



Golden Gate Regional Center

Serving people with developmental disabilities since 1966

July 15, 2011

GGRC Service Provider:

The purpose of this letter is to inform you of recent changes to California State Law that affect you and the services you provide to individuals referred by the regional centers (RCs) and the Department of Developmental Services (DDS).

Senate Bill 74

On March 24, 2011, Governor Brown signed into law Senate Bill No. 74 (SB 74). The following sections of SB 74 may be of particular relevance to you as a service provider (SP):

1. Transparency and Access to Public Information – W&I Code Section 4629.5

- a. Requires RCs to develop a board-approved policy that details the manner by which the public may request information on requests for proposals and contract awards, service provider rates, documentation related to establishment of negotiated rates, audits and IRS Form 990.
- b. Requires RCs to post information on their website including “contract awards, including the organization or entity awarded the contract, and the amount and purpose of the award” and “the names, types of service and contact information for all vendors, except consumers or family members of consumers”.

To satisfy these requirements, Golden Gate Regional Center (GGRC) has posted your contact information to our website: www.ggrc.org.

2. Administrative Cost Controls & Limitations – W&I Code Section 4629.7

Requires that no more than 15% of the funds received by an SP with a negotiated rate may be used for administrative costs. RC contracts or agreements with SPs in which rates are determined through negotiations between the RC and the SP shall expressly require that not more than 15% of RC funds be spent on administrative costs. For additional information regarding specific expenses classified as “administrative”, please review the regulatory language itself which is available on GGRC’s website (www.ggrc.org). This section went into effect on March 24, 2011.

3. Accountability and Transparency – W&I Code Section 4648.12

Requires DDS to “adopt emergency regulations to amend provider and vendor eligibility and disclosure criteria to meet federal participation requirements”.

RCs will be required to collect specific information regarding vendors to ensure eligibility for Home and Community-Based Services Provider Waiver reimbursement. The new disclosure requirements will apply to all “current and prospective vendors” and will include “information about entity ownership and control, contracting interests, and criminal

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convictions or civil proceedings involving fraud or abuse in any government program, or abuse or neglect of an elder, dependent adult, or child". Individuals and entities with certain criminal convictions will be barred from being RC vendors. Currently, DDS is developing emergency regulations related to this section which will be forwarded to you under separate notice.

4. Service Providers Must Contract Auditor – W&I Code Section 4652.5

As a vendor of a RC you may be required to obtain an independent audit or independent review report of your financial statements. This provision only affects 1) vendors receiving payments from one or more RCs totaling \$250,000 or more during their fiscal year and 2) any/all Work Activity Program providers regardless of payment amount. We strongly suggest that you review this regulation in detail with your tax consultant; the language is available on GGRC's website (www.ggrc.org). SPs are required to submit copies of the appropriate audit or review document and accompanying management letters to the vendoring RC each fiscal year that payments meet the threshold amount within 30 days after completion of the audit or review. This section went into effect on March 24, 2011.

5. Extension of 4.25% Payment Reduction

Requires that the RCs continue to apply the State-mandated 4.25% reduction to SP payments until June 30, 2012. The 4.25% payment reduction is currently in place for Fiscal Year 10/11 and will continue thru FY 11/12.

Assembly Bill 104

On June 30, 2011, Governor Brown signed into law Assembly Bill No. 104 (AB 104). The following sections of AB 104 may be of particular relevance to you as a SP:

1. Reductions and Efficiency in Regional Center Operations Funding – W&I Section 4641.5 and Section 95020.5 of the Government Code

Requires that the RCs ensure that all SPs (except family member voucher vendors) adopt the DDS electronic billing system for all invoice submissions on or before July 1, 2012. For those SPs currently not utilizing this system, please contact GGRC's Accounting Department as soon as possible regarding the required enrollment process.

2. Rate Equity and Negotiated Rate Control – Section 10 of Chapter 13 of the Third Extraordinary Session of the Statutes of 2009, as amended by Section 16 of Chapter 9 of the Statutes of 2011

This bill creates a change in SP qualifications for exemption from the State-mandated 4.25% payment reduction. Certain vendors whose rates were not reduced due to their qualifications under the "usual and customary" rate will no longer be exempt from the payment reduction. Those SPs who previously qualified for an exemption will receive specific information regarding the exact details of their payment reduction in a future letter.

