2026_10_14-FMS Vendor Standards

Waiver, Law, Directives · https://completeguidetosdp.org/docs/2026_10_14-fms-vendor-standards/

Brief:

Brief on Directive coming soon.

Directive:

October 14, 2026

D-2026-Self-Determination Program-003

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: SELF-DETERMINATION PROGRAM: FINANCIAL MANAGEMENT SERVICES VENDOR STANDARDS

This directive establishes statewide standards for vendors who provide Financial Management Services (FMS) for participants in the Self-Determination Program (SDP). It also designates San Diego Regional Center (SDRC) as the sole vendoring regional center for all SDP FMS vendors. This directive is issued pursuant to Welfare & Institutions Code (WIC) section 4685.8(p)(2), a law that authorizes the Department of Developmental Services (Department) to issue program directives for the SDP until regulations are adopted. All SDP FMS vendors are required to

meet these requirements and standards to be and remain eligible to provide financial management services to participants

Purpose:

The primary objective of this directive is to provide regional centers and SDP FMS vendors with information on the SDP FMS Vendor Standards and vendorization requirements. These standards are designed to improve consistency and effectiveness of services and SDP administration. The SDP FMS Vendor Standards (Attachment A) establish clear and consistent expectations for all SDP FMS vendors statewide as they support participants. Consistent expectations give participants the same protections regardless of where they live, give vendors one set of requirements to meet rather than several, and give regional centers a common basis for oversight.

Background:

Participants who elect to receive their services through the SDP must use an SDP FMS vendor of their own choosing who is vendored by a regional center, as required under WIC section 4685.8(d)(3)(E). WIC section 4685.8(c)(1) defines financial management services. Under that definition, an SDP FMS vendor must assist the participant with the following activities:

- Confirming that a participant has the funds needed to implement their Individual Program Plan (IPP) throughout the year.
- Managing and directing the distribution of funds in a participant’s individual budget.

Per the definition, the services or functions offered by an SDP FMS vendor may include the
following activities:

- Supporting bill paying services and activities that facilitate a participant’s ability to employ service and support workers.
- Supporting compliance with applicable state and federal employment laws.
- Fiscal accounting, tax withholding.
- Assisting the participant in verifying provider qualifications, including criminal background checks.

All SDP FMS vendors must comply with WIC section 4685.8, the SDP waiver, the applicable requirements in Title 17 of the California Code of Regulations, and the Department’s requirements, which are issued through Department directives.

What is Changing?

Currently, SDP FMS vendors are vendored by different regional centers across the State. Many of them provide services to participants in other regional centers’ catchment areas. This directive requires all SDP FMS vendors to meet existing vendorization requirements and to comply with all the standards listed in Attachment A. Regardless of their original vendoring regional center, all SDP FMS vendors are required to be vendored through SDRC. SDRC’s contract with the Department establishes that SDRC’s catchment area for SDP FMS vendorization purposes includes all regional center catchment areas. Each SDP FMS vendor will keep its existing vendor number to use statewide. If an SDP FMS vendor has more than one vendor number for the same service code, only one vendor number will remain, and the others will sunset. These changes take effect for each SDP FMS vendor on the effective date of its transfer to SDRC. For an SDP FMS vendor that already is
vendored, this is a transfer of vendorization to SDRC. The timeline for implementing these changes is described further below.

An existing SDP FMS vendor cannot submit a new vendorization application and does not begin the vendorization process again. Because the same vendor requirements were not applied at the time each SDP FMS vendor originally was vendored, SDRC will verify that the vendor meets SDRC's vendorization requirements and may request the documents needed to complete the transfer. SDRC will complete the transfer only if the vendor meets those requirements and the SDP FMS Vendor Standards in this directive.

