

**DEPARTMENT OF DEVELOPMENTAL SERVICES**

1600 NINTH STREET, Room 320, MS 3-8  
SACRAMENTO, CA 95814  
TTY (916) 654-2054 (For the Hearing Impaired)  
(916) 654-1954



**DATE: JUNE 24, 2016**

**TO: REGIONAL CENTER EXECUTIVE DIRECTORS**

**SUBJECT: NEW PROVIDER RATES EFFECTIVE JULY 1, 2016**

The State budget for Fiscal Year 2016-17, and Assembly Bill (AB) X2-1 (Chapter 3, Statutes of 2016<sup>1</sup>) provides for a number of rate changes and/or increases for some service providers. The rate increases, effective July 1, 2016, are only applicable for providers with rates set by the Department<sup>2</sup> (including rates set in statute or regulation), or providers with rates set through negotiation between regional centers and the provider. The rate increases do not apply for providers with usual and customary rates or rates that are set by other entities.

This correspondence addresses the following rate changes:

1. Five percent (5%) rate increases for supported living, independent living, respite and transportation.
2. Survey based rate increases:
  - a. For the purpose of enhancing wages and benefits for staff who spend a minimum of 75 percent of their time providing direct services to consumers; and
  - b. For provider administrative expenses.
3. New rate for supported employment.
4. Establishment of Alternative Residential Model (ARM) rates for community care facilities vendored to serve four or fewer consumers.

**Five Percent (5%) Increase for Specified Services**

Several sections of the Welfare and Institutions Code (WIC) were amended to authorize rate increases of 5%, to the rate in effect on June 30, 2016, for specified services. The applicable categories and service codes are detailed below.

- Supported Living (WIC section 4689.8)
  - 894-Supported Living Administration
  - 896-Supported Living Services
- Independent Living (WIC section 4691.6)
  - 520-Independent Living Program

<sup>1</sup> [http://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520162AB1](http://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520162AB1)

<sup>2</sup> "Department" means the Department of Developmental Services.

**"Building Partnerships, Supporting Choices"**

- Respite (WIC section 4690.5 and 4691.6)
  - Family Member-provided Respite*
    - 420-Respite Service-Family Member
    - 465-Participant Directed Respite Service-Family Member
  - In-home Respite*
    - 862 In-home Respite Services Agency
    - 864 In-home Respite Worker
  - Out-of-home Respite*
    - 868-Out-of-home Respite Services
    - 869-Respite Facility
- Transportation (WIC section 4691.9)
  - 875-Transportation Company
  - 880-Transportation-Additional Component
  - 882-Transportation-Assistant
  - 883-Transportation Broker

### **Increases for Wages and Benefits for Direct Service Staff and Administrative Expenses**

Unlike the specific percentage rate increases described above, ABX2-1 provided a set amount of funds for rate increases, based on the rates in effect on June 30, 2016, for direct service (\$294.8M<sup>3</sup>) and administrative (\$17.3M<sup>4</sup>) expenses. As a result, the Department was required to conduct a survey of a sample of providers to determine the percentage rate increases. The survey was necessary because the percentage of provider costs for direct services and administrative costs varies by category. Therefore, to maintain the same level of increase for direct service and administrative costs for each service, the resulting overall provider rate increases vary by service category. An overview of how this calculation was done can be found at <http://www.dds.ca.gov/vendorsurvey/docs/ExampleCalculatingRateIncreases.pdf>. Note, the numbers in this example are for demonstration purposes only and are not from the actual results of the survey.

Enclosure A contains the percentage increases for each service category and the service codes within each category.

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<sup>3</sup> Includes federal reimbursement amounts in addition to the General Fund amounts appropriated in ABX2-1.

<sup>4</sup> Includes federal reimbursement amounts in addition to the General Fund amounts appropriated in ABX2-1.

Future Survey Regarding Rate Increase for Direct Services: Providers granted a rate increase to increase wages and benefits for staff who provide direct services must maintain documentation, subject to audit by the Department or regional center, that the rate increase was used solely to increase wages, salaries and benefits of staff who spend a minimum of 75 percent of their time providing direct services to consumers.

Additionally, by October 1, 2017, the Department, with regional center participation, will conduct a survey of all providers that received this rate increase to determine how the increase was used. It is important to note that any provider that does not report the information requested by October 1, 2017, will forfeit the rate increase.

