom to exercise decision making authority over

Additionally, Self-Directed Support Services are available to provide guidance and advisement in ensuring a thorough understanding of responsibilities involved with self-direction of services. The purpose is to set consumers up for success in directing their services.

	directed service delivery options offered by the state or may choose instead to receive comparable services through the benefit’s standard service delivery methods that are in effect in all geographic areas in which State plan HCBS are available. <i>(Specify the areas of the state affected by this option):</i>

4. Participant-Directed Services. *(Indicate the State Plan HCBS that may be participant-directed and the authority offered for each. Add lines as required):*

Participant-Directed Service	Employer Authority	Budget Authority
Respite	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community-Based Training Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Skilled Nursing	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Non-Medical Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Family Support Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Financial Management Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Enhanced Habilitation - Supported employment – Individual Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Habilitation – Day Service	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Self-directed Support Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Participant-directed Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>

5. Financial Management. *(Select one):*

<input type="radio"/>	Financial Management is not furnished. Standard Medicaid payment mechanisms are used.
<input checked="" type="radio"/>	Financial Management is furnished as a Medicaid administrative activity necessary for administration of the Medicaid State Plan.

6. Participant-Directed Person-Centered Service Plan. *(By checking this box the state assures that):* Based on the independent assessment required under 42 CFR §441.720, the individualized person- centered service plan is developed jointly with the individual, meets federal requirements at 42 CFR §441.725, and:

- Specifies the State Plan HCBS that the individual will be responsible for directing;
- Identifies the methods by which the individual will plan, direct or control services, including whether the individual will exercise authority over the employment of service providers and/or authority over expenditures from the individualized budget;
- Includes appropriate risk management techniques that explicitly recognize the roles and sharing of responsibilities in obtaining services in a self-directed manner and assures the appropriateness of this plan based upon the resources and support needs of the individual;
- Describes the process for facilitating voluntary and involuntary transition from self-direction including any circumstances under which transition out of self-direction is involuntary. There must be state procedures to ensure the continuity of services during the transition from self-direction to other service delivery methods; and
- Specifies the financial management supports to be provided.

7. Voluntary and Involuntary Termination of Participant-Direction. *(Describe how the state facilitates an individual’s transition from participant-direction, and specify any circumstances when transition is involuntary):*

- Transportation Company

While the law sets a cap on negotiated rates, the rate setting methodology for applicable services is one of negotiation between the regional center and prospective provider. Pursuant to law and the regional center's contracts with the Department of Developmental Services regional centers must maintain documentation on the process to determine, and the rationale for granting any negotiated rate (e.g., cost-statements), including consideration of the type of service and any education, experience and/or professional qualifications required to provide the service. Providers maintain their initially negotiated rate unless there is a need for an increase to protect beneficiary health and safety, as described below.

Exceptions to the median rate limit are allowed if the regional center demonstrates that an increase above the median rate limit is necessary to protect a beneficiary's health and safety. The Department of Developmental Services can grant prior written authorization to the regional center to negotiate the reimbursement rate up to the actual cost of providing the service. In the process of establishing a negotiated rate, the regional center can require documentation such as cost statements or other financial documents to determine the actual cost to provide services. Additionally, providers would be required to submit education credentials or qualifications of the various classifications that would be providing services. This information would help inform the regional center when negotiating a rate with the provider, but not exceeding the median rate.

REIMBURSEMENT METHODOLOGY FOR HABILITATION – COMMUNITY LIVING ARRANGEMENT SERVICES

This service contains the following two subcomponents:

- A. **Licensed/Certified Residential Services** – Providers in this subcategory are Foster Family Agency/Certified Family Home, Foster Family Home, Small Family Home, Group Home, Adult Residential Facility, Residential Facility for the Elderly, Out-of-State Residential Facility, Adult Residential Facility for Persons with Special Health Care Needs, Group Home for Children with Special Needs, Family Home Agency, Enhanced Behavioral Supports Homes, and In-Home Day Program Services.

There are five rate setting methodologies for all providers in this subcategory.

- 1) Alternative Residential Model (ARM) Methodology** – The ARM methodology and monthly rates resulted from an analysis of actual costs of operating residential care facilities. The applicable cost components (see below) were analyzed to determine the statistical significance of the variation in costs among facilities by service type, facility size, and operation type. Based upon the results of this statistical analysis, the initial ARM rates were determined and became effective in 1987. Within this methodology 14 different service levels were established based upon the results of this cost analysis. Individual providers apply to be vendored at one of these service levels based upon the staffing ratios, service design, personnel qualifications, and use of consultant services as described in their program design.

The following allowable costs were used in setting the ARM rates:

- **Direct costs for covered services**: Include unallocated payroll costs and other unallocated cost that can be directly charged to covered medical services. Direct