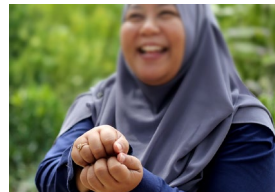


# RATE REFORM: RESIDENTIAL

December 20, 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

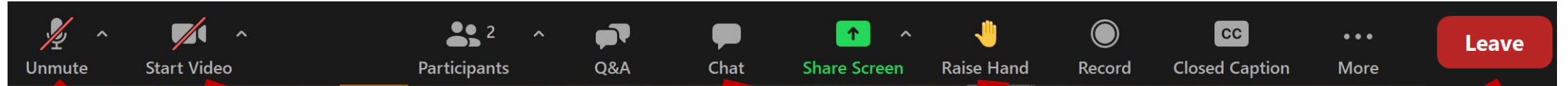


Materials are available at: [Rate Study Implementation - CA Department of Developmental Services](#)



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

Live Q&A is disabled

Leave the webinar at the end of the meeting



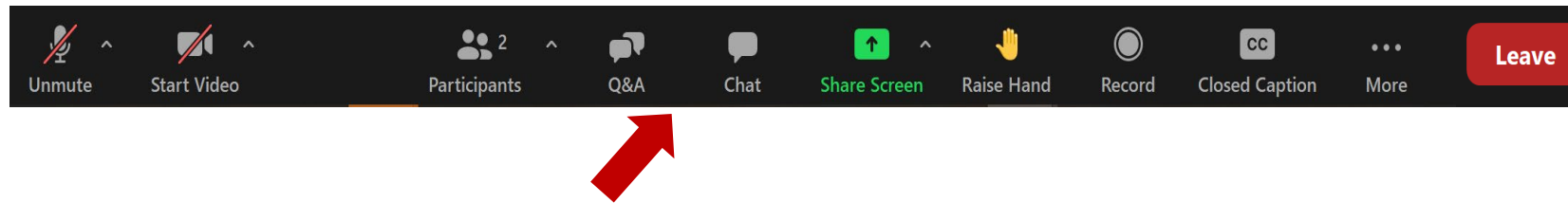
- For attendees, your video and microphone will not be available
- You will only see/hear DDS staff and presenters on screen



- 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.



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 Residential 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
  - 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 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
- Standardization of billing units



# 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
- Regional Centers need to update service plans and authorizations to ensure vendors can bill based on the applicable benchmark rates by March 31, 2025



# 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 A 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



# RESIDENTIAL

---

# SPECIALIZED RESIDENTIAL FACILITY – HABILITATION (113)

- **Definition Overview:** Services provided for Adult Residential Facilities for Persons with Special Health Care Needs (ARFPSHN) will remain under service code 113
  - Group Home for Children with Special Healthcare Needs (GHCSHN) will use this rate model and will have a new service code (163) with additional guidance to follow at a later date. Effective January 1, 2025, this service code will only be used for ARFPSHN services
- **Effective January 1, 2025, Specialized Residential Facilities (SRF) now under service code 113 will transition to service codes 905, 910, 915, or 920**
  - These service codes should best align with their operation type, owner or staff operated, and the individuals served, adult or children
  - Please see the DDS website for the link to the Directive
  - The only residential service type to remain using service code 113 will be ARFPSHN

There are no new ARFPSHN/ GHCSHN provider requirements



# SPECIALIZED RESIDENTIAL FACILITY – HABILITATION (113)

- **Billing unit:** Customizable rates
- **Rate variations:**
  - The customizable rates will be calculated based on staffing hours, staff qualifications, consultant hours, and identified fixed costs such as whether the home is owned by a Department approved Housing Developer Organization (HDO)
  - The monthly rate will continue to be calculated based on the vendored capacity
  - The ARFPSHN rate model will calculate a base rate
    - The regional center can continue to layer in additional services with separate authorizations as necessary to meet individual needs

# RESIDENTIAL FACILITY SERVICE ADULTS – OWNER OPERATED (905)

## RESIDENTIAL FACILITY SERVICE CHILDREN – OWNER OPERATED (910)

- **Definition Overview:** Providers continue to be responsible for the requirements stated in Welfare and Institutions Code or Title 17 of the California Code of Regulations
  - The current 11 levels will streamline into 5 levels with an additional, customizable level 7

Current Levels	New Levels
Level 2	Level 2
Level 3 – 4B	Level 3
Level 4C –4E	Level 4
Level 4F – 4H	Level 5
Level 4I	Level 6
	Customizable Level 7



# RESIDENTIAL FACILITY SERVICE ADULTS – OWNER (905)/ STAFF (915) OPERATED RESIDENTIAL FACILITY SERVICE CHILDREN – OWNER (910)/ STAFF (920) OPERATED

- There are no new provider requirements
- **Billing unit:** Monthly
- **Rate variations:**
  - Home Levels 2 – 6, with customizable Level 7
    - Level 3
      - Rates will continue to be based on owner or staff operated
    - Level 4 – 6
      - Rates for new homes with service levels 4-6 will use staff operated rates regardless of their operation type, staff or owner operated.