### **New Supported Employment Rate**

WIC section 4860 was amended to increase the rate for supported employment to \$34.24 per hour. Additionally, as a result of the direct service and administrative cost increases, which also apply to supported employment rates, the hourly supported employment rate, effective July 1, 2016, will be \$36.57.

### **Calculating New Rates**

When applicable, a provider may receive more than one of the percentage rate increases described above. To determine the new rate effective July 1, 2016, each percentage increase is calculated from the June 30, 2016, rate and then summed together. The following is an example of how this would work for a provider eligible for a 5% increase, as well as an increase for direct services and administrative expenses. The example below assumes a service rate of \$10.00 per hour in effect on June 30, 2016, and will receive a 5% increase, a 7% increase for wage and benefits for direct service staff, and a 1% rate increase for administrative expenses.

Step 1: Calculate separately the dollar amount for each increase (multiply the rate in effect on June 30, 2016, by the percentage increase).

- |  |                               |
|--|-------------------------------|
| 1. Specified service:                          | $\$10.00 \times 5\% = \$0.50$ |
| 2. Wage and benefits for direct service staff: | $\$10.00 \times 7\% = \$0.70$ |
| 3. Administrative expenses:                    | $\$10.00 \times 1\% = \$0.10$ |

Step 2: Add the amounts to get the total increase.

$$\$0.50 + \$0.70 + \$0.10 = \$1.30 \text{ total increase}$$

Step 3: Add the total increase to the rate in effect on June 30, 2016, to get the new rate.

$\$1.30 + \$10.00 = \$11.30$  new rate. Adding the percentage increases also leads to the same result. In this example,  $5\% + 7\% + 1\% = 13\%$ . 13% of \$10.00 is \$1.30.

Regional Center Executive Directors  
June 24, 2016  
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Enclosure A contains information on all service codes eligible for the various increases and the total percentage rates will increase effective July 1, 2016. Note, these increases do not apply to providers with usual and customary rates or rates set by another entity, even if the provider's service code is listed in the enclosure. Also enclosed are the following updated rate schedules, effective July 1, 2016, reflecting all applicable rate increases:

- Enclosure B – Work Activity and Supported Employment Rates
- Enclosure C – Community-Based Day Program and Respite Agency Rate Schedule
- Enclosure D – Community Care Facility Rates

Additionally, rates for the following services/codes, updated as applicable, effective July 1, 2016 are:

- Respite – Service codes 420, 465 and 864; rate is \$15.23 per hour
- Financial Management Services FE/A – Service Code 490; new maximum rates are \$45.88, \$71.37 or \$96.86 per month depending on the number of participant-directed services used.
- Financial Management Services Co-Employer – Service Code 491; new maximum rate is \$96.86 per month
- Participant-Directed Community-Based Training Services – Service code 475; rate is \$14.99 per hour

Notification to Providers: The Department will adjust rates and send new rate letters to all community-based day, in-home respite agency, and work activity providers. Regional centers will need to make applicable rate adjustments and notify all other providers of the new rates effective July 1, 2016.

#### **4-Bed ARM Rates**

The budget for Fiscal Year 2016-17 and accompanying trailer bill language, allow the Department to establish a rate schedule for community care facilities vendored to provide services to a maximum of four individuals. This schedule, effective July 1, 2016, can be found in Enclosure D.

If you have any questions regarding this correspondence, please contact Greg Nabong at (916) 653-3749, or [greg.nabong@dds.ca.gov](mailto:greg.nabong@dds.ca.gov).

Sincerely,

*Original signed by*

JIM KNIGHT  
Assistant Deputy Director  
Community Services Division

Enclosures

cc: Regional Center Administrators  
Regional Center Chief Counselors  
Regional Center Community Services Directors  
Association of Regional Center Agencies

**ABX2 1 Service Provider Reimbursement Rate Increases Effective July 1, 2016**

Enclosure A

(Each rate increase is applied to service provider rate amount as of June 30, 2016)

