

RATE REFORM: EMPLOYMENT

November, 2024



HOUSEKEEPING



Interpretación en español: haga clic en el globo blanco en la parte inferior de la pantalla con la etiqueta "Interpretation." Luego haga clic en "Spanish" y seleccione "Mute original audio."



ASL interpreters have been "Spotlighted" and live closed captioning is active

This meeting is being recorded

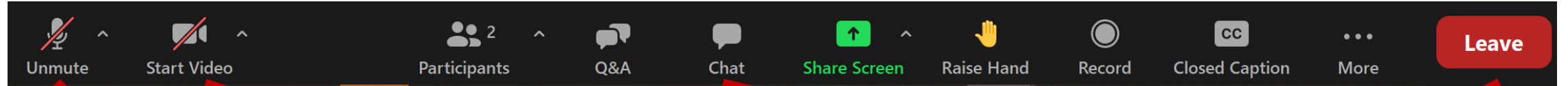


Materials are available at: [Rate Study Implementation - CA Department of Developmental Services](#)



Answers to frequently asked questions are available at: <https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rate-model-implementation-frequently-asked-questions/>

ZOOM TIPS



Unmute mic only when it's your turn to speak



Turn your webcam on/off

All attendees can type questions/comments in the Q&A

Chat is disabled for attendees

Leave the webinar at the end of the meeting



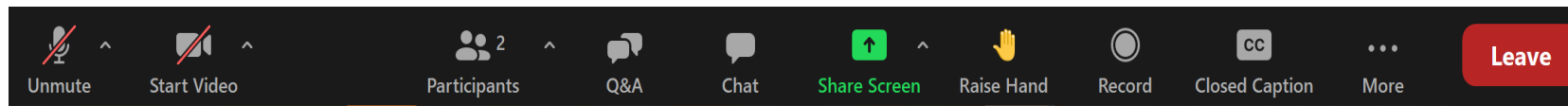
- For attendees, your video and microphone will not be available
- You will only see/hear DDS staff and presenters on screen



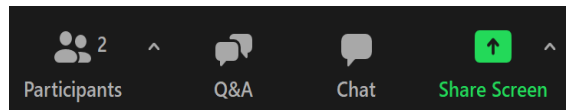
- Features will vary based on the version of Zoom and device you are using
- Some Zoom features are not available for telephone-only participants

PROVIDING COMMENTS

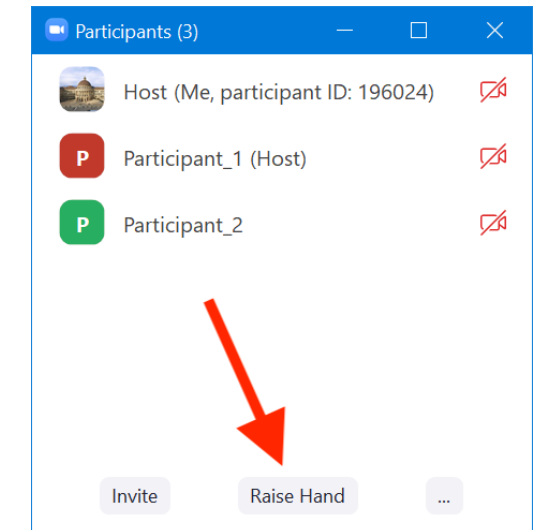
Please use “Q&A” for your questions and comments; if you prefer, you may send your questions/comments to ratesquestions@dds.ca.gov



During the Q&A portion of this meeting we will take live questions – please use “Raise Hand” to comment



You may need to click on “Participants” and a new window will open where you can “Raise Hand”



Questions not answered live will be used for an FAQ document on rate adjustment implementation

PURPOSE OF TODAY'S PRESENTATION

- Provide background and current information about Rate Reform
- Highlight the information provided in the Employment Services Directive

BACKGROUND ON THE RATE STUDY

WHAT RATE REFORM MEANS FOR YOU

Individuals and families

- Children and families receiving services should **not** experience differences in the services they receive, how these services are delivered, or who is delivering these services
- The service code may change, but not the service itself

Vendors

- Rate reform does not require changes to how services are provided
- With the standardization of payment rates and billing practices, vendors **may** be required to change service codes, subcodes, and/or billing units
 - Some costs currently billed separately will be bundled into the service rate
- Payment rates may increase, depending on a vendor's current rate compared to the benchmark rate model
 - Receiving full benchmark rate may require meeting Quality Incentive Program measures
 - No vendor will receive a rate decrease through the hold harmless period (June 30, 2026)