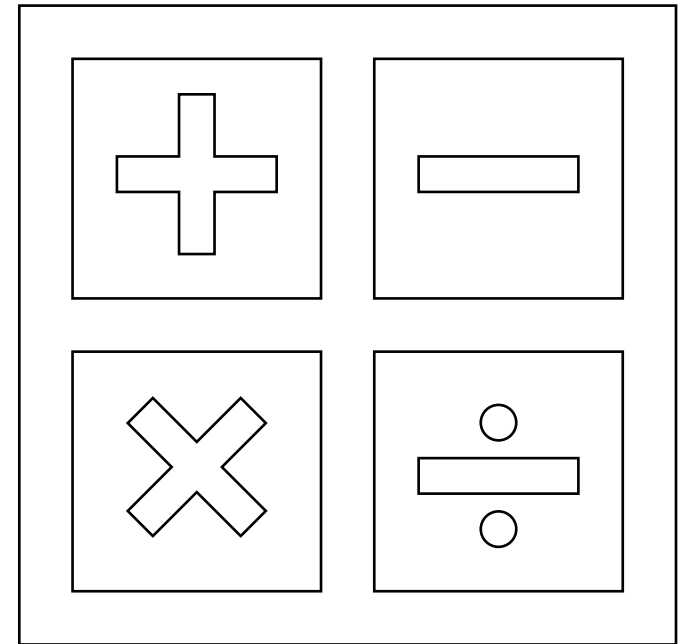


# RESIDENTIAL FACILITY SERVICE ADULTS – OWNER (905)/ STAFF (915) OPERATED RESIDENTIAL FACILITY SERVICE CHILDREN – OWNER (910)/ STAFF (920) OPERATED

- **Rate variations:**

- Level 3
  - Rates will continue to be based on owner or staff operated
- Level 4 – 6
  - Rates for new homes with service levels 4-6 will use staff operated rates regardless of their operation type, staff or owner operated
- Level 7
  - The regional center will determine if a facility qualifies as a service Level 7 for those homes providing services beyond the Level 6 standards
  - Level 7 customizable rates will be based upon staffing hours, staff qualifications, consultant hours, and identified fixed costs such as whether or not the home is owned by a Department approved Housing Developer Organization (HDO)
  - The Level 7 rate model will calculate a base facility rate
  - The regional center will continue to layer in additional services with separate authorizations as necessary to meet individual needs.

## WALK THROUGH OF NEW WORKBOOKS





# PHASE 3 FULL IMPLEMENTATION WORKBOOKS

- The Phase 3 workbooks build on the previous rate adjustment workbooks
  - Phase 3 workbooks are for service code 113 only
  - Relies on data (regarding current rates, supports being delivered, etc.) reported in the Phase 2 workbooks as of December 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, a separate record is created for each rate, e.g., 055 and 063
  - Home-specific details (such as occupancy and staffing details)
  - Adjustments to baseline rates (for example, minimum wage adjustments, unbundled activities)
  - 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
- Dropdown list to report the appropriate service code effective January 1, 2025
  - The reported service code is used to determine the appropriate benchmark rate
  - Most residential vendors will remain in their current service code (changes primarily relate to SRFs and GHCSHNs transitioning out of 113)
  - 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 (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)
- Qualifies for QIP (pre-populated based on provider directory data from DDS)

## **Information that needs to be verified and/or entered by Regional Centers (113 SRFs)**

- Level 7 CCF - DDS Approved HDO
- Level 7 CCF - Vendored Capacity
- Weekly Total Direct Care Staff Hours (used to determine CCF level)
- Level 7 CCF - Staffing Hours Exceed Level 6 (The field will auto-populate to identify Level 7 homes)
- Level 7 CCF - Consultant Hours Exceed Level 6 (The field will auto-populate to identify Level 7 homes)
- Level 7 CCF - Staff include RBT, CNA, LVN, or LPT (Yes/No dropdown used to identify Level 7 homes)
- Level 7 CCF - Weekly Staff Hours (with separate fields for different staff types, used to establish the customized rate for Level 7 homes)
- Level 7 CCF - Annual Consultant Hours per Individual
- Level 7 CCF - Number of Homes Administered (one or two homes per administrator)
- Level 7 CCF - Monthly Lease Cost (only applies to HDOs)
- Level 7 CCF - Monthly Property Tax Cost (only applies to HDOs)

## **Information that needs to be verified and/or entered by Regional Centers (ARFPSHNs and GHCSHNs) Specific)**

- 113/163 - HDO Facility
- 113/163 - Vendored Capacity
- 113/163 - Administrator Qualification (to indicate whether the administrator is a registered nurse)
- 113/163 - Weekly Staff Hours (with separate fields for different staff types, used to establish the customized rate for Level 7 homes)
- 113/163 - Annual Consultant Hours per Individual
- 113/163 - Monthly Lease Cost
- 113/163 - Monthly Property Tax Cost

## Websites and Links

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

If providers, individuals and/or their families have questions they should contact their regional center.

Questions from regional centers should be directed to [ratesquestions@dds.ca.gov](mailto:ratesquestions@dds.ca.gov)



# QUESTIONS AND COMMENTS