<b>Service Provider Reimbursement Rate Increases</b>				
<b>Residential Services</b>	<b>Direct Services</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
905 - Residential Facility Serving Adults-Owner Operated	7.40%	0.35%	N/A	7.75%
910 - Residential Facility Serving Children - Owner Operated	7.40%	0.35%	N/A	7.75%
915 - Residential Facility Serving Adults - Staff Operated	7.40%	0.35%	N/A	7.75%
920 - Residential Facility Serving Children-Staff Operated	7.40%	0.35%	N/A	7.75%
090 - Crisis Intervention Facility/Bed	7.40%	0.35%	N/A	7.75%
096 - Geriatric Facility	7.40%	0.35%	N/A	7.75%
<i>Residential Services rate increases based on average % cost:</i>	<i>65.81%</i>	<i>18.05%</i>		
<b>Family Home Agency</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
904 - Family Home Agency	1.84%	0.28%	N/A	2.12%
<i>Family Home Agency rate increases based on average % cost:</i>	<i>16.38%</i>	<i>14.32%</i>		
<b>Specialized Rehabilitation Facilities</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
113 - DSS Licensed-Spec Residentl Facility--Habilitation	6.54%	0.41%	N/A	6.95%
114 - Specialized Residential Facility (Health)	6.54%	0.41%	N/A	6.95%
<i>Specialized Rehabilitation Facilities rate increases based on average % cost:</i>	<i>58.16%</i>	<i>20.70%</i>		
<b>Day Services</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
028 - Socialization Training Program	6.66%	0.46%	N/A	7.12%
055 - Community Integration Training Program	6.66%	0.46%	N/A	7.12%
063 - Community Activities Support Services	6.66%	0.46%	N/A	7.12%
091 - In-Home/Mobile Day Program	6.66%	0.46%	N/A	7.12%
094 - Creative Arts Program	6.66%	0.46%	N/A	7.12%
505 - Activity Center	6.66%	0.46%	N/A	7.12%
510 - Adult Development Center	6.66%	0.46%	N/A	7.12%
515 - Behavior Management Program	6.66%	0.46%	N/A	7.12%
525 - Social Recreation Program	6.66%	0.46%	N/A	7.12%
805 - Infant Development Program	6.66%	0.46%	N/A	7.12%
810 - Infant Development Specialist	6.66%	0.46%	N/A	7.12%
<i>Day Services rate increases based on average % cost:</i>	<i>59.18%</i>	<i>23.72%</i>		
<b>Supported Employment</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
950 - Supported Employment-Group	7.19%	0.37%	N/A	7.56%
952 - Supported Employment-Individual	7.19%	0.37%	N/A	7.56%
<i>Supported Employment rate increases based on average % cost:</i>	<i>63.94%</i>	<i>19.03%</i>		
<b>Work Activity Programs</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>N/A</b>	<b>Total Increase</b>
954 - Rehab Work Activity Program	4.99%	0.66%	N/A	5.66%
<i>Work Activity Programs rate increases based on average % cost:</i>	<i>44.40%</i>	<i>33.90%</i>		
<b>Behavioral Services</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
017 - Crisis Team - Evaluation & Behavior Modification	8.11%	0.38%	N/A	8.49%
048 - Client/Parent Support Behavior Intervention Trng	8.11%	0.38%	N/A	8.49%
077 - Parent-Coord Hme Base Beh Intven Prg for Autistic Children	8.11%	0.38%	N/A	8.49%
605 - Adaptive Skills Trainer	8.11%	0.38%	N/A	8.49%
612 - Behavior Analyst	8.11%	0.38%	N/A	8.49%
613 - Associate Behavior Analyst	8.11%	0.38%	N/A	8.49%
615 - Behavior Management Assistant	8.11%	0.38%	N/A	8.49%
616 - Behavior Technician - Paraprofessional	8.11%	0.38%	N/A	8.49%
620 - Behavior Management Consultant	8.11%	0.38%	N/A	8.49%
625 - Counseling Services (Family Counselor, Social Worker)	8.11%	0.38%	N/A	8.49%
670 - Developmental Specialist	8.11%	0.38%	N/A	8.49%
<i>Behavioral Services rate increases based on average % cost:</i>	<i>72.11%</i>	<i>19.31%</i>		
<b>Personal Assistance, ILS, and Supported Living</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
062 - Personal Assistance	7.85%	0.49%	N/A	8.34%
073 - Parent Coordinator Supported Living Prog	7.85%	0.49%	N/A	8.34%
093 - Parent-Coordinated Personal Assist Service	7.85%	0.49%	N/A	8.34%
520 - Independent Living Program	7.85%	0.49%	5%	13.34%
635 - Independent Living Specialist	7.85%	0.49%	N/A	8.34%
858 - Homemaker	7.85%	0.49%	N/A	8.34%
896 - Supported Living Services	7.85%	0.49%	5%	13.34%
<i>Personal Assistance, ILS, and Supported Living rate increases based on average % cost:</i>	<i>69.80%</i>	<i>25.03%</i>		