WHAT RATE REFORM MEANS FOR YOU

Regional Centers

- Verify and implement the rates identified in the workbook for each vendor
 - Work with vendors to affirm which updated service description and service code and/ or sub-code most closely match the services being delivered
- Work with individuals and families to explain updated service descriptions as part of each person's IPP or IFSP process
- With the standardization of payment rates:
 - Will no longer need to negotiate rates vendor-by-vendor
 - Will no longer need to make minimum wage and other adjustments for individual vendors

OVERVIEW – RATE STUDY HISTORY AND IMPLEMENTATION

- In 2017 and 2018, the Department of Developmental Services and its contractor conducted a comprehensive rate study
 - Initial recommendations were published in February 2019 and finalized in January 2020
 - Study evaluated payment rates as well as service definitions, billing rules, and related issues
 - The Legislature directed DDS to implement rate study recommendations in phases
- Phases 1 and 2 included partial implementation of recommended rate increases
 - These phases did not include implementation of other rate study recommendations (such as standardization of service codes)
- The third and final phase of rate reform implementation begins January 1, 2025
 - Phase 3 fully implements the recommended rates
 - Phase 3 also includes implementation of recommendations to standardize service requirements, payment structures, and billing policies

OVERVIEW—MAJOR ELEMENTS OF PHASE 3 OF RATE REFORM IMPLEMENTATION

- Full implementation of recommended payment rates
 - **Vendors providing the same service in the same region will be paid the same amount**
 - If a vendor is currently paid a rate higher than the proposed rate, they will be held-harmless from a reduction through June 30, 2026 (no rates were reduced in Phases 1 and 2 either)
- Implementation of the Quality Incentive Program (QIP)
 - Recommended **rates are divided between a base rate (90%) and the QIP amount (10%)**
 - Vendors must complete the required steps to be listed in the provider directory by November 29, 2024, to meet QIP measure requirements for January 1, 2025, implementation

OVERVIEW—MAJOR ELEMENTS OF PHASE 3 OF RATE REFORM IMPLEMENTATION

Implementation of this element will occur by March 31, 2025, based on DDS determined timelines

- Standardization of service codes and subcodes
 - For employment services, this include staff qualifications
 - **Vendors that do not plan to meet service or staff requirements will be transitioned to a different service code** (but services themselves should not change)
- Standardization of billing units
 - The rate study generally recommended that **employment services be paid on an hourly basis**
 - Vendors with different rate types (e.g., session) will be transitioned to the applicable hourly rate

OVERVIEW – CHANGES TO RATE-SETTING PROCESSES

Rate reform makes significant changes to how vendor rates are established for in services rate reform

- ***Elimination of median rates and rate negotiations***
 - A key goal of rate reform is the standardization of rates; vendors providing the same service in the same area will be paid the same rate
 - Vendors will be paid based on the published fee schedule
- ***Elimination of vendor-by-vendor adjustments for minimum wage and other factors***
 - With a standard fee schedule, rate adjustments will be made at the same time for all vendors; individual vendors will not need to submit requests
 - None of the rate models assume that staff earn the minimum wage (that is, at full implementation, vendors will have sufficient funding to pay above minimum wage)

PHASE 3 RATE INCREASES – DETERMINATION OF RATES

- Represents final phase of implementation
 - All vendors (except those held-harmless) move to the applicable benchmark rate, standardizing rates across vendors, a key goal of the rate study
- Calculation of rate increases
 - **The rates effective January 1 2025** include updates for minimum wage, most recent IRS mileage rate
 - **Quality Incentive Program** applies, so rates will be set at 90 percent of the benchmark rate with the ability to earn the remaining 10 percent
 - **Hold-harmless is based on full benchmark rate** (for example, if a vendor's current rate is 95 percent of the benchmark, their base rate will remain 95 percent of the benchmark rate with the ability to earn the remaining 5 percent through the QIP)
- Most vendors will transition to the benchmark rates effective January 1, 2025, because they are already aligned with the appropriate service code and billing unit

PHASE 3 RATE INCREASES – TRANSITIONAL RATES FOR CERTAIN VENDORS

- **Vendors with ‘blended’ rates or with a billing unit that differs from the benchmark rate model will receive a transitional rate to provide time to adjust service plans and authorizations**
 - Blended rates: rates based on more than one benchmark rate model (such as a behavioral service vendor with a rate that covers two levels of staff that will be moved to different rates)
 - Differing billing unit: rates based on a billing unit that differs from the benchmark rate model (such as behavioral services billed per session when the benchmark rate uses an hourly unit)
- **Transitional period will run through March 31, 2025**
 - Regional Centers need to update service plans and authorizations to ensure vendors can bill based on the applicable benchmark rates
- Transitional **rate calculations will use the same methodology** as in Phases 1 and 2
 - Weighting of blended rates based on previously reported data for mix of services (for example, the percentage of services billed by each level of staff)
 - Adjusting rates for different billing units based on previously reported data for services (for example, number of hours per session)

