

July 2, 2025

P-2025-Intermediate Care Facilities-001

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: UPDATE - INTERMEDIATE CARE FACILITIES LAG FUNDING

In October 2024, the Department of Developmental Services (Department) issued [guidance](#) extending the availability of regional center payment assistance (often referred to as “lag funding”) to June 30, 2025, for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) homes during the transition to Medi-Cal managed care. The purpose of this letter is to provide a final extension for the statewide availability of lag funding as well as updated requirements for requests beginning July 1, 2025.

The requirement for regional centers to provide lag funding was established in January 2024, when the transition of payments for ICF/DD homes to Medi-Cal managed care plans (MCPs) became effective. Since this transition began, the number of ICF/DD homes receiving lag funding has decreased from approximately 390 homes in January 2024 to 70 homes in January 2025. These figures indicate most homes are now receiving regular reimbursement from managed care plans (MCPs). Lag funding was intended to provide temporary, time-limited assistance. However, ongoing requests and low repayment rates (approximately 35 percent) indicate challenges may remain.

To evaluate those challenges, the Department is extending the availability of lag funding for services provided through December 31, 2025. Lag funding requests for services provided on or after July 1, 2025, must include the information below (do not include any information that is confidential or attributed to provider and MCP contract negotiations):

- **For new lag funding requests:**
 - Claim number(s), date(s) claim associated with the lag request was submitted, the applicable MCP(s), and the status of the claim(s) (e.g., pending MCP review/payment, rejected due to incorrect or incomplete billing data, payment denied, payment received).
 - For claim(s) that have been rejected or denied, documentation of action taken by the home to obtain payment. Actions may include:
 - Resubmission of corrected claims
 - Submission of a dispute for denial or payment of claim through the MCP’s provider dispute resolution process, if applicable.

- If the ICF/DD home has been unable to submit claims to the MCP(s), the home must also include written details of what has prevented submission of claims to the MCP, the timeframe of how long the home has been unable to submit claims, and what steps have been taken to remedy whatever is preventing claims submission.
- **For outstanding lag funding repayment:**
 - Additionally, for previously received lag payments that the home has not repaid to the regional center, the home provider must provide an example of a claim that illustrates common issues found in the claim process and detail the following:
 - Claim number and submission date, the applicable MCP, the status of the claim, and a summarized statement of issue(s) and action taken by the home and the MCP.

The intent is to use this information to assist in identifying reasons for, and actions needed to resolve, the delays ICF/DD homes are experiencing in receiving payments from MCPs. An updated lag funding agreement and form for collecting the information above are attached.

Your continued support for ICF/DD residents and homes during this transition is much appreciated. If you have any questions regarding this letter, please email healthfacilities@dds.ca.gov.

Sincerely,

Original Signed by:

JIM KNIGHT
Deputy Director
Administration Division

Attachments

cc: Regional Center Administrators
Regional Center Directors of Consumer Services
Regional Center Community Services Directors
Association of Regional Center Agencies
Bambi Cisneros, Department of Health Care Services