



October 30, 2024

D-2024-Rate Reform-002

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: RATE REFORM IMPLEMENTATION – SPECIAL CIRCUMSTANCES

This directive supplements the [D-2024-Rate Reform-001](#) letter issued by the Department of Developmental Services (Department) regarding rate reform implementation. This letter provides information about special circumstances, including rates established through Health & Safety Waivers, Alternative Service Delivery (AB 637), the process for addressing existing services and new vendorizations that do not align with updated service descriptions as written in subsequent directives.

Regional centers must update rates under the current service codes by January 1, 2025. By March 31, 2025, regional centers will need to input new service codes and rates based on the alignment of each service provider's actual services with rate reform's updated service code descriptions. Regional centers will update as needed Individual Program Plan or Individualized Family Service Plan and authorizations to reflect rate reform alignment no later than December 31, 2025.

AB 637 Waivers

The regional centers have Department-approved waivers for rate adjustments using statutory processes for [Health & Safety Waivers](#) and Alternatives for Service Delivery, commonly referred to as AB 637 waivers, pursuant to Welfare and Institutions Code (W&I Code) sections [4669.2](#) and [4669.75](#). The Department will provide regional centers a list of all Department-approved AB 637 waivers and instructions for reporting the determination of each provider vendorization. Regional centers must review all service provider vendorizations using these waivers to determine which updated service descriptions and service code and subcode combinations align with the services currently being delivered. If the services can be delivered in accordance with rate reform's updated service descriptions and no longer need the AB 637 waiver approval, the rate must be adjusted to the rate reform rate for that service.

Exemption Process

The rate study developed rate models for most services individuals receive. Additionally, the rate study recommended reducing or eliminating the use of some service codes as these codes effectively duplicate services provided under other service codes. As part of rate reform, existing service providers will transition to service code(s), and associated rates, that align with the services actually provided.

However, some providers deliver services that do not align with services defined in statute, regulation, and/or the directives issued as part of rate reform. Often, these services use

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one of the codes listed in Attachment A. If a regional center determines that a provider's service does not fit into any of the updated service descriptions, the regional center must request Department approval to utilize one of the service codes listed in the top table of Attachment A. Requests for existing providers must be submitted using the form provided by the Department by December 31, 2024. A link to an online form will be provided under separate cover to each regional center. Please see Attachment B as an example of the information to be collected. The existing service code and rate may continue to be used while the Department's decision is pending.

New Vendorizations

Effective January 1, 2025, regional centers will use the rates found [here](#) to establish rates for all new providers of services included in rate reform. This includes rates that previously were set by the Department such as community-based day programs, infant development programs, and in-home respite. Vendorizations for these services do not require Department approval.

Effective immediately for pending vendor applications, service codes identified in the top table of Attachment A can be used only if approved by the Department. If a regional center determines that a prospective provider's service does not align with any of the updated service descriptions, a request using the online form described in the "Exemption Process" section above must be submitted to the Department prior to finalizing the vendorization process.

Providers, individuals and/or families should contact their regional center with any questions. Questions from regional centers may be directed to ratesquestions@dds.ca.gov.

Sincerely,

Original Signed by:

DANA SIMON

Deputy Director, Rates Division

Attachments

cc: Regional Center Administrators
Regional Center Community Services Directors
Regional Center Directors of Consumer Services
Association of Regional Center Agencies
Pete Cervinka, Department of Developmental Services
Carla Castañeda, Department of Developmental Services
Michi Gates, Department of Developmental Services
Jim Knight, Department of Developmental Services