**ABX2 1 Service Provider Reimbursement Rate Increases Effective July 1, 2016**  
 (Each rate increase is applied to service provider rate amount as of June 30, 2016)

Enclosure A

<b>Service Provider Reimbursement Rate Increases</b>				
<b>Individualized Professional or Support Services</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
025 - Tutor Services – Group	8.63%	0.34%	N/A	8.97%
102 - Individual or Family Training	8.63%	0.34%	N/A	8.97%
108 - Parenting Support Services	8.63%	0.34%	N/A	8.97%
109 - Program Support Group-Residential	8.63%	0.34%	N/A	8.97%
110 - Program Support Group-Day Service	8.63%	0.34%	N/A	8.97%
111 - Program Support Group-Other Services	8.63%	0.34%	N/A	8.97%
645 - Mobility Training Services Agency	8.63%	0.34%	N/A	8.97%
650 - Mobility Training Service Specialist	8.63%	0.34%	N/A	8.97%
680 - Tutor	8.63%	0.34%	N/A	8.97%
<i>Individualized Professional or Support Services rate increases based on average % cost:</i>	<b>76.71%</b>	<b>17.53%</b>		
<b>Health and Therapeutic Services</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
103 - Specialized Health, Treatment & Training Svcs	8.36%	0.31%	N/A	8.67%
106 - Specialized Recreational Therapy	8.36%	0.31%	N/A	8.67%
056 - Interdisciplinary Assessment Services	8.36%	0.31%	N/A	8.67%
115 - Specialized Therapeutic Svcs – Consumers 3 to 20	8.36%	0.31%	N/A	8.67%
116 - Early Start Specialized Therapeutic Services	8.36%	0.31%	N/A	8.67%
117 - Specialized Therapeutic Svcs – Consumers 21 and Older	8.36%	0.31%	N/A	8.67%
<i>Health and Therapeutic Services rate increase is based on average % cost:</i>	<b>74.35%</b>	<b>15.87%</b>		
<b>Respite</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
862 - In-Home Respite Services Agency	8.82%	0.37%	5%	14.19%
868 - Out-of-Home Respite	8.82%	0.37%	5%	14.19%
869 - Respite Facility	8.82%	0.37%	5%	14.19%
850 - Camping Services	8.82%	0.37%	N/A	9.19%
<i>Respite rate increase is based on average % cost:</i>	<b>78.38%</b>	<b>18.95%</b>		
<b>Transportation</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
875 - Transportation Company	5.31%	0.42%	5%	10.72%
880 - Transportation-Additional Component	5.31%	0.42%	5%	10.72%
882 - Transportation-Assistant	5.31%	0.42%	5%	10.72%
883 - Transportation Broker	5.31%	0.42%	5%	10.72%
<i>Transportation rate increase is based on average % cost:</i>	<b>47.19%</b>	<b>21.29%</b>		
<b>Day Care Individual Providers</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
405 - Day Care Voucher	11.25%	0.00%	N/A	11.25%
455 - Day Care	11.25%	0.00%	N/A	11.25%
<i>Day Care Individual Providers rate increase is based on average % cost:</i>	<b>100.00%</b>	<b>0.00%</b>		
<b>Day Care Agency Providers</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
851 - Child Day Care	6.19%	0.64%	N/A	6.84%
855 - Adult Day Care	6.19%	0.64%	N/A	6.84%
<i>Day Care Agency Providers rate increase is based on average % cost:</i>	<b>55.08%</b>	<b>32.89%</b>		
<b>100% Administrative Costs</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
490 - Financial Management Services - F/EA	0.00%	1.96%	N/A	1.96%
491 - Financial Management Services - Co-Employer	0.00%	1.96%	N/A	1.96%
894 - SLS – Vendor Administration	0.00%	1.96%	5%	6.96%
<i>100% Administrative Costs rate increase is based on average % cost:</i>	<b>0.00%</b>	<b>100.00%</b>		
<b>100% Direct Services Costs</b>	<b>Direct Service</b>	<b>Administrative</b>	<b>5% Rate Increase</b>	<b>Total Increase</b>
475 - Participant-Directed Community-Based Training Service for Adults	11.25%	0.00%	N/A	11.25%
420- Voucher Respite	11.25%	0.00%	5%	16.25%
465 - Participant-Directed Respite Services	11.25%	0.00%	5%	16.25%
864 - In-Home Respite Worker	11.25%	0.00%	5%	16.25%
<i>100% Direct Services Costs rate increase is based on average % cost:</i>	<b>100.00%</b>	<b>0.00%</b>		