As the vendoring regional center for all SDP FMS vendors, SDRC is responsible for overseeing and enforcing each vendor's compliance with the requirements outlined above, including reviewing and approving or denying all SDP FMS vendor program designs to determine each vendor's compliance with applicable requirements. Specifically, SDRC is responsible for SDP FMS Vendor Standards monitoring and enforcement, and for oversight, including audits and quality assurance compliance, as further described in the Regional Centers' Roles and Responsibilities section below. User regional centers retain responsibility for monitoring individual participants' billing activities, individual payment matters, and reimbursement of services purchased for participants, as also described in that section.

SDRC will begin to review compliance 45 calendar days after the issuance date of this directive.

Process and Timelines for Existing SDP FMS Vendors

Within 45 calendar days of the issuance date of this directive, all existing SDP FMS vendors must submit the documents required to demonstrate compliance with SDRC's vendorization requirements and the SDP FMS Vendor Standards. Submissions must include a completed SDP FMS Vendor Standards Review Tool (Attachment B), the supporting documentation needed, and any program design amendment(s), to SDRC at FMS.vendorization@sdrc.org.

The reviews of existing SDP FMS vendors by SDRC will take place outside the Provider Directory. An existing SDP FMS vendor that does not submit the required documents within 45 calendar days of the issuance date of this directive is out of compliance with SDP FMS vendor expectations. At the end of the 45-calendar-day submission period, SDRC will complete a preliminary review of all existing SDP FMS vendors' submissions. During its preliminary review, SDRC will treat a vendor who did not submit all required documents in the same way as an existing SDP FMS vendor that SDRC has completed a review for and found to be out of compliance with vendorization requirements. In this case, the end of the 45-calendar-day submission period is treated as the point at which SDRC's review is complete. For purposes of the correction period, its notification, termination, and appeal procedures are described below.

Beginning 45 calendar days after the issuance date of this directive, SDRC will begin reviewing completed submissions from existing SDP FMS vendors, including the SDP FMS Vendor Standards Review Tool, all required supporting documentation, any required vendorization application materials, and any required program design amendments. SDRC will conduct reviews in sequential groups of at least six existing SDP FMS vendors. The first review group will commence 45 calendar days after the issuance date of this directive, and each subsequent review group will begin immediately following the conclusion of the preceding review period.

Each review period will begin on the date SDRC starts the review of that review group and will not exceed 45 calendar days. Within five business days after a review period starts, SDRC must provide written notice to each SDP FMS vendor in the review group and to the original vendoring regional center confirming that the review has started and stating the date the review period ends. During the review period, SDRC may request additional information from the existing SDP FMS vendor or its original vendoring regional center. At the conclusion of each

review period, SDRC must determine whether each SDP FMS vendor meets all vendorization requirements, including the SDP FMS Vendor Standards, and provide written notice of its determination to the SDP FMS vendor and the original vendoring regional center within five business days of the decision.

SDRC’s Determination of Existing SDP FMS Vendor Compliance

Once SDRC has determined that an SDP FMS vendor meets all vendorization requirements, including compliance with the SDP FMS Vendor Standards, then the vendorization transfer to SDRC becomes effective on the first day of the calendar month that begins at least 30 calendar days after the decision date. SDRC will communicate this transfer in writing to the SDP FMS vendor and the regional center that originally established
vendorization. The written communication must state the effective date of the transfer. Until that date, the SDP FMS vendor’s vendorization with the original vendoring regional center remains in effect.

For all existing SDP FMS vendors that successfully meet all the required criteria, the SDP FMS vendor keeps its existing vendor number, and SDRC will adopt that number as the SDP FMS vendor’s SDRC vendor number to be used statewide. If the SDP FMS vendor currently has more than one vendor number for the same service code, only one vendor number will remain, and the others will sunset when the transfer is effective. SDRC will work with the SDP FMS vendor to determine which vendor number will remain. When the transfer becomes effective, the SDP FMS vendor’s vendorization with the original vendoring regional center closes, and the original vendoring regional center becomes a user regional center for that vendor, with the responsibilities described in the Regional Centers’ Roles and Responsibilities section below. SDRC will work with the Department to update the Provider Directory to reflect the completed transfer.

