

**DEPARTMENT OF DEVELOPMENTAL SERVICES**

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TTY (916) 654-2054 (For the Hearing Impaired)  
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December 21, 2020

**TO: REGIONAL CENTER EXECUTIVE DIRECTORS**

**SUBJECT: RATE INCREASES EFFECTIVE JANUARY 1, 2021**

The purpose of this correspondence is to provide information on rate increases, effective January 1, 2021. Pursuant to Assembly Bill (AB) 79 (Chapter 11, Statutes of 2020), the service codes specified in Enclosure A and further described below will receive a percentage-based rate increase. Additionally, due to an increase in the State's minimum wage under Senate Bill (SB) 3, many vendors will either receive, or be eligible to request, a rate increase if necessary to adjust employees' pay to comply with the new minimum wage.

**Rate Increases Pursuant to AB 79**

AB 79 provided the Department of Developmental Services (Department) with time-limited funding to provide applicable vendors with a rate increase, effective January 1, 2021 through December 31, 2021. These rate increases are contingent upon approval from the Centers for Medicare and Medicaid Services for matching federal funds. The department is awaiting federal approval and will notify regional centers once approval is obtained. The rate increases shall be suspended at the end of the effective period unless certain conditions, as specified in AB 79, apply.

Pursuant to Welfare and Institutions (W&I) Code section 4691.12(b), the rate increases only apply to:

- Independent Living Programs, Service Code 520;
- Infant Development Programs, Service Code 805; and
- Early Start Specialized Therapeutic Services, Service Code 116.

Regional centers shall adjust rates for vendors of traditional services as well as vendors who provide services utilizing the Alternative Nonresidential Services monthly rates as applicable. These rate increases will be applied as a percentage to provider rates in effect on December 31, 2020. It is important to note that the rate increases do not apply to providers with usual and customary rates or rates set by other entities, even if a provider's service code is included in Enclosure A.

**“Building Partnerships, Supporting Choices”**

### **2021 Minimum Wage Rate Increase**

In addition to the rate increases provided under AB 79, effective January 1, 2021, in accordance with SB 3, the minimum wage in California will increase from \$13.00 to \$14.00 per hour for employers with 26 or more employees and from \$12.00 to \$13.00 per hour for employers with 25 or fewer employees.

As authorized by the current state budget and W&I Code sections 4681.6(b), 4691.6(f) and (g), and 4691.9(b), many vendors will either receive, or be eligible to request, a rate increase if necessary to adjust employees' pay to comply with the new minimum wage.

### **Providers with Rates Set by the Department**

The changes in W&I Code referenced above allow Community-Based Day Programs, In-Home Respite Agencies, and Work Activity Programs to submit rate adjustment requests to the Department due to the increase in minimum wage. To request a rate adjustment, providers of these services must submit to the Department information on only those costs necessary to increase an employee's actual hourly wage to the new minimum wage rate and associated mandated employer costs (e.g., Social Security, Medicare, and Workers' Compensation). Vendors must submit actual wage and mandated employer cost information for affected employees only and total program units of service provided for the period of January, February, and March 2020, or an applicable period of up to three (3) months from January through August 2020. The Department will provide regional centers with a copy of letters sent to their vendors in response to rate adjustment requests.

Vendors may begin submitting requests to the Department, with a copy to the vendoring regional center. However, all rate adjustment requests should be received by the Department no later than March 1, 2021. General information about the increase in minimum wage, as well as detailed instructions and a workbook for submitting rate adjustment requests to the Department, can be found at the following website: [www.dds.ca.gov/rc/vendor-provider/minimum-wage/](http://www.dds.ca.gov/rc/vendor-provider/minimum-wage/).

### **Providers with Rates Set through Negotiation by the Regional Centers**

Statute allows regional centers to negotiate rate adjustments with providers in order to pay employees no less than the minimum wage effective January 1, 2021. The rate adjustment must be specific to the unit of service that is affected by the new minimum wage and shall only include those costs necessary to increase an employee's actual hourly wage to the new minimum wage rate and associated mandated employer costs (e.g., Social Security, Medicare, and Workers' Compensation). Regional centers may use a worksheet similar to the one developed by the Department referenced above to assist in processing negotiated rate adjustment requests, and must maintain documentation on the process for granting any rate adjustment associated with minimum wage. Vendors should submit rate adjustment requests to the vendoring regional center by March 1, 2021.

By April 30, 2021, regional centers must provide the Department information on all rate adjustments negotiated with vendors. The Department will follow up with regional centers on the process for reporting the needed information.

**Providers with Alternative Nonresidential Services Monthly Rates**

Vendors utilizing the Alternative Nonresidential Services Model during the COVID-19 State of Emergency and therefore have an associated monthly rate may also be eligible for the minimum wage increase. The minimum wage worksheet includes a section for calculating a rate adjustment for monthly rates. Providers with rates set by the department will need to submit their rate adjustment request as outlined in the “Providers with Rates Set by the Department” section of this letter. The Department will, upon review and approval of submitted rate adjustment requests, provide the regional center a copy of the rate adjustment approval letter and to the provider notifying them of the rate increase amount. The regional center will be responsible for applying the rate increase amount to the monthly rate. Providers with rates set through negotiation with the regional center shall follow the same instructions outlined in the “Providers with Rates Set through Negotiation by the Regional Centers” section of this letter. Regional centers will process the rate adjustment request and notify providers of their new rate.

**Providers with Other Rates**

Rates updated as applicable for the following services, effective January 1, 2021, are as follows:

- In-Home Respite Worker (service code 864)
  - o The new rate, effective January 1, 2021, is \$19.18 per consumer hour.
- Voucher and Participant-Directed Respite (service codes 420 and 465)
  - o The new rate, effective January 1, 2021, is \$19.18 per consumer hour.
- Non-Mobile Supplemental Staffing (Reimbursement pursuant to Title 17, California Code of Regulations section 57530)
  - o The new rate for service codes 505 and 525 is \$1.68 per consumer hour.
  - o The new rate for service codes 510 and 515 is \$1.80 per consumer hour.

**Rate Schedules**

Enclosed are updated rate schedules, effective January 1, 2021, reflecting all applicable rate increases:

- Enclosure B – Alternative Residential Model (ARM) Rates
- Enclosure C – Community-Based Day Program and In-Home Respite Agency Rates

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**Notification to Providers**

The Department will notify applicable community-based day programs and in-home respite agencies of their new rates for the AB 79 and/or minimum wage rate increases; regional centers will also receive this information including the minimum wage rate increase for Alternative Services providers so that provider rates can be adjusted. Regional centers will need to notify the community care facilities and all other applicable service providers of the new rates and make the necessary rate adjustments. As mentioned above, regional centers will need to notify providers of applicable services utilizing the Alternative Nonresidential Services monthly rates, of their new rate with the applicable rate increases

If you have any questions regarding this correspondence, please contact Yasir Ali, Chief, Rates and Fiscal Support Section, at (916) 654-2302 or [yasir.ali@dds.ca.gov](mailto:yasir.ali@dds.ca.gov).

Sincerely,

*Original signed by*

MARICRIS ACON  
Deputy Director  
Federal Programs Division

Enclosures

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