

Provider Rate Increases

Effective July 1, 2016

Frequently Asked Questions

1. What are the rate increase amounts and when will I know the new rates for my programs? Vendors are indicating that they need this information to finalize their FY budget. Information related to the increase amounts can be found on the Department's webpage: <http://www.dds.ca.gov/ratechangesJuly2016/index.cfm>

Response: For vendors, such as community-based day programs and respite agencies with Department-set rates, the Department has issued vendor-specific letters to inform them of the increase. For vendored services with negotiated rates, the regional center should have contacted the vendor to inform them of the increases and new rate amount. The above webpage link contains rate changes related to rates set in regulations: regional centers should have adjusted these rates.

2. What is the process/procedure of receiving reimbursement from the Department on ABX2-1 spending?

Response: The process of receiving reimbursement is through the adjusted rate on the monthly billing invoice issued by the purchasing regional center.

3. How will the ABX2-1 increase apply to new vendors under the median rates?

Response: The Department will be providing direction on this shortly.

4. For respite agencies, how do they apply the increase for new workers after July 1? I have a new provider, who started in April. On June 30, he only had 4 employees but he is hiring more and wants to make sure how to apply and verify that he has given the increase.

Response: There may be increases or decreases in the number of staff after July 1. To account for this, while still utilizing the funds from the rate increase, providers may, as part of their plan for utilizing the funding, plan to increase salary ranges of certain positions or types of positions. This would allow verification, before and after July 1, 2016, of how the rate increase was applied regardless of changes in employees.

5. Please define what exactly the Department means by "Direct Services". Are those positions that spend 75 percent of their time contributing to the ISP considered "Direct Care Staff"?

Response: As defined in ABX 2-1, "direct services" are services, supports, care, supervision, or assistance provided by staff directly to a consumer to address the consumer's needs, as identified in the individual program plan and individual service plan, and include staff's participation in training and other activities directly related to providing services to consumers, as well as program preparation functions as defined in [Section 54302](#) of Title 17 of the California Code of Regulations.

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6. Are those employees who are acting in a supporting role and meet with clients a few times a year but not day to day still eligible for the increase?

Response: The rate increase can be used to increase wages/benefits for any employee who spends a minimum of 75 percent of his/her time providing direct services, as described in response #5.

7. Regarding the 5 percent that several services received, is that for both staff and operations?

Response: The Statute does not direct how the 5 percent increase should be used.

8. How is the 5 percent out of home respite rate increase calculated?

Response: The out-of-home respite increases should be calculated in two steps: 1) calculate the amount of a 5 percent increase on the rate in effect on June 30, 2016; 2) add that amount to the new rate calculated after the ABX 2-1 rate increase. For example, assume it is an ARM rate facility and the respite daily rate is 1/21 of the monthly rate. First, calculate 5 percent of the daily rate in effect on June 30, 2016. Then, add this amount to 1/21st of the ARM rate effective July 1, 2016, that was increased by ABX2-1.

9. Our Specialized Residential Facilities (service code 113) are vendored at a daily rate and provide respite under service code 868 that is the same amount as the service code 113 rate. When we do the increase, do we apply the rate based on the service code 113 rate after the increase or do we calculate the increase based on the service code 868 percentages?

Response: See response to #8.

10. Can the increase for administrative purposes be used on raises for all other staff who do not qualify for the direct service increase?

Response: The administrative increase can be used for administrative expenses as defined in Welfare and Institutions Code, [Section 4629.7](#), which includes managerial personnel and employees who perform administrative functions.

11. Does the increase apply to direct care wages, salaries, and burden in effect on June 30, 2016, or is there any consideration for vendors that increased their wages, salaries, and burden prior to that date?

Response: ABX 2-1 states the increase is “...for the purpose of enhancing wages and benefits for staff...” The increase applies to the wages, benefits and rate in effect on June 30, 2016.

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12. Can the increases be a combination of the wages, salaries, and burden (including accrued time off, supplemental pay and holidays)? Are there any exceptions?

Response: ABX 2-1 states that the increase is for the purpose of enhancing wages and benefits, and does not specify or require in what combination the increase must be used for. The Statute does not address exceptions.

13. Is improving medical insurance coverage, dental insurance coverage an allowable expenditure under the ABX2-1 funding?

Response: Consistent with Title 17, [Section 57434](#), benefits can include, but are not limited to, costs such as vision insurance, health insurance, dental insurance, life insurance, retirement plan costs, SDI, FICA, and other employer mandated payroll taxes.

14. What type of expenditures other than salaries, wages and burden are allowable for direct care staff under ABX2-1?

Response: ABX 2-1 states the increase is for the purpose of enhancing wages and benefits (see response to #13 for information on benefits.)

15. Do I need to keep track of how the increases are spent?

Response: Vendors will need to report on how the rate increase was used to increase wages and benefits for applicable staff.

16. What information is the Department requiring that providers report on the rate increases?

Response: The exact format for reporting has not been determined. However, providers will need to report on their plan for utilization of the increase and the outcome of their plan. For example, if the provider decided to increase salary ranges for certain positions by 6 percent, the provider will need to show the impact of this increase for the identified positions.

17. What do service providers need to track for the review in October? They need a clear understanding of what needs to be tracked for both Administrative Costs and Direct Services. Many service providers are trying to set up something in their bookkeeping system to track it separately in case the Department requires certain data.

Response: Specific data requirements have not yet been determined. See answer to #16.

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18. Will service providers receive a rate letter from the Department or the regional center? Some regional centers are using the Department's letter issued as the rate letter so they can get rates out to the service providers and avoid retro payments.

