

RATE REFORM: TRANSPORTATION

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

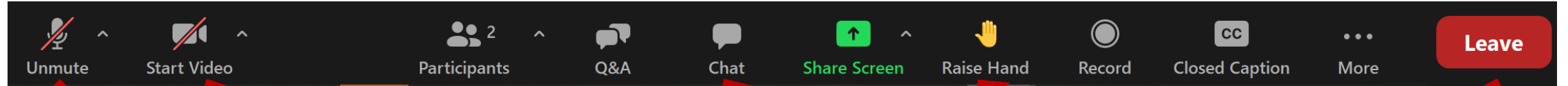


Materials are available at: [Rate Study Implementation - CA Department of Developmental Services](#)



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

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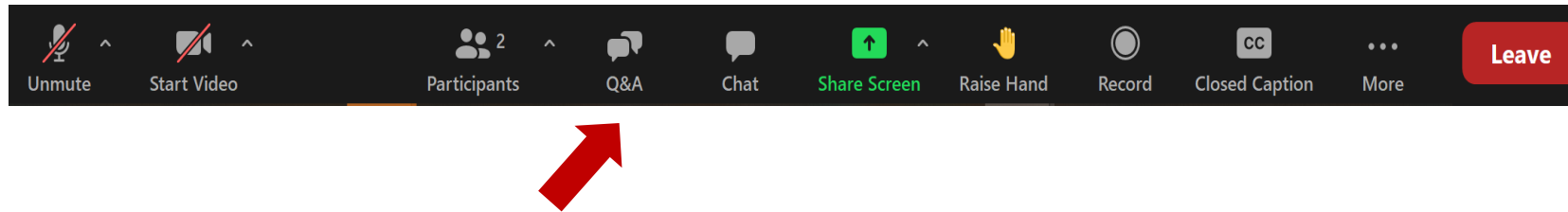
- For attendees, your video and microphone will not be available
- You will only see/hear DDS staff and presenters on screen



- 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



Questions and question themes 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 Transportation Services Directive

BACKGROUND ON THE RATE STUDY

WHAT RATE REFORM MEANS FOR YOU

Individuals

Individuals 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
- 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 Phase 3 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 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)
 - **Benchmark rates divided between a base rate (90 percent) and the QIP amount (10 percent)**
 - 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 these elements will occur by March 31, 2025, based on DDS determined timelines

- Standardization of service codes and subcodes
- Standardization of billing units
 - Unit varies by service code
 - Transportation Company (875) – per vehicle mile
 - Transportation Additional Company (880) – per trip
 - Transportation Assistant (882) – per hour
 - Transportation Broker (883) – per trip
 - Vendors with different rate types (e.g., daily) will be transitioned to the applicable billing unit

OVERVIEW – CHANGES TO RATE-SETTING PROCESSES

Rate reform makes significant changes to how vendor rates are established for services in 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
 - **Posted rates effective January 2025** that include updates for minimum wage and most recent IRS mileage.
 - **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 ambulatory and non-ambulatory rates)
 - Differing billing unit: rates based on a billing unit that differs from the benchmark rate model (such as a daily rate being transitioned to a per-mile rate)
- **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 on a combination of services)
 - Adjusting rates for different billing units based on previously reported data for services (for example, number of miles per day)

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

TRANSPORTATION SERVICES

TRANSPORTATION COMPANY (875) RATE MODEL CHANGE IN PHASE 3

- Rate study recommended that Transportation Company services be paid based on a one-way trip at the individual level
 - 41 percent of current Transportation Company spending is based on some type of trip or daily rate
 - Phases 1 and 2 rate increase determinations were based on these per-trip benchmark rates, although vendors continued to bill based on their current billing units
- Based on vendor feedback, DDS revised the rate model so that vendors will bill on a contract basis based on the number of vehicle miles
 - Transportation Companies will need to begin billing based on vehicle miles by December 2025
 - To determine whether a vendor will be held-harmless, a current effective per-mile rate will need to be calculated, which requires data regarding the number of miles driven
 - Since services were not going to be paid on a per-mile basis, the Phase 1 and 2 workbooks did not collect mileage rate
 - In the Phase 3 workbook, there will be a field to report vehicle miles for a representative three consecutive month period

TRANSPORTATION COMPANY (875)

- **Definition Overview:** A transportation company transports to individuals to and from their day services or other destinations to meet individual needs as identified in the IPP
- There are no changes to provider requirements
- **Rate variations:**
 - Vehicle capacity
 - Small (10 or fewer passengers)
 - Medium (11 to 18 passengers)
 - Large (19 or more passengers)
 - * The capacity should be determined by the number of passengers the vehicle was originally created to transport (prior to any modifications) and should adhere to applicable vehicle code definitions
 - Ambulatory and non-ambulatory
 - Vehicles equipped to provide transportation to people using wheelchairs will be designated to the non-ambulatory rate and all riders will be billed at the non-ambulatory rate, regardless of whether they use the accommodation for wheelchairs

TRANSPORTATION COMPANY (875)

