

RATE REFORM UPDATE: TRANSPORTATION COMPANY

August 2025



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

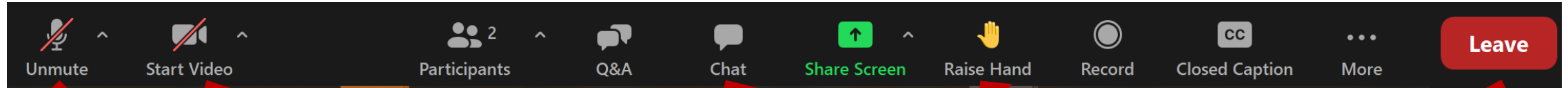


Materials are available at: [Rate Study Implementation - CA Department of Developmental Services](#)



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 not available

Raise hand is not available

Leave the webinar at the end of the meeting



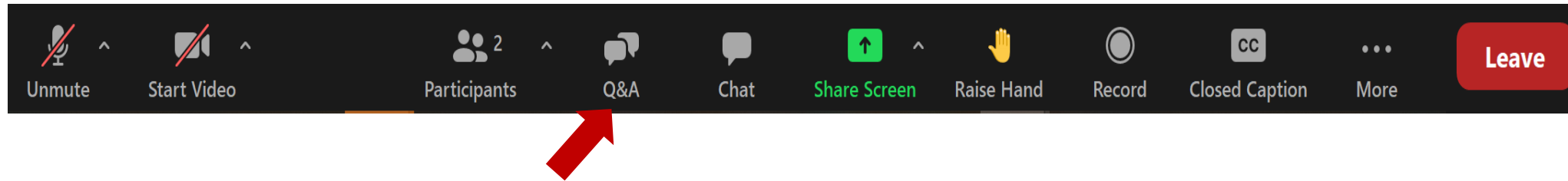
- For attendees, your video and microphone will not be available
- You will only see/hear DDS staff and presenters on screen



- 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

Attendees: Please use the “Q&A” to comment



PURPOSE OF TODAY'S PRESENTATION

- Present revised payment rates for Transportation Company (875) vendors
- Summarize process to be used for calculating retroactive payments for the period January 1, 2025, through September 30, 2025

BACKGROUND ON THE RATE STUDY

OVERVIEW – RATE STUDY HISTORY AND IMPLEMENTATION

- In 2017 and 2018, the Department of Developmental Services and its contractor conducted a comprehensive rate study for most services delivered through the Regional Centers
- Legislature directed DDS to implement rate study recommendations in phases
- Phases 1 and 2 included partial implementation of recommended rate increases
 - Did not require changes to service standards, billing units, or service codes/subcodes
- Third and final phase of rate reform implementation began January 1, 2025
 - Fully implemented the recommended rates
 - Included implementation of select recommendations to standardize service requirements, payment structures, and billing policies

TRANSPORTATION COMPANY RATES

TRANSPORTATION COMPANY (875) RATE MODEL

- Rate study originally recommended that Transportation Company services be paid based on a one-way trip rate billed for each individual transported
- Based on vendor feedback, DDS revised the payment framework so that vendors will bill using a rate per vehicle mile (with different rates based on vehicle type)
 - Development of initial vehicle mile rates largely relied on cost assumptions that were part of the original trip rates (that is, the cost assumptions did not change, but the billing unit did)
- Rate will be paid on a contract basis per vehicle mile regardless of the number of individuals transported
 - For shared routes (riders in the same vehicle from multiple Regional Centers), miles will be divided across each Regional Center using a DDS-provided tool, based on the number of rides taken by each person within each month
 - Total payments will be divided between the number of riders for each trip

TRANSPORTATION COMPANY (875) RATE MODEL (cont.)

