



January 2, 2025

D-2024-Rate Reform-016

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: RATE REFORM GUIDANCE: TRANSITIONAL RATES

As part of continued rate reform efforts, and pursuant to the rate implementation timeline in Welfare and Institutions Code (WIC) [Section 4519.10](#), this letter provides direction to regional centers on the use of transitional rates during the transition into new rate models and service code descriptions, as described below. Transitional rates will be used for providers that will be moving to services that require updated authorizations.

The [final phase](#) of rate reform begins January 1, 2025 and service providers will receive the increased benchmark rate for the service code(s) that they have been aligned with in the rate adjustment workbooks. This transitional rate includes:

- A. the base rate being used in the rate adjustment workbooks for the service code(s) they have been using prior to January 1, 2025, updated to 90 percent of the full rate model rate for that service(s);
- B. if earned, the Quality Incentive Payment (QIP) portion of the rate, up to 10 percent of the full rate model rate; and
- C. any separate unbundled payments that were reported previously within the rate adjustment workbooks (such as mileage).

Regional centers and service providers have through March 31, 2025 to finalize the correct alignment of service codes, the rate and completion of the Service Acknowledgement Form. Once the Service Acknowledgement Form has been completed, regional centers will begin to change authorizations, as needed, from the transitional rate to the updated aligned service code(s), subcode(s) and rate model rate. Through December 31, 2025, service providers will continue to use the transitional rate for each individual currently receiving services until their individual authorization begins utilizing the new rate model service code(s), subcode(s) and rates. The new rate model rates will be used for individuals starting services with the service provider on or after January 1, 2025. These new rates fully account for the cost of providing the service, eliminating the need for unbundled payments. If this new rate is above the 90 percent base rate, service providers will be held harmless through June 30, 2026.

IPP authorizations and updates should follow the direction provided in the [directives](#) for each service. These IPP updates must occur no later than December 31, 2025.

For service providers experiencing extensive travel, the Department is developing rate model enhancements to account for such extensive travel expenses. These supplemental rates will be established by the Department on or before March 31, 2025.

We appreciate you sharing this correspondence with regional center employees and service provider networks. If service 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

cc: Regional Center Administrators
Regional Center Directors of Consumer Services
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