

**DEPARTMENT OF DEVELOPMENTAL SERVICES**

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SACRAMENTO, CA 95814  
TDD 654-2054 (For the Hearing Impaired)  
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March 15, 2019

TO: CHAIRS OF THE SENATE AND ASSEMBLY FISCAL AND HUMAN  
SERVICES COMMITTEES

Consistent with the requirements of Chapter 3, Statutes of 2016, Second Extraordinary Session (ABX2 1) and Welfare and Institutions Code section 4519.8, the Department of Developmental Services (DDS) submits the enclosed rate study on the provision of community-based services for individuals with developmental disabilities.

In California, services to individuals with developmental disabilities are provided through 21 regional centers, which are private non-profit corporations that contract with DDS. Regional centers currently serve approximately 330,000 individuals throughout California. Over the last five years, the number of individuals served has grown from 265,216 to 333,010, with an average growth of 4.7 percent annually, while expenditures for services have increased from \$3.9 billion to \$6 billion, with an average growth of 9 percent annually. These increases reflect caseload growth, increased utilization of services, and the implementation of the increase in the minimum wage, as well as other investments in new and specialized care models that support the closure of the developmental centers. ABX2 1 appropriated nearly half a billion dollars in state and federal funding to provide wage increases to direct care staff, increase funding for providers' administrative costs, provide rate increases for supported and independent living services, respite care, transportation, and supported employment. ABX2 1 also included funding to address disparities in the developmental services system, provide incentives for participation in competitive, integrated employment and increases for regional center staffing and administrative costs.

The Department contracted with Burns & Associates Inc., a national health policy consulting firm, to conduct the rate study. This rate study is intended to inform the Administration, and the Legislature, on the delivery of community-based services for individuals with developmental disabilities. The process has given the Department more insights, and greater specificity, into our current rate structure. The report is a framework and we look forward to continuing discussions and further review of the details with the Legislature and our community stakeholders on the rate study.

To inform the study, and consistent with the requirements of ABX2 1, the Department and Burns & Associates Inc., engaged the Developmental Services Task Force Rates Workgroup to gather input into the development of the rate study. Additionally, the

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Department conducted stakeholder meetings throughout the state to further engage the developmental disabilities community. With stakeholder input, two surveys were developed and administered, which helped to inform the rate study, one for service providers and another for individuals who receive DDS services and their families.

The enclosed rate study is divided into four parts:

- Part 1 summarizes the various methodologies for establishing rates for home and community-based services and outlines current rates and methodologies in California.
- Part 2 provides an overview of the study, including the project's timeline, principles adopted to guide the study, and data sources used to inform rates.
- Part 3 covers the major components of the rate models, including direct care worker wages, benefits and productivity, indirect costs such as program operations and provider administrative costs, and adjustments to account for regional cost differences.
- Part 4 provides a summary of the rate study results.

Public comments will be accepted through April 5, 2019, on the enclosed rate study.

The Department would like to recognize and extend our appreciation for the work and assistance provided by members of the Rates Workgroup, self-advocates, regional centers, and stakeholders in the development of this study.

If you have any questions regarding this report, please contact Ali Bay, Deputy Director, Legislation, Regulations and Public Affairs, at (916) 654-1884 or by email at [Ali.Bay@dds.ca.gov](mailto:Ali.Bay@dds.ca.gov).

Sincerely,

  
NANCY BARGMANN  
Director

Enclosure

cc: See next page

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cc: The Honorable Lorena Gonzalez Fletcher, Chair  
Assembly Committee on Appropriations

The Honorable Anthony Portantino, Chair  
Senate Committee on Appropriations

The Honorable Phil Ting, Chair  
Assembly Budget Committee

The Honorable Richard Pan, Chair  
Senate Budget and Fiscal Review Committee

The Honorable Senator Holly Mitchell, Chair  
Joint Legislative Budget Committee

The Honorable Jim Frazier, Chair  
Select Committee on Intellectual and Developmental Disabilities

The Honorable Eloise Gómez Reyes, Chair  
Assembly Human Services Committee

The Honorable Melissa Hurtado, Chair  
Senate Human Services Committee

Mark Ghaly, Secretary, Health and Human Services Agency

Keely Bosler, Director, Department of Finance