

December 23, 2024

D-2024-Rate Reform-013

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: RATE REFORM IMPLEMENTATION FOR RESPITE SERVICES,
EMPLOYER OF RECORD, AND PARTICIPANT DIRECTED SERVICES

As part of continued rate reform [implementation](#), this letter provides direction regarding the following areas:

- Respite Services (465, 862, 864)
- Employer of Record (EOR) *new*
- Participant Directed Services (PDS)

Beginning January 1, 2025, the service descriptions in this directive apply to all vendors of these services, along with the associated service and subcode combinations, rate models and billing units. This directive also may pertain to vendors currently providing these services under different service codes. Providers continue to be responsible for the requirements stated in Welfare and Institutions Code (WIC) and Title 17 of the California Code of Regulations (CCR). However, this directive supersedes any conflict regarding service descriptions and rate-setting in those other sources.

Regional centers and service providers shall follow this directive to affirm which updated service description and any staffing requirements most closely match the services actually being delivered. The regional center shall verify the rate for each service and subcode combination in the rate workbook. Reimbursement for services beginning January 1, 2025, will be claimed using the provider's current service code with an updated rate, unless the form described below is completed prior to that date.

By March 31, 2025, the Rate Reform Service Acknowledgement Form shall be completed by the regional center and service provider to acknowledge the service description, requirements that will need to be met, subcode combination(s), and the rate(s) established by the rate model. Please see Attachment A for the form and instructions, which includes attaching the rate workbook to the completed form. Upon completion of the Rate Reform Service Acknowledgement Form, the new service and subcode combination and rate will be used. The rates for each type of service by regional center can be found [here](#).

Providers with existing rates that are above 90 percent of the rate model for the service description to which they will align will maintain their existing rates (held harmless) until June 30, 2026. Agency providers with rates between 90 percent and 100 percent of the rate model will have the opportunity to earn 100 percent of the rate model through the

Quality Incentive Program. The Quality Incentive Program does not apply to Participant Directed Services which will continue to receive 100% of their rate.

Individual Program Plans (IPPs) must identify the type and the amount of service needed. Therefore, some IPPs will need to be updated to properly identify the type of service being delivered. If the only change is service delivery by a different level of staff, or use of a new service and subcode combinations and their rates, the IPP does not need to be updated. These IPP updates should be done at the next scheduled IPP meeting, after which the regional center must update service authorizations. These updates must occur no later than December 31, 2025. In these cases, billing for services to individuals pending an IPP update will continue under the current service code with an updated rate. Billing for services to individuals that do not need an IPP update will use the new service and subcode combination and their rate. Individuals receiving services should not experience differences in how their services are delivered, where they are delivered, and who they work with as a result of this directive.

Vendors and service providers operating as an agency must provide services and bill based on the staffing qualifications of the employees providing the direct services. The services may be provided using independent service code and subcode combinations under one vendorization.

Types of Support

There are different ways that individuals can receive supports from vendored service providers. Some individuals and/or family members may choose to have an agency provide staff for the needed service, while others may elect to refer a preferred person to be hired by an agency to provide the direct services. In another option, individuals/family members may choose to be the direct employer of the staff providing services. Please see descriptions below:

- *Agency* is a model in which the provider coordinates with the individual or family based on the authorized hours to determine the staffing needs, schedule, and offers their employed staff to deliver the services. In this model, the provider is responsible for the recruitment, orientation, training, and scheduling of staff. The selected agency must be an existing vendor with the regional center for the services.
- *Employer of Record (EOR)* is a model that allows the individual or their family member to refer the person of their choice to the agency to be hired as their assigned staff. The employer/agency is responsible for hiring, orienting, and training the referred staff, while the individual or family member helps to coordinate when and where services will occur. When using the EOR services there is no requirement for the individual or family to be vendored or have any shared employer responsibilities. The selected agency must be an existing vendor with the regional center for the services sought in order to participate in the EOR model. For example, a family seeking services can identify a worker of their choice and refer them to an existing vendored provider to be hired as an employee of the agency and fulfill the respite needed by the family. This model

has been used in practice under different names such as preferred provider or parent-choice, now however, it is defined statewide as Employer of Record.

- *Participant Directed Services (PDS)* allows individuals receiving services to choose and hire their own providers, giving them significant control over who delivers their care, when, and how, allowing the participant to direct their own services, often including friends, family members, or neighbors as potential providers. In PDS, the individual and/or a family member assume either shared or full employer responsibilities with a Financial Management Services (FMS) agency. The FMS provider will provide support and services including, but not limited to, paying service providers, ensuring providers are qualified, ensuring all employer-related labor and tax laws are followed, and reporting to the individual and regional center to help inform the services. The exact duties of the FMS depend on how an individual chooses to arrange for their services.

Respite Service

Service Description

Respite is used to relieve family members from the responsibility of providing care to the individuals receiving services. Services can be intermittent or regularly scheduled hours. An individual or family seeking respite services can choose the way services are delivered, such as Agency, Employer of Record Respite, or Participant Directed as described above.

New Components

- *Services:* EOR subcodes will be used for any service listed in Table E of Attachment B.
- *Billing:* Services billed will align with the agency's rates with use of a subcode E in the third position of the subcode field to ensure tracking of EOR separate from the provider's vendored services. Rate for EOR and Agency will be the same.
- Service code 862 - In- home respite Agency – No changes to this service code.
- Service code 864 - In- home respite Worker – No changes to this service code.

Participant Directed Services (PDS)

New Components

All current and new PDS providers will use the rates posted on the Department [website](#) for the following services:

- Service code 456 - Personal Assistance
- Service code 457 - Independent Living Services
- Service code 458 - Supported Employment
- Service code 465 - Participant Directed Respite Service - Family Member
- Service code 475 - Community-Based Training Services

Rates under [Title 17, 58888](#) for the above-mentioned services will no longer be applicable as rates for these services are now posted. Services not mentioned above, such as Nursing, Transportation and Day Care, will continue to use the same rate setting methodology listed in regulations.

We appreciate you sharing this correspondence with involved regional center staff and provider network. If providers, individuals and/or their families have questions regarding this correspondence, they should contact their vendoring regional center. Questions from regional centers should be directed to ratesquestions@dds.ca.gov.

Sincerely,

Original Signed by:

DANA SIMON
Deputy Director
Waiver and Rates Division

Attachments

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