

**DEPARTMENT OF DEVELOPMENTAL SERVICES**

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



February 27, 2009

Notice to Vendors

As you know, the State is experiencing an unprecedented fiscal crisis. The state budget shortfall in the current fiscal year is estimated to be \$15 billion and \$42 billion by June 30, 2010. The Governor called the legislature into special session to address this fiscal crisis.

Subsequently, in the Special Legislative Session budget action was taken in February 2009, to reduce regional centers' purchase of services dollars by \$40.4 million in the current Fiscal Year (FY) and \$100.7 million in FY 2009-10, and require a three percent discounted payment to service providers. The law now states:

*"(a) Notwithstanding any other provision of law, in order to implement changes in the level of funding for regional center purchase of services, regional centers shall reduce payments for services and supports provided pursuant to Title 14 (commencing with Section 95000) of the Government Code and Division 4.1 (commencing with Section 4400) and Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code. From February 1, 2009, to June 30, 2010, inclusive, regional centers shall reduce all payments for these services and supports paid from purchase of services funds for services delivered on or after February 1, 2009, by 3 percent, unless the regional center demonstrates that a nonreduced payment is necessary to protect the health and safety of the individual for whom the services and supports are proposed to be purchased, and the State Department of Developmental Services has granted prior written approval.*

*(b) Regional centers shall not reduce payments pursuant to subdivision (a) for the following:*

*(1) Supported employment services with rates set by Section 4860 of the Welfare and Institutions Code.*

*(2) Services with "usual and customary" rates established pursuant to Section 57210 of Title 17 of the California Code of Regulations.*

*(3) Payments to offset reductions in Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits for consumers receiving supported and independent living services."*

**"Building Partnerships, Supporting Choices"**

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This correspondence is being provided to you to inform you of the action taken in special session and explain how regional centers are implementing the mandated three percent discounted payment.

To implement the mandated payment discount in a timely fashion, in a manner least disruptive to the current authorization and payment procedures between regional centers and vendored service providers, the discounted payment will be processed by the regional center as a discount in the authorized rate. Please be advised that this is not an actual reduction of your established rate but simply the most efficient mechanism within the existing business practices and computer systems for implementation of the mandated discounted payment.

The paragraph below marked with an 'X' applies to your regional center:

\_\_\_\_\_ The invoice accompanying this notice reflects the discounted rate (payment).

\_\_\_\_\_ DDS acknowledges that your regional center has not had ample time to process the discounted payment. To that end, the invoice accompanying this letter does NOT reflect the discounted rate. **However, when you receive payment from the regional center, it will be at the full discounted rate.** Additionally, we would like to reiterate that all future invoices will reflect the discounted rate.

If you have any questions about this correspondence, please contact your regional center directly.

Thank you,

DEPARTMENT OF DEVELOPMENTAL SERVICES