- **Billing unit:** Total vehicle mileage
 - Mileage calculations begin when the vehicle leaves the provider grounds and end when the vehicle returns
 - Any miles not directly related to transporting individuals (i.e. driver lunch, etc.) shall be deducted from the trip mileage
 - Providers must document odometer readings at the start and end of each trip
 - The mileage rate is inclusive of transportation-related costs, including staff time and vehicle-related acquisition and operating costs (e.g., fuel, maintenance, etc.)
 - Since the rate incorporates all costs, these expenses will no longer be authorized separately
- Transportation services are not billed individually, therefore, authorizations by provider will need to be moved to the new unit type all at once
 - Regional centers and providers will need to coordinate to establish vehicle types and transition no later than December 2025

TRANSPORTATION – ADDITIONAL COMPONENT (880)

- **Definition Overview:** A vendor of a primary service may provide Transportation Services – Additional Component if the services are provided by the employees of the primary service agency.
- There are no changes to provider requirements. Providers shall meet the requirements including proof of adequate insurance as specified in Title 17 of the CCR section 54342(a)(80).
- **Billing unit:** Per one-way trip, per individual
- **Rate variations:**
 - Ambulatory and non-ambulatory

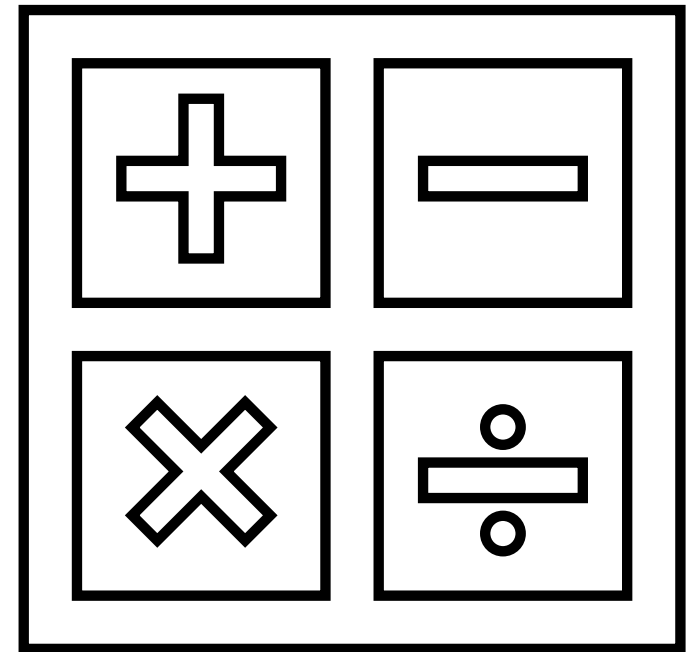
TRANSPORTATION ASSISTANT (882)

- **Definition Overview:** Transportation Assistant services assist and monitor individuals while being transported. Transportation Assistance are vendored separately from the transportation service vendor
 - The transportation assistant must meet the qualifications for transportation aides specified in Title 17 of the CCR sections 58520(b) and 54342(a)(81)
- There are no changes to provider requirements
- **Billing unit:** Hour
 - Based on the time the transportation assistant is in the vehicle
- **Rate variations:**
 - Services may be authorized for an individual, or by contract when serving multiple individuals on a route

TRANSPORTATION BROKER (883)

- **Definition Overview:** A transportation broker provides support to develop routing and time schedules for the transport of individuals to specified destinations
 - In addition to performing these duties, a transportation broker may also conduct monitoring and quality assurance activities, perform safety reviews, and assist the Regional Center in implementing contracted transportation services
 - The broker does not provide transportation services
- There are no changes to provider requirements
- **Billing unit:** Per participant trip
 - Brokers and transportation service providers shall coordinate the collection of individual and trip records
- **Rate variations:**
 - Ambulatory and non-ambulatory

WALK THROUGH OF NEW WORKBOOKS



PHASE 3 FULL IMPLEMENTATION WORKBOOKS

- The Phase 3 workbooks build on the previous rate adjustment workbooks
 - Relies on data (regarding current rates, supports being delivered, etc.) reported in the Phase 2b workbooks as of November 2024
- Sections of the Phase 3 workbooks
 - Vendor and rate details (e.g., vendor name and ID, vendoring and using 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 service were reported for a single rate (for example, ambulatory and non-ambulatory trips), 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., different vehicle types), 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
- 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

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

- Average Hours per Unit (only applies to Transportation Assistant)
 - For vendorizations currently reimbursed on something other than an hourly basis (e.g., daily), this field shows the average hours per billing unit
- Average Units per Trip (only applies to Additional Component)
 - For vendorizations currently reimbursed on hourly or mileage basis, this field shows the average number of hours/miles per trip per person
- Average Trips per Unit (only applies to Additional Component and Broker)
 - For vendorizations currently reimbursed on trip, daily, weekly or monthly basis, this field shows the average number of trips per billing unit per person
- 3-Month POS Spending (only applies to Transportation Company)
 - Lists the three-month POS Spending amount
- Total Vehicle Miles Associated with POS Spending (only applies to Transportation Company)
 - Lists the total vehicle miles associated with the three-month POS spending, which is used to calculate effective vehicle mile rate
- 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](#)

Providers should contact their regional center for technical assistance and questions

Dedicated email: ratesquestions@dds.ca.gov

QUESTIONS AND COMMENTS