



July 2, 2025

D-2025-Rate Reform-006

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: RATE REFORM GUIDANCE: HOLD HARMLESS POLICY TIMELINE

As part of continued rate reform efforts, and pursuant to the rate implementation timeline in [Welfare and Institutions Code \(WIC\) Section 4519.10](#), this letter provides direction to regional centers regarding an updated hold harmless policy for providers whose rates exceed the fully funded rate models.

On January 1, 2025, the fully funded rate models were implemented using two payment components:

1. A base rate equaling 90 percent of the rate model;
2. A quality incentive payment, equaling up to 10 percent of the rate model.

Per the Department guidance, [D-2024-Rate Reform-001](#) dated September 19, 2024, there has been a hold harmless policy for providers whose rates exceed the base rate (90 percent or more) of the fully funded rate models. Any provider with an existing rate as of July 1, 2024, that is more than 90 percent of the fully funded rate model, did not experience a decrease in their rate during the hold harmless period.

Pursuant to Chapter 12, Statutes of 2025, the end date for the hold harmless period has been revised. The hold harmless provision now expires on February 28, 2026, four months sooner than its previous end date of June 30, 2026.

Following the conclusion of the hold harmless period, effective March 1, 2026, the rates of providers who were subject to the hold harmless provision will be adjusted to 100% of the posted rate model rate for those providers that earned the quality incentive payment, and to 90% for remaining providers. This will align the rates of providers within the same service category and region.

Regional centers must share this directive with their applicable staff, and with their service providers. The Department also will share it with service providers through the Provider Directory. If providers, individuals and/or their families have questions regarding this correspondence, they should contact their vendoring regional center.

Questions from regional centers should be directed to ratesquestions@dds.ca.gov.

Sincerely,

Original Signed by:

DANA SIMON
Deputy Director
Waiver and Rates Division

cc: Regional Center Administrators
Regional Center Directors of Consumer Services
Regional Center Community Services Directors
Association of Regional Center Agencies