3. Maintaining the Consumer's Home of Choice – Mixed Payment Rates in Residential Facilities with ARM Rates – W&I Section 4681.7

In order to maintain the preferred living arrangement and adjust the residential services and supports in accordance with changing service needs identified in the individual program

plan (IPP), the law now allows for RCs to enter into agreements with SPs for payment at a lower rate than the vendored residential facility's ARM service level. These agreements may be entered into only when the RC, individual, and SP agree that the facility can safely provide the service and supports needed by the individual at the lower level of payment. The facility's ARM service level designation and level of services and support for other individuals residing in that home would remain intact.

4. Supported Living Services (SLS): Maximizing Resources – W&I Code Section 4689

To maximize SLS resources, RCs are now required to assess during IPP meetings whether there are tasks that can be shared by consumers who live with housemates. In addition, an independent needs assessment will be required for all consumers who have SLS expenditures that exceed 125% of the annual statewide average cost of SLS as published by DDS.

5. Individual Choice Day Services – W&I Code Section 4688.1, 4688.2, 4688.21 & 4690.6

The following important changes were made:

- a. Effective July 1, 2011, a RC shall not refer any additional consumers to Alternative Senior Programs and/or Alternative Customized Programs (also known as Custom Endeavor Options or CEOs).
- b. In lieu of any other RC vendored day program, look-alike program, supported employment program, or work activity program, a consumer may choose a tailored day service that:
 - 1) includes an individualized service design as determined through the individual program plan and approved by the RC, that maximizes the consumer's individualized choices and needs and
 - 2) encourages opportunities to further the development or maintenance of employment, volunteer activities and/or pursuit of post secondary education; and maximize consumer direction of service; and increase the consumer's ability to lead an integrated and inclusive life.
- c. In lieu of any other RC vendored day program, look-alike program, supported employment program, or work activity program, a consumer may choose a vouchered community-based training service (VCTS). A VCTS is defined as a consumer-directed service that assists the consumer in the development of skills required for community integrated employment and/or participation in volunteer activities and the assistance necessary for the consumer to secure employment and/or volunteer positions or pursue secondary education.
- d. Activity centers, adult development centers, behavior management programs, and other look-alike day programs with a daily rate shall bill RCs for services provided to consumers in terms of half days of service and full days of service.

6. Maximizing Resources for Behavioral Services – W&I Code Section 4686.3 & 4686.31

SPs providing behavioral services are now required to submit a completed verification form to the RC for services provided to individuals under the age of 18 years who reside in the family home. DDS has developed a form (DS 5862) containing all the information SPs providing behavioral services are required to report. The form, along with instructions, is available for download from DDS' website at <http://www.dds.ca.gov/Forms/Home.cfm>.

SPs providing the following services must submit completed verification forms to the RC with invoices for the services provided: 612-Behavior Analyst, 613-Associate Behavior Analyst, 615-Behavior Management Assistant, 616-Behavior Technician-Paraprofessional, 620-Behavior Management Consultant, 625-Counseling Services, 680-Tutor, 017-Crisis Team-Evaluation and Behavioral Intervention Training, 025-Tutor Services – Group, 048-Client/Parent Support Behavior Intervention Training, and 077-Parent-Coordinated Home Based Behavior Intervention Program for Autistic Children.

This change also authorizes DDS to promulgate emergency regulations to allow RCs to contract with paraprofessionals, with certain educational or experiential qualifications and acting under professional supervision, to provide behavioral intervention services.

To view the full text of these enacted changes, please visit GGRC's website: www.ggrc.org.

As noted above, for many of these changes in law, GGRC is still awaiting direction and/ or implementation of regulations from DDS. While we do not fully know the impact these changes will have on SPs, we felt it beneficial to provide you with this preliminary information so that you may begin to plan and adapt your services or business practices to accommodate these requirements. We recommend that you review and monitor DDS' website (www.dds.ca.gov) in order to stay apprised of changes in regulation and implementation of SB 74 and AB 104.

Although continuing budget reductions impact GGRC's ability to maintain operational integrity, we are committed to supporting our dedicated SP community in meeting the service needs of the individuals we serve. Thank you for your understanding and your willingness to partner with us in our efforts to navigate these very difficult times.

Sincerely,



Chris J Rognier
Chief, Administration & Finance