

September 22, 2026

D-2026-Rates-001

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: FUNDING FOR ADULT RESIDENTIAL FACILITIES FOR PERSONS
WITH SPECIAL HEALTH CARE NEEDS DURING VACANCIES

Purpose

This directive establishes a process for funding Adult Residential Facilities for Persons with Special Health Care Needs (ARFPSHN) during periods of vacancy. As specified in [Welfare & Institutions Code \(WIC\) Section 4684.63](#), ARFPSHNs must maintain licensed nursing staff 24 hours per day, seven days per week, regardless of resident census. This creates financial hardship when vacancies occur, as facilities must continue to meet minimum staffing requirements while receiving reduced revenue.

Background

ARFPSHNs are licensed to serve up to five adults with developmental disabilities who require 24-hour health care and intensive support services. The statutory requirement for continuous licensed nursing coverage means that facilities face significant fixed costs that do not decrease proportionally with reductions in resident census. This directive addresses the need to maintain facility viability while complying with [Title 17 Section 54326\(a\)\(10-11\)](#), which generally prohibits payment for absences in non-residential services.

Effective November 1, 2026, regional centers shall implement the following procedures when an ARFPSHN experiences a vacancy:

Rate Reimbursement Process

Effective November 1, 2026, regional centers shall establish contract-line authorizations for ARFPSHN facilities. The contract-line authorization must align with the current contract term for the vendor and must indicate the total monthly reimbursement and the total contractual reimbursement that the ARFPSHN is authorized to bill for. The contract-line authorization will result in the regional center reimbursing a higher per-person rate, on a time-limited basis, for the residents in the facility to cover the costs of maintaining required staffing during extended times, when the facility is under the census capacity.

This methodology complies with [Title 17 Section 54326](#), as payment is made on behalf of individuals receiving services.

Duration and Limitations

Regional centers shall closely monitor the facility census and may pay the full reimbursement at a reduced census for up to 90 calendar days from the date that an extended reduced census is identified. This adjustment is available only when the facility maintains all required staffing levels as specified in [WIC Section 4684.63](#) and the regional center is actively seeking to fill the vacancy, while continuing communication with the Department.

Any home under a current sanction is excluded from receiving the full facility reimbursement during an extended reduced census. When a vendor is on a sanction, they will be reimbursed the individual client rate only for current residents.

Regional centers must evaluate and determine if there is a need to update the vendor's contract to reflect this payment arrangement.

Extended Vacancy Funding

In rare circumstances where a vacancy continues beyond 90 calendar days or facility census falls below 50 percent of licensed capacity (two or fewer residents in a five-bed facility), the regional center may, with prior approval from the Department, submit a request for funding to support the mandated staffing when placement is delayed due to events beyond the control of either the regional center or provider, including but not limited to:

- Medical or behavioral complexities that require specialized matching; or
- Required medical procedures or stabilization for identified individuals.

Requests for extended vacancy funding shall be submitted to the Department's Statewide Clinical Services Division at arfpshn.ghcshn@dds.ca.gov and must include documentation of active placement efforts, identification of barriers to admission, an anticipated timeline for filling the vacancy, and confirmation that required staffing levels continue to be maintained as per [WIC Section 4684.63](#).

Existing Contracts

Golden Gate Regional Center (GGRC), the Regional Center of the East Bay (RCEB), and San Andreas Regional Center (SARC) must transition their reimbursement process for ARFP SHN facilities to be in line with this directive. The funding mechanism and rationale must align with this directive; funds must be paid on behalf of individuals in the home to maintain staffing, rather than paying a "bed hold."

The Department will review and update contract terms specific to GGRC, RCEB, and SARC. These three regional centers must follow the reporting requirements below for all vacancy funding.

Monthly Reporting

All regional centers shall submit monthly reports to the Department for ARFP SHNs that are being fully funded while under their resident census capacity, by the last day of each month on the confidential tracker provided in the RC Portal. The report shall include:

- Facility name and address;
- Vendor number;
- Date each bed became vacant
- Reason for vacancy (e.g., death, transfer to another facility, hospitalization);
- Current census and licensed capacity;
- Original rate and adjusted vacancy rate (if applicable);
- Vacancy type
- Summary of placement efforts and referrals received during the reporting period;
- Total funding amount for the month;
- For vacancies: individual identified for placement and transition status;
- For 90-day adjustments: number of days vacant and expiration date; and
- For extended vacancies: Department approval date and conditions.

Next Steps

Regional centers must identify a point of contact who should have access to the tracker in the RC Portal, to the Statewide Clinical Services Division at arfpsbn.ghcshn@dds.ca.gov, within 30 days of receipt of this letter.

Regional centers must transition ARFPSHN facilities to a contract-line authorization by November 1, 2026. Regional centers' monthly reporting also is required to begin effective November 1, 2026, as described in the Monthly Reporting section above.

For questions regarding this directive, please email the Department's Statewide Clinical Services Division at arfpsbn.ghcshn@dds.ca.gov.

Sincerely,

Original Signed by:

Dana Simon
Deputy Director
Waiver & Rates Division

cc: Regional Center Administrators
Regional Center Directors of Consumer Services
Regional Center Community Services Directors
Association of Regional Center Agencies