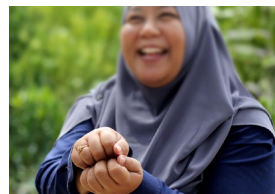


# RATE REFORM: RESPITE SERVICES, EMPLOYER OF RECORD AND PARTICIPANT DIRECTED SERVICES

December, 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

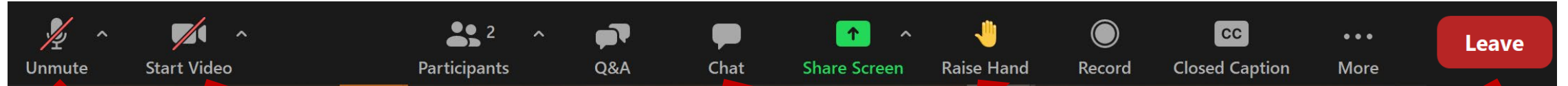


Materials are available at: [Rate Study Implementation - CA Department of Developmental Services](#)



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



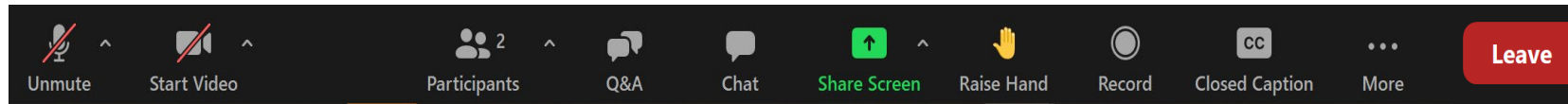
- For attendees, your video and microphone will not be available
- You will only see/hear DDS staff and presenters on screen



- 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; if you prefer, you may send your questions/comments to [ratesquestions@dds.ca.gov](mailto: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 Respite Services, Employer of Record and Participant Directed Services Directive



## BACKGROUND ON THE RATE STUDY

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# 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

## 1. Full implementation of recommended payment rates

- 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)

## 2. 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 to meet QIP measure requirements for January 1, 2025, implementation
- The **QIP does not apply to Participant Directed Services** which will continue to receive 100% of their rate



# 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**

3. Standardization of service codes and subcodes

4. Standardization of billing units



# 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
  - **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)
    - **The QIP does not apply to Participant Directed Services**
- 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
- **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 service type)



# 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 Service Acknowledgement 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





## RESPITE SERVICES, EMPLOYER OF RECORD AND PARTICIPANT DIRECTED SERVICES

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# TYPES OF SUPPORT

**Overview:** An individual or family seeking services can choose the way services are delivered, such as Agency, Employer of Record Respite, or Participant Directed

- 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 which the individual or their family member refers 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.
- *Participant Directed Services (PDS)* allows individuals receiving 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.

# RESPITE SERVICES (465, 862, 864)

**Definition Overview:** 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
- **Billing unit:** Hour
- **Rate variations:**
  - Staffing ratio, ranging from 1:1- 1:3
  - Type of provider
    - Agency
    - Employer of Record
    - Participant Directed (described in the next section)
      - For PDS, regular hourly and overtime

# PARTICIPANT DIRECTED SERVICES (456, 457, 458, 465, 475)

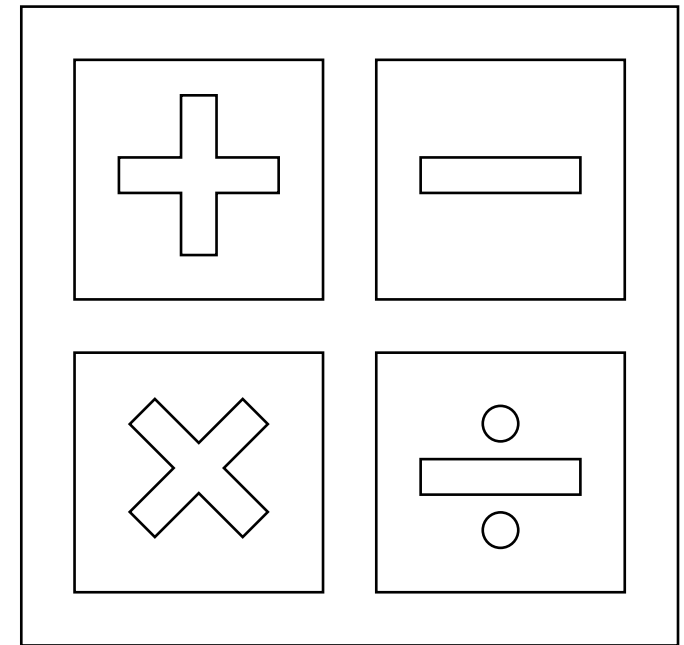
## New Components

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.

## 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 December 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 supports were reported for a single rate (for example, a supported living provider and a behavior analyst), 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
  - 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., monthly), this field shows the average hours per billing unit
- Staffing Ratio
  - This field is a drop down list that lists the staff to participant ratio
- Qualifies for QIP
  - This will be pre-populated to “Yes”.



## 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