**Work Activity Program (WAP)**  
**Service Code 954**  
**Upper Limits for WAP**  
**Effective 7/1/2016**

Small vendors:	0 to 30 consumers	\$62.19 per consumer per day
Medium vendors:	31 to 100 consumers	\$44.69 per consumer per day
Large vendors:	101 or more consumers	\$33.28 per consumer per day
Statewide average:	Temporary Rate	\$37.29 per consumer per day

**Supported Employment Programs (SEP)**  
**Service Codes 950 & 952**  
**Effective 7/1/2016**

Pursuant to Welfare and Institutions Code 4691.10 and 4691.11 the hourly rate effective July 1, 2016 shall be \$36.57 .



**COMMUNITY-BASED DAY PROGRAMS AND IH-HOME RESPITE AGENCIES**

**ALLOWABLE RANGE OF RATES  
and  
TEMPORARY PAYMENT RATES**

FISCAL YEAR 2016-17  
Effective July 1, 2016

<b>Service Category</b>	<b>Staff Ratio</b>	<b>Lower Limit</b>	<b>Upper Limit</b>	<b>Temporary Payment Rate</b>
<b>Daily Rates</b>				
<b>Activity Center (505)</b>	1:08	\$28.74	\$50.25	\$38.98
	1:07	\$30.55	\$49.49	\$39.14
	1:06	\$35.01	\$60.80	\$48.30
<b>Adult Dev. Center (510)</b>	1:04	\$38.71	\$71.71	\$57.69
	1:03	\$48.66	\$74.15	\$63.06
<b>Behavior Management (515)</b>	1:03	\$53.53	\$89.43	\$77.58
<b>Hourly Rates</b>				
<b>Independent Living (520)</b>	1:03	\$12.06	\$18.75	\$16.22
	1:02	\$19.78	\$25.71	\$23.42
	1:01	\$25.41	\$48.74	\$35.84
<b>Social Recreation (525)</b>	1:10	\$14.05	\$26.50	\$17.52
<b>Infant Development (805)</b>	1:03	\$30.70	\$51.78	\$41.48
	1:02	\$45.61	\$78.89	\$63.38
	1:01	\$64.35	\$115.74	\$83.86
<b>In-Home Respite (862)</b>	1:01	\$20.63	\$28.51	\$24.70

DEPARTMENT OF DEVELOPMENTAL SERVICES  
COMMUNITY CARE FACILITY RATES  
**FIVE BEDS OR MORE PER FACILITY**  
**EFFECTIVE JULY 1, 2016**

Service Level	Monthly Payment Rate Per Consumer Effective 1/01/2016 <sup>[1]</sup>	Monthly Payment Rate Per Consumer Effective 7/01/2016 <sup>[2]</sup>
1	\$1,014	\$1,014
2-Owner	\$2,187	\$2,357
2-Staff	\$2,428	\$2,617
3-Owner	\$2,548	\$2,746
3-Staff	\$2,861	\$3,083
4A	\$3,317	\$3,575
4B	\$3,543	\$3,818
4C	\$3,767	\$4,059
4D	\$4,041	\$4,354
4E	\$4,332	\$4,668
4F	\$4,631	\$4,990
4G	\$4,978	\$5,364
4H	\$5,351	\$5,766
4I	\$5,878	\$6,334

The Personal and Incidental (P&I) expenses effective with the January 1, 2015, SSI/SSP payment standard increased from \$130.00 to \$131.00.

[\[1\] Includes the SSI/SSP pass through effective January 1, 2015.](#)

[\[2\] Includes the SSI/SSP pass through effective January 1, 2015.](#)

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
COMMUNITY CARE FACILITY RATES  
FOUR BEDS OR LESS PER FACILITY  
EFFECTIVE JULY 1, 2016**

Service Level	Monthly Payment Rate Per Consumer Effective 7/01/2016 <sup>[3]</sup>
1	\$1,014
2-Owner	\$3,281
2-Staff	\$3,642
3-Owner	\$3,322
3-Staff	\$3,792
4A	\$4,423
4B	\$4,683
4C	\$4,940
4D	\$5,272
4E	\$5,603
4F	\$5,945
4G	\$6,361
4H	\$6,788
4I	\$7,395

The Personal and Incidental (P&I) expenses effective with the January 1, 2015, SSI/SSP payment standard increased from \$130.00 to \$131.00.

[\[3\] Includes the SSI/SSP pass through effective January 1, 2015.](#)