HOLD HARMLESS – BACKGROUND

- **Vendors with rates that exceed the applicable benchmark rate will continue to be held harmless (no rate reduction) through June 30, 2026**
 - If a vendor's rate exceeds 100 percent of the total benchmark rate, its rate will remain unchanged and they will not earn any additional amount through the QIP
 - If a vendor's rate is between 90 and 100 percent of the total benchmark rate, its rate will remain unchanged and their potential QIP amount will be the difference between this rate and 100 percent of the total benchmark rate
- **After June 30, 2026, rates will be adjusted** to the applicable benchmark rate model

Alignment and Acknowledgement

- Regional centers and service providers are expected to review Directives and affirm which updated service description most closely matches the services being delivered
- Once identified, the standardized Enclosure B form will be completed by Regional Centers and vendors to acknowledge the service description, requirements that will need to be met, subcode combination(s), and rate(s) established by the rate model

EMPLOYMENT SERVICES

SUPPORTED EMPLOYMENT - GROUP (950)

- **Definition Overview:** Group supported employment services are provided by a single job coach to a group of individuals engaged in paid work that is integrated in the community. Any/all employment shall compensate each individual at, at least minimum wage for all time worked.
- Provider requirements
 - Supported Employment vendors shall meet the definitions, requirements and standards in Title 17 of the CCR subchapter 21 for [Habilitation Services Program](#), as well as the new components
 - Two individuals will now be considered a group
 - A vendor currently providing employment services under a different service code does not need to be a non-profit organization to transition to Supported Employment

SUPPORTED EMPLOYMENT - GROUP (950)

- **Billing unit:** Hour
 - This is a change from current billing based on the job coach's hours
 - Providers will need to coordinate so that all individuals in an employment group transition to the new billing at the same time
- **Rate variations:**
 - Staffing ratios range from 1:2 to 1:8

SUPPORTED EMPLOYMENT - INDIVIDUAL (952)

- **Definition Overview:** Supported employment services include job development and job coaching services to a single individual with developmental disabilities pursuing or engaged in competitive integrated employment.
 - **Job Development** is individualized staff time to assist individuals with all activities involved in preparing for and securing competitive integrated employment. This may include services to identify the individual's interests, strengths, life experience, preferred employment settings, etc.
 - Job development is intended to be a short-term service to identify appropriate employment and allows for **up to 120 hours within a 12-month period**
 - A regional center Executive Director may provide exceptions in extenuating circumstances if a need is identified by the planning team
 - If there is a need to exceed the recommended hours, the planning team should re-evaluate the services and goals related to the individual's employment
 - **Job Coaching** is individualized staff time for the training and support to an individual once employment is secured, with maintaining employment and advancing in competitive integrated employment

SUPPORTED EMPLOYMENT - INDIVIDUAL (952)

- Provider Requirements
 - Supported Employment vendors shall meet the definitions, requirements and standards in Title 17 of the CCR subchapter 21 for [Habilitation Services Program](#), as well as the new components
 - **Job Development Staff Qualifications**
 - Staff providing services must be certified in Association of Community Rehabilitation Educators (ACRE) Customized Employment or Basic Employment, Certified Employment Support Professional (CESP) certification, or other similar certifications contingent on Department approval
 - New staff must be certified within 12 months of hire
 - Job Development required certification for existing staff must be completed by June 30, 2026
 - A vendor currently providing employment services under a different service code does not need to be a non-profit organization to transition to Supported Employment

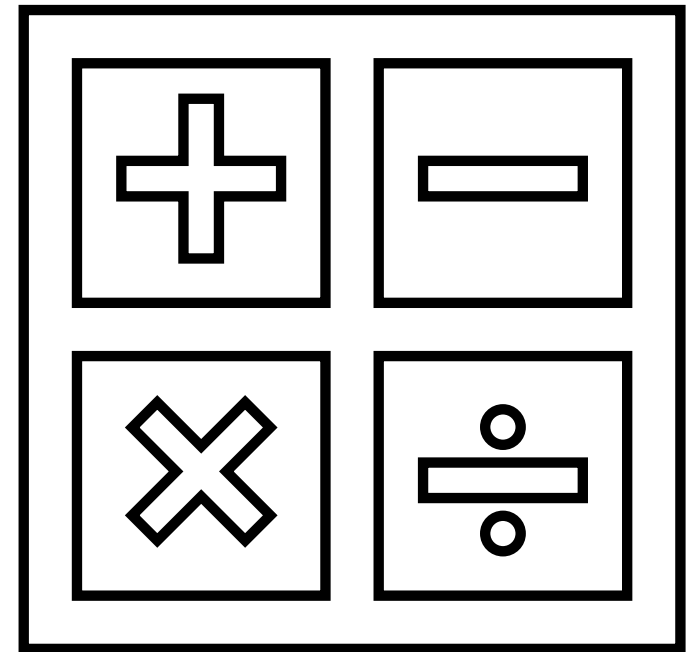
SUPPORTED EMPLOYMENT - INDIVIDUAL (952)

