



ASSOCIATION OF REGIONAL CENTER AGENCIES

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May 9, 2002

Mr. Cliff Allenby  
Department of Developmental Services  
1600 Ninth Street, MS 2-13  
Sacramento, CA 95814

Dear Cliff:

I write in response to your letter dated May 1, 2002 regarding statewide Purchase of Service Standards. We thank you for the opportunity to provide input and comments regarding this issue.

### **Preliminary Response**

The next meeting of ARCA is scheduled for June 14-15, 2002. Given the nature and gravity of the subject matter, the ARCA Executive Committee does not feel it is appropriate to take a position on this matter without full debate and dialogue from its members. Therefore, please consider this letter to be a preliminary response. We understand the deadline for written input is May 31, 2002. However, ARCA organizational logistics prevent compliance with this date.

### **Fundamental Principles**

As you know, ARCA's stated position is to oppose statewide Purchase of Service Standards as a means to reduce services. As indicated in our recent testimony regarding the 2002-2003 fiscal year budget, we believe that the projected increase in federal financial participation via the Medicaid Waiver Program should be used to offset the proposed \$52 million reduction in regional center Purchase of Service dollars. It is also our position that any remaining dollars should be used to assist in provider rate increases. Therefore, in principle, we oppose any regulation which would require statewide Purchase of Service Standards with the intent of service reductions. Statewide POS standards are purported as a method to save \$52 million. We believe, however, that they may in fact cause many regional centers to expend more than under their current POS guidelines, thus saving no money.

Notwithstanding these fundamental objections, we wish to comment on several issues related to the proposed regulations.

### **Individual Regional Center Responses**

The ARCA Executive Committee believes it would not be possible for regional centers to arrive at a consensus regarding the content of the proposed statewide POS Standards. Most local regional center Purchase of Service guidelines have taken years to develop, and reflect substantial community input. Given the decentralized nature of the service delivery system, we

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believe it is natural for individual centers to advocate for their own Purchase of Service Guidelines.

Because of this dynamic, the ARCA Executive Committee urges individual regional centers to participate in the community forums sponsored by DDS regarding the Purchase of Service Standards and/or provide written input. We encourage centers to engage in a collaborative effort with their local communities when participating in this process.

## **Preliminary Comments Regarding Proposed Statewide POS Standards**

### Implementation Issues

The material transmitted in your letter makes no mention of the process by which regional centers would implement the proposed regulations. For example, is it expected regional centers will attempt to modify all current Individual Program Plans to comply with the Purchase of Service Standards when adopted? When are regional centers expected to complete this task? Are regional centers to be given individual savings targets? If yes, what are the consequences if the target amount is not achieved?

We believe it unlikely additional Operations Budget funds will be appropriated for this effort. Consequently, the across the board implementation of the POS Standards will have an adverse effect upon Medicaid Waiver enhancements to California. The reason for this conclusion is that case management resources would need to be diverted from Medicaid Waiver activities to implement the statewide Purchase of Service Standards through Individual Program Plan meetings. Additionally, we expect multiple appeals, which will overload the due process system and reduce anticipated dollar savings because of aid paid pending. **It is our best estimate that it may require up to three years to review all Individual Program Plans and make the necessary modifications to comply with the Purchase of Service Standards.**

### Concerns Regarding the Proposed Statewide Standards

Notwithstanding previous comments, we have the following general concerns regarding the proposed standards:

- They are not inclusive of all services purchased by regional centers.
- The permissive aspect of many standards will not result in statewide uniformity, and in fact, will likely increase expenditures, and will definitely increase the number of fair hearings.
- The standards do not give the final authority to regional centers to determine the amount of service required based upon clinical assessment. The standards, as written, open the door for non-regional center clinicians to make these types of determinations. If this assumption is accurate, the proposed standards will increase costs over current expenditures.

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Thank you again for the opportunity to provide input on the most important issue to face our system in a decade.

Sincerely,

Robert J. Baldo  
Executive Director

cc: ARCA Board of Directors