



June 20, 2014

All Negotiated Rate Providers

Effective July 1, 2014, the minimum wage in California will be \$9.00 per hour. Providers who have negotiated rates and who are currently paying employees less than \$9.00 per hour may request a rate adjustment.

The rate adjustment will be specific to the unit of service that is affected by the new minimum wage. It will only include those costs necessary to increase an employee's actual hourly wage to \$9.00 per hour and mandated employer costs. Social Security, Medicare and workers' compensation are examples of mandated payroll costs.

Requests for rate adjustments must be completed and submitted on the workbook entitled *2014 Minimum Wage Rate Adjustment Request Workbook for Negotiated Rate Providers* which you can download from RCOC's website at www.rcocdd.com/WageWorkbook. **All supporting documentation must be included.** Instructions are included with the workbook.

RCOC will conduct a question and answer session on Tuesday, July 8, 2014, from 4:00 to 6:00 p.m., in the Board Room immediately following the Vendor Advisory Committee meeting.

Your rate adjustment requests must be submitted to RCOC no later than **July 31, 2014**. Final approval of rate adjustments is contingent upon approval of the State of California's Budget for Fiscal Year 2014-15, and if approved, will be effective retroactively to July 1, 2014.

Enclosures: DDS' Summary of Rate Changes Due to Minimum Wage Increase, July 1, 2014
DDS' Letter Regarding Minimum Wage Increase Dated May 16, 2014



Rate Changes due to the Minimum Wage Increase, July 1, 2014

Due to the enactment of Assembly Bill 10 [AB 10](#), the California minimum wage will increase to \$9.00 per hour effective July 1, 2014. As a result, a number of regional center vendors may be eligible for a rate adjustment in order to pay employees the new minimum wage.

WHICH PROVIDERS/SERVICES ARE ELIGIBLE?

All providers of services with rates established in the following ways may be eligible for a rate adjustment:

- a. rates set by the Department of Developmental Services (Department);
- b. rates set by regional centers through negotiation;
- c. rates established in regulation.

HOW WILL RATES BE ADJUSTED?

This depends on how the service rate was set initially.

Rates set by the Department:

- Work Activity Programs and Community-Based Day Programs – Providers of these services may request a rate adjustment from the Department if any employees are paid less than \$9.00 per hour. More detailed information can be found [here](#).
- Community Care Facilities – The proposed Alternative Residential Model (ARM) rate schedule, effective July 1, 2014, can be found [here](#). Since this schedule will be adjusted with approval of the State budget, providers with ARM rates do not need to submit rate adjustment requests.
- In-Home Respite Agencies (IHRAs) - The Department will revise the rates for all IHRAs and will provide regional centers with copies of the revised rate letters to IHRAs.

Rates set by regional centers through negotiation:

- Rates for a variety of services are set through negotiation between providers and regional centers. Providers with rates set in this manner may negotiate a rate adjustment with the regional center if any employees are paid less than \$9.00 per hour. Providers should contact their local regional center for more information on submitting rate adjustment requests.

Rates established in regulation:

- In-Home Respite Workers, Voucher and Participant-Directed Respite – The new rate for these services, effective July 1, 2014, is \$11.88 per hour.
- Non-Mobile Supplemental Staffing – The supplemental rate for Community-Based Day Programs will increase to \$1.08 per hour.

WHERE CAN I GET MORE INFORMATION?

- You can contact your local [regional center](#) or review the [letter](#) from the Department to regional centers regarding the minimum wage increase.
- [Vendorization Contacts](#)

DEPARTMENT OF DEVELOPMENTAL SERVICES

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(916) 654-1954



May 16, 2014

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: MINIMUM WAGE INCREASE

Effective July 1, 2014, the minimum wage in California will increase from \$8.00 to \$9.00 per hour. The proposed budget and accompanying proposed budget trailer bill (enclosed) assumes 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. This letter contains information on the types of vendors that are affected and what process will be used to make necessary rate adjustments.

Providers with rates set by the Department of Developmental Services

(Department): The proposed budget trailer bill, combined with current Title 17 regulations, allow Community-Based Day Programs (CBDP) and Work Activity Programs (WAP) to submit rate adjustment requests to the Department due to the increase in minimum wage. Vendors can begin submitting requests to the Department, with a copy to the vendoring regional center, at any time. However, all rate adjustment requests must be received by the Department no later than September 2, 2014. 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/MinWage

To request a rate adjustment, vendors of CBDP and WAP services must submit to the Department, information on only those costs necessary to increase an employee's actual hourly wage to the new \$9.00 per hour minimum wage rate and associated mandated employer costs (e.g. Social Security, Medicare, and workers' compensation). Vendors must submit actual employment and mandated employer cost information for affected employees only and total program units of service provided for the period of October, November, and December 2013, or an applicable period for up to three (3) months. The Department will provide regional centers a copy of all letters sent to service providers in response to rate adjustment requests. Final approval of rate adjustments is contingent upon approval of the 2014-15 State budget and will be effective July 1, 2014.

"Building Partnerships, Supporting Choices"

Providers with rates set through negotiation by regional centers:

The proposed budget trailer bill also allows regional centers to negotiate rate adjustments with providers in order to pay employees no less than the new minimum wage effective July 1, 2014. 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 \$9.00 per hour 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 for CBDPs discussed above to assist in processing rate adjustment requests and must maintain documentation on the process to determine, and rationale for granting, any rate adjustment associated with minimum wage. Vendors must submit rate adjustment requests to the vendoring regional center no later than September 2, 2014. Final approval of rate adjustments is contingent upon approval of the 2014-15 State budget and will be effective July 1, 2014.

By September 30, 2014, 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 other rates:

- Alternative Residential Model (ARM) rates/respite facilities: The proposed ARM rates, effective July 1, 2014, for community care facilities, are enclosed. These rates also affect respite facilities (service code 869).
- In-Home Respite Agencies (IHRAs): The Department will revise the rates for all IHRAs and will provide regional centers with copies of the revised rate letters to IHRAs.
- In-Home Respite Worker (service code 864): The proposed new rate, effective July 1, 2014, is \$11.88 per consumer hour.
- Voucher and Participant-Directed Respite (service codes 420 and 465): The proposed new rate, effective July 1, 2014, is \$11.88 per consumer hour.
- Non-Mobile Supplemental Staffing: Pursuant to Title 17, Section 57530, the supplemental reimbursement rate for Community-Based Day Programs will increase to \$1.08 per consumer hour.

Regional Center Executive Directors
May 16, 2014
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If you have any questions regarding this letter, please contact Jeff Greer, Chief, Rates and Fiscal Support Section, at (916) 654-2300.

Sincerely,

Original Signed By

JIM KNIGHT
Assistant Deputy Director
Community Services Division

Enclosure

cc: Regional Center Administrators
Regional Center Chief Counselors
Association of Regional Center Agencies