- **Billing unit:** Hour
 - Requires identification of either Job Coaching and/ or Job Development services under the Supported Employment individual service code
 - Providers may proceed with and bill for Job Development services while staff certification is underway
- **Rate variations:**
 - Service specification, Job Coaching and/ or Job Development

WORK ACTIVITY PROGRAM (954)

- **Definition Overview:** Work Activity Program vendors shall continue to meet the definitions, requirements and standards in Title 17 of the CCR subchapter 21 for [Habilitation Services Program](#)
- Provider requirements
 - Any/all employment shall compensate each individual at, at least minimum wage for all time worked
- **Billing unit:** Hour
- **Rate variations:**
 - Staffing ratio based on authorized group size, ranging from 1:4 – 1:35

WALK THROUGH OF NEW WORKBOOKS



PHASE 3 FULL IMPLEMENTATION WORKBOOKS

- The Phase 3 workbooks builds on the previous rate adjustment workbooks
 - Relies on data (regarding current rates, supports being delivered, etc.) reported in the Phase 2 workbooks as of November 2024
- Sections of the Phase 3 workbooks
 - Vendor and rate details (e.g., vendor name and ID, vendoring and user Regional Center, billing unit, etc.)
 - Crosswalk to service code and subcode, which is based on previously reported data and which may differ from current codes
 - When two or more different types of supports were reported for a single rate (for example, job coaching and job development), a separate record is created for each rate
 - Adjustments to baseline rates (for example, minimum wage adjustments, unbundled activities, and billing unit conversions)
 - Full implementation rate, divided between the base rate and QIP portion as applicable
 - Notation of whether a hold-harmless applies

PHASE 3 FULL IMPLEMENTATION WORKBOOKS

Information that needs to be verified and/ or entered by Regional Centers

- January 1, 2025 service (labeled 1/1/2025 Service)
 - Dropdown list with the possible service codes to which current vendorizations may transition and records the service code effective January 1, 2025
 - The designated service code is used to determine the appropriate benchmark rate
 - When more than one benchmark rate model applies to a single rate (e.g., staff with different qualifications billing under the same rate), separate records must be created for each
 - If 'Other Service' is selected, a brief description of the service must be provided
 - This information will be reviewed by DDS to determine whether there is an appropriate benchmark rate model

Information that needs to be verified and/or entered by Regional Centers

- 7/1/2024 Rate
 - Lists the rate effective July 1, 2024, based on previous rate increase calculations
- Corrected 7/1/2024
 - If the listed July 1, 2024 rate is incorrect, Regional Centers should correct it in this field
- Unbundled Amounts
 - Lists the unbundled amount associated with the base rate, if applicable
- Average Hours per Unit
 - For vendorizations currently reimbursed on something other than an hourly basis (e.g., session), this field shows the average hours per billing unit
- Staffing Ratio (not included in 952 workbooks)
 - This field is a drop-down that lists the staff to participant ratio
- Qualifies for QIP
 - This will be pre-populated based on provider directory data from DDS

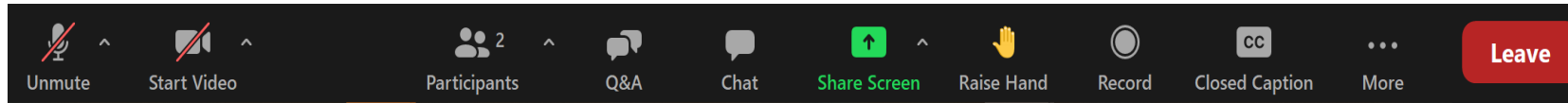
Websites and Links

- [Rate Reform Website](#)
- [Rate Reform Directives](#)
- [Training Schedule & Recordings](#)
- [FAQs](#)
- [Provider Directory](#)
- [QIP](#)

Dedicated email: ratesquestions@dds.ca.gov

QUESTIONS AND COMMENTS

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