

**DEPARTMENT OF DEVELOPMENTAL SERVICES**

1600 NINTH STREET, Room 320, MS 3-9  
SACRAMENTO, CA 95814  
TTY (916) 654-2054 (For the Hearing Impaired)  
(916) 654-1958



November 1, 2017

**TO: REGIONAL CENTER EXECUTIVE DIRECTORS**

**SUBJECT: HOME AND COMMUNITY-BASED SERVICES REGULATIONS –  
PROVIDER FUNDING FOR COMPLIANCE ACTIVITIES**

**Background**

In January 2014, the federal Centers for Medicare & Medicaid Services issued final regulations, or rules, for Home and Community-Based Services (HCBS)<sup>1</sup>. The rules require that HCBS programs funded through Medicaid (called Medi-Cal in California) provide individuals with disabilities full access to the benefits of community living and offer services and supports in settings that are integrated in the community. This could include opportunities to seek employment in competitive and integrated settings, control personal resources, and engage in the community to the same degree as individuals who do not receive regional center services. The HCBS rules focus on the nature and quality of individuals' experiences and not just the settings where the services are delivered.

In recognition that some service providers need to take steps towards modifying their services to come into compliance with the HCBS rules by March 2022, the 2017 Budget Act (AB 97, Chapter 14, Statutes of 2017) contains \$15 million to fund necessary changes. As described below, service providers are invited to apply for funds through regional centers and all submitted concepts will be forwarded to the Department of Developmental Services (DDS) as they are received. Regional centers should make recommendations for funding based on local priorities, although final approval will be made by DDS. Projects that require multiple years to complete, additional funding, or result in meeting some, but not all, of the HCBS rules, will be considered.

The HCBS rules represent a significant, system-wide change to the way services are delivered. Given the broad scope of the rules, providers are encouraged to submit concepts that offer a unique and innovative path to compliance. Funding may be used for more creative service delivery options.

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<sup>1</sup> <https://www.medicaid.gov/medicaid/hcbs/index.html>

<sup>2</sup> <http://www.dhcs.ca.gov/services/ltc/Pages/HCBSStatewideTransitionPlan.aspx>

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Examples of previously funded concepts:

- Outreach and information regarding the HCBS rules for consumers and members of their support teams.
- Supporting consumers on a more individualized basis to promote community integration and employment.
- Prioritizing the preferences of consumers and utilizing consumer feedback in the development of the concept.

### **Eligible providers**

Providers of services in settings identified in the California Statewide Transition Plan<sup>2</sup> (Enclosure A) that are not in compliance with the HCBS rules may be eligible for funding.

### **Application process**

The funding application process includes the following:

Step 1 – By January 5, 2018, service providers need to submit the following to the designated contact person for each regional center (Enclosure B) to be considered for initial approval:

- A completed provider compliance evaluation of the vendored setting, service or support that identifies and describes which HCBS setting requirements are not being met (Enclosure C); and,
- A completed concept form (Enclosure C) that includes:
  - Vendor name, primary regional center, vendor number, service type/code, and number of consumers being served by the vendor;
  - Whether the concept addresses unmet service needs or service disparities;
  - A description of how the vendor involved the individuals it provides services to in the proposal development process;
  - A brief narrative/description of the project, identifying which HCBS setting requirements are not being met, describe how the funding would aid in compliance, and justify the requested funding;
  - A brief description of any barriers to compliance with the HCBS rules and/or project implementation;
  - An estimated budget for the project identifying all major costs;

- Requested 2017-18 funding; and,
- An estimated timeline for the project.

Step 2 – By January 19, 2018, regional centers must submit all completed concepts and evaluations to the email address provided below, along with any funding recommendations and the basis for the recommendations. Regional centers should send DDS concepts as they are received from providers. For concept forms that are incomplete, the regional center should work with the vendor to submit all required information. Please note, for providers that operate programs with several vendor numbers, one concept form and evaluation form may be submitted, provided that the plan applies to all vendor numbers listed. DDS may request additional information from providers or regional centers, as necessary.

Step 3 – DDS will notify regional centers of the concepts selected for funding. Priority will be given to those who did not receive funding in the previous fiscal year.

Step 4 – Concepts selected by DDS will require a contract agreement between the regional center and the service provider, which will include the following:

- Details regarding the project, including specifics on how the funding will be used to increase compliance with the federal requirements;
- Details regarding how consumer input will be used in the development and implementation of the project;
- A detailed budget for the project;
- For projects involving the purchase of items or services, a justification (e.g. multiple quotes) of the cost-effectiveness of the purchase;
- A project timeline identifying key milestones;
- Objective indicators to measure progress toward compliance with the federal requirements; and,
- A requirement for semi-annual reporting to the regional center on project implementation, including progress related to key milestones and progress toward compliance with the federal requirements.

DDS will hold two, one-hour webinars to review this process and answer questions. These optional webinars will be held on Tuesday, November 14, 2017, from 2:00 p.m. – 3:00 p.m., and Friday, November 17, 2017, from 11:00 a.m. – 12:00 p.m. To register, follow the instructions found at <http://www.dds.ca.gov/HCBS/>.

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We look forward to collectively working through this process as we move towards meeting the HCBS rules. Please direct any questions regarding this letter to [HCBSregs@dds.ca.gov](mailto:HCBSregs@dds.ca.gov).

Sincerely,

*Original signed by:*

BRIAN WINFIELD  
Deputy Director  
Community Services Division

Enclosures

cc: Regional Center Administrators  
Regional Center Chief Counselors  
Regional Center Community Services Directors  
Regional Center HCBS Program Evaluators  
Association of Regional Center Agencies  
Nancy Bargmann, Department of Developmental Services  
John Doyle, Department of Developmental Services  
Jim Knight, Department of Developmental Services