Response: For vendors, such as community-based day programs and respite agencies with Department-set rates, the Department has issued vendor-specific letters to inform them of the increase. For vendored services with negotiated rates, the regional center should be contacting the vendor to inform them of the increases and new rate amount. Rates set by statute or regulation, are available on the Department's webpage:

<http://www.dds.ca.gov/ratechangesJuly2016/index.cfm>

19. What should I do if the rate on the authorization is incorrect or does not match the rate on the Department's or the regional center's rate letter?

Response: For the Department-set rates, please notify Department staff of any discrepancies in the rate by calling (916) 654-2300. For all other rate types, discrepancies can be addressed by the vendoring regional center.

20. Some rate increases were rounded up and others rounded down. This created some conflict with the rates regional centers updated using the software program.

Response: Due to errors in addition, rates for three categories, were displayed incorrectly (see corrections below.) By law, the rate increases were calculated separately. Therefore, you should use the individual rate increase pieces (e.g. direct services and administrative costs) to get to the "real" total increase. When adjusting the vendor rates, regional centers should apply standard rounding techniques to the individual pieces.

Service Category	Direct Service	Administrative	5% increase	Total Increase.
Work Activity Program	4.99%	0.66%	N/A	5.65% (was 5.66%)
Transportation	5.31%	0.42%	5%	10.73% (was 10.72%)
Day Care Agencies	6.19%	0.64%	N/A	6.83% (was 6.84%)

21. Will the invoices have the increased rates?

Response: Invoices should be adjusted once the new rates are applied.

22. Is it required that all eligible staff receive the same increase?

Response: The statute does not address the level of increases for individual employees.

23. Will the Department allow increased employer burden costs that will occur when employee wages are increased, to be included in the direct services percentage costs?

Response: Payroll costs associated with qualifying direct service staff can be included in these costs.

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24. Will the Department be providing increases for the following services that have rates negotiated with the regional centers? If so, when? (Some regional centers have these under usual & customary and some do not).
- Interpreter Services (642)
 - Translation Services (643)
 - Educational Psychologist (672)
 - Communication Aides (112)

Response: See the revised chart (attached) with additional service codes listed on page three. As a reminder, even if a service code is reflected on this chart, only providers with rates set either by the Department or by the regional center through negotiation are eligible to receive a rate increase.

25. What is the percent increase that needs to be passed-through to direct care staff for facilities with a capacity of 4 beds or less?

Response: The ABX 2-1 increases are applicable to the rates in effect on June 30, 2016. The 4-bed rate, developed separately from ABX 2-1, is effective on July 1, 2016, and therefore does not contain a direct service increase.

26. Is there a standard subcode for the 4 bed facilities?

Response: The Department has not developed subcodes specific to the 4-bed Alternative Residential Model (ARM) rates. If we do develop them in the future we will implement on a go-forward, as opposed to retroactive basis.

27. Regional center staff is asking if the Department will be changing rates before the next payments to providers are processed. If regional center staff is required to make changes, will they need to make rate changes before the payment so there are not retro changes?

Response: Because rate increases per ABX 2-1 involved various percentage rate increases for the service codes affected, the Department's electronic system cannot program automated rate changes. In addition, if regional centers have already issued and paid invoices at the rates effective June 30, 2016, they will need to utilize the retro rate program to pay the differences in expenditures or create manual invoices to pay the differences.

28. ABX 2-1 requires providers report how the rate increase was used or the rate increase will be forfeited. Will any increase already received and paid by the regional center to these vendors from July 1 through October 1, 2017, be required to be paid back? If so, who will be responsible to collect?

Response: The Department will provide guidance on this in the future.

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29. For courtesy vendorization, does the user regional center have to obtain supporting documents (updated VSN, rate letter, contract, or rate agreement) from the vendoring regional center before processing rate changes? Will the Department's auditors look for supporting documents from the vendoring regional center?

Response: User regional centers should continue their current practices of verifying/documenting provider rates set by the vendoring regional center.

30. What is the reporting period for the survey that is due in October 2017?

Response: The exact reporting period for the survey has not been determined.

31. Will the Department be conducting trainings for service providers on the appropriate use of ABX2-1 funding?

Response: In addition to posting this FAQs document, the Department is in the initial planning stages for future training, via conference call/webinar.

32. Service providers must project their revenue to determine their estimate of ABX2-1 funding for the fiscal year and then service providers must project the number of projected employees to determine amount of direct care wage and/or benefit increases the service provider can pay. If, at the end of the fiscal year, the service provider has a surplus, what action will the Department take?

Response: The Department will provide guidance on this in the future.

33. If the service provider spends funds in excess of the ABX2-1 funding amount received, what action will the Department take?

Response: There is nothing that prevents providers from increasing wages and/or benefits in excess of the rate increases.

34. Are supplemental payments to staff allowable?

Response: Supplemental payments may be eligible depending on how the vendor defines and categorizes the supplemental payment. If they are part of a wage or benefit package, they may be included.

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35. Given that the ABX2-1 funding is a fixed amount of funding, what strategies would the Department suggest service providers utilize to increase staff wages/benefits that are sustainable and does not increase over time?

Response: The Department will provide guidance on this in the future.

36. What is the obligation of service providers who are operating with a memorandum of understanding (MOU) that already establishes regular increases?

Response: The rate increases must be used to increase wages and benefits for applicable employees. ABX 2-1 does not prevent use of the rate increase for already planned/agreed upon wage increases after July 1, 2016.

37. Do the funds have to be disbursed per service code, or can an organization combine the rate increases and spread it out evenly amongst all direct service staff?

Response: The increases are specific to vendorizations and their assigned service codes.