- Using the initial vehicle mile rates, effective Phase 3 rates for each vendor were calculated using three consecutive months of reported mileage and purchase of service (POS) data
 - An overall effective rate was calculated for each vendor to cover all of that vendor's vehicles
- Since Phase 3 rate adjustments were not made for Transportation Company vendors as the rate models were revised, the initial vehicle mile rates will be used to calculate a retroactive adjustment for January through September 2025 and to determine if a hold-harmless will apply
 - A vendor with multiple vehicle types may have some rates that are held harmless and others that are not
 - Example for a vendor operating small and medium vehicles in Alta with an effective rate of \$2.50 per vehicle mile

Vehicle Type	Effective Mileage Rate (Dec. 31, 2024)	Benchmark Rates (January 1, 2025)	Vendor Rates (Jan. 1, 2025)	Subject to Hold-Harmless
Small, Standard	\$2.50	\$2.18	\$2.50	Yes
Small, Non-Ambulatory	\$2.50	\$2.28	\$2.50	Yes
Medium, Standard	\$2.50	\$3.18	\$3.18	No
Medium, Non-Ambulatory	\$2.50	\$3.31	\$3.31	No

TRANSPORTATION COMPANY (875) RATE MODEL (cont.)

- In response to requests from vendors, a supplemental survey for Transportation Company vendors was conducted in 2025 to review certain assumptions in the initial vehicle mile rates
 - **Collected data in two key areas**
 - Driver qualifications
 - Vehicle operating costs
 - **Changes to rate model assumptions based on survey results**
 - Increased assumed wages for drivers of small vehicle
 - Increased vehicle-related expenses, particularly related to operating costs (fuel, insurance and registration, maintenance)
 - Reduced number of assumed miles per vehicle per week

TRANSPORTATION COMPANY (875) RATE MODEL (cont.)

- Comparison of assumed vehicle-related expenses per mile and total rate per vehicle mile in initial and updated rate models ('Base' rate model assumptions before application of regional center adjustments)

Vehicle Type	Assumed Vehicle-Related Cost per Mile (Acquisition and Operating)		Total Rate per Vehicle Mile	
	Initial (Jan. 1, 2025)	Updated (Oct. 1, 2025)	Initial (Jan. 1, 2025)	Updated (Oct. 1, 2025)
Small, Standard	\$0.700	\$0.91	\$2.24	\$3.53
Small, Non-Ambulatory	\$0.786	\$1.01	\$2.34	\$3.64
Medium, Standard	\$0.966	\$1.66	\$3.28	\$4.57
Medium, Non-Ambulatory	\$1.074	\$1.76	\$3.40	\$4.68
Large, Standard	\$1.254	\$2.21	\$3.75	\$5.42
Large, Non-Ambulatory	\$1.362	\$2.31	\$3.87	\$5.53

TRANSPORTATION COMPANY (875) RATE MODEL (cont.)

- The updated vehicle mile rates will be implemented on October 1, 2025
 - Quality Incentive Program applies, so base 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)
- A one-time, retroactive payment will be made to vendors for the period of January 1, 2025, through September 30, 2025, based on the difference between the vendors' effective vehicle mileage rates as of December 31, 2024, and the applicable January 1, 2025, benchmark rates (or base rates for vendors that do not meet QIP standards)
- Impact of congestion will be reviewed between October - December 2025 to determine if changes need to be made prior to the end of hold-harmless period

TRANSPORTATION SERVICES

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

- No changes to provider requirements

Rate variations:

- Vehicle capacity*
 - Small (10 or fewer passengers)
 - Medium (11 to 18 passengers)
 - Large (19 or more passengers)
- * Capacity based on the number of passengers the vehicle is equipped 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
 - Vendors are expected to operate efficient routes
 - 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
- Per mile rate is billed once as a whole, not per person transported
- Payments will be allocated based on person-trips
- 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 COMPANY (875) SHARED ROUTES

Shared route example

Rider	Regional Center	Monthly Rides	Percent of Rides	RC Percent
Jose	SCLARC	40 rides	38%	62%
Suzie		25 rides	24%	
Olivia	WRC	40 rides	38%	38%
Total Rides		105 rides	100%	100%

- Allocation of miles (based on an assumed 700 total vehicle miles)

Regional Center	Percent of Miles	Mileage Allocation
SCLARC	62%	434
WRC	38%	266
Total Miles		700

TRANSPORTATION COMPANY (875) RETROACTIVE PAYMENTS

- A retroactive payment will be made to vendors with effective vehicle mileage rates as of December 31, 2024, that are lower than the applicable January 1, 2025, benchmark rates (or base rates for providers that do not meet Quality Incentive Program (QIP) standards)
- The retroactive payment period spans January 1, 2025, through September 30, 2025
- The retroactive payments will be calculated by Regional Centers based on data provided by vendors using a DDS provided workbook
- The hold harmless provision will remain in place for vendors with effective vehicle mileage rates as of December 31, 2024, that are higher than the applicable benchmark rates (or base rates for providers that do not meet Quality Incentive Program (QIP) standards)

BILLING PROCESS: REGIONAL CENTER

Regional Centers:

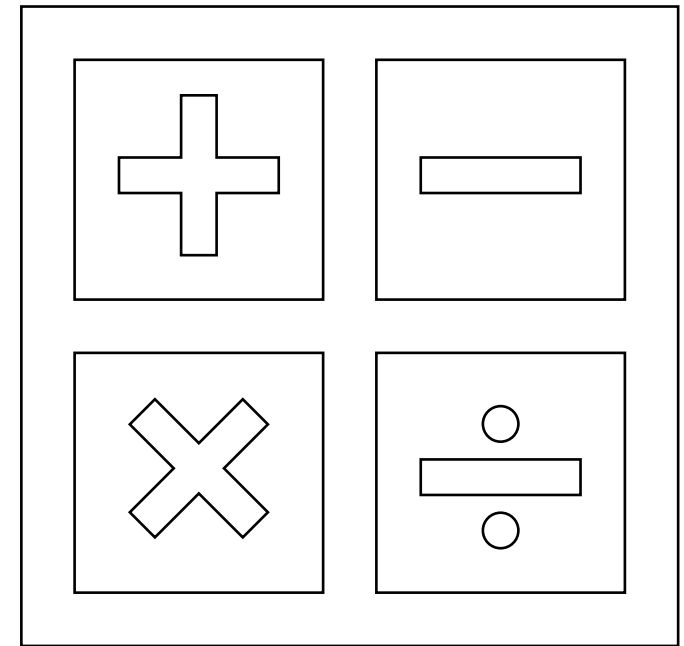
- May have up to 6 contract authorization depending on vendor's approved vehicles
- Individuals will be designated a primary vehicle type (similar to routes now) which will align to the designated subcodes outlined in [D-2024-Rate Reform-006 REV Attachment B Transportation Services Subcodes](#) with an individual client tracking authorization based on the vehicle type.
- This individual tracking authorization will reflect the client's attendance for the day in either e-billing or e-attendance.
- Contract authorizations will be billed for the number of miles used for transporting clients to/from their authorized destinations.
- IPP plans will only authorize the "transportation to and from..." This will not need to specify vehicle type or mileage.
- Regional centers will reimburse providers for the total number of miles per contract line (vehicle type).

BILLING PROCESS: PROVIDER

Providers:

- Will collaborate with the regional centers when determining the designated vehicle type.
- Will be responsible for tracking the odometer mileage (minus non-business related miles: lunch, non-client routes, etc.) for each type of the 6 vehicle types or any variation they operate.
- Will bill total number of miles for each vehicle type (not each single vehicle within a type-for example: miles on ALL Small/Standard (SS0) vehicle on this client's individual tracking authorization.
- Providers will be responsible for maintaining adequate documentation of their actual route logs detailing passengers' destinations and odometer readings for audit or review purposes.
- All routes determined by the client's needs reflecting by their planning teams and subject to approval and review by the Regional Center.

WALK THROUGH OF WORKBOOKS



RETROACTIVE PAYMENT CALCULATOR

- DDS and HMA-Burns have developed an Excel worksheet to calculate any retroactive payment due to a vendor
- User will need to input a few values for each vendor
 - Number of miles driven by vehicle type (only miles associated with delivery of 875 service should be reported) for the January-September 2025 period
 - Actual purchase of service payments for the January-September 2025 period
 - The current mileage rate as calculated in the Phase 3 workbook (which was based on reported mileage and payments over a three-month period)
- The workbook will calculate whether a retroactive payment is due based on the applicable benchmark rates and whether the vendor meets QIP standards

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