SDRC’s Determination of Existing SDP FMS Vendor Non-Compliance

If an existing SDP FMS vendor does not meet all vendorization requirements, including the SDP FMS Vendor Standards, then within the two business days of completing its review, SDRC must notify the original vendoring regional center, and each regional center that purchases services from that vendor, of the vendorization requirements the SDP FMS vendor did not meet and the corrections needed. The original vendoring regional center must notify the SDP FMS vendor in writing of the vendorization requirements that the SDP FMS vendor did not meet and the corrections needed within three business days of receiving SDRC’s findings and send a copy of that notice to SDRC. The SDP FMS vendor then has 30 calendar days from the date of the original vendoring regional center’s notice to correct all identified deficiencies. All regional centers that have participants who use the SDP FMS vendor must notify those participants in writing, using the letter in Attachment C, within five business days after the 30 calendar day correction period begins, as described in the “Participant Impact” section. SDRC will support the existing SDP FMS vendor and the regional center during this process, clarifying required SDP FMS Vendor Standards competencies and compliance expectations. Notices provided by the original vendoring regional center must be informed by the SDRC’s findings and the required corrections.

If the SDP FMS vendor does not make the required corrections by the end of the 30 calendar day correction period, SDRC must notify the original vendoring regional center that the vendor is not in compliance. The original vendoring regional center must then provide the vendor written notification by registered mail, as required by Title 17 section 54370(d), stating the violation, the specific SDP directive and regulatory references, and the date its vendorization will be terminated. This notice must be informed by the SDRC’s findings. The original vendoring regional center must notify SDRC within three business days of

sending the written notification to the vendor, including a copy of the letter. Vendorization terminates 30 calendar days after that written notification, as provided by Title 17 section 54370(c). Vendorization does not terminate if, within that period, the vendor notifies the original vendoring regional center of its intent to correct the noncompliance or the vendor files an appeal, as provided by Title 17 section 54370(f).

Concurrently, SDRC must provide written notice to the SDP FMS vendor of the denial for vendorization with SDRC as required in Title 17 section 54322. As required by Title 17 section 54322(f), that notice must state the reason for the denial and must include a statement that the applicant may appeal the action under Title 17 section 54380(a), a statement that such an appeal must be filed within 30 days pursuant to Title 17 section 54380(b) and (d), and an explanation of the appeal procedures in Title 17 sections 54380 through 54390.

Appealing a Regional Center’s Decision

Under Title 17 section 54380(a), a vendor or an applicant for vendorization may appeal a denial of a vendorization application or a finding of noncompliance under Title 17 section 54370. The SDP FMS vendor may appeal both actions. An appeal for a finding of noncompliance under Title 17 section 54370 is filed with the director of the original vendoring regional center. An appeal of SDRC’s denial of a vendorization application under Title 17 section 54322 is filed with the director of SDRC. An appeal must be filed within the required timeframes after the SDP FMS vendor receives written notification of the applicable action, as provided by Title 17 section 54380(b). The original vendoring regional center and SDRC must collaborate on the findings that support both the findings of noncompliance and the denial of vendorization with SDRC, given both actions are based on the same underlying reasons the SDP FMS vendor does not meet the SDP FMS Vendor Standards. SDRC must support the original vendoring regional center by sharing the information the original vendoring regional center needs to

process the appeal within three business days of the original vendoring regional center's request. Every notice issued under this directive that denies or terminates a vendorization must state the SDP FMS vendor’s appeal rights.

Once vendorization is terminated, the SDP FMS vendor no longer is eligible to provide financial management services to participants and must assist in transitioning its participants to another SDP FMS vendor selected by each participant. Notices to participants about a termination are described in the Participant Impact section below.

Participant Impact

To support continuity of services for participants during this process, if an existing SDP FMS vendor does not meet all the requirements, the participant’s regional center must notify the participant in writing within five business days after the 30 calendar day correction period described below begins. This notification must state that the participant’s current SDP FMS vendor must make changes to continue providing financial management services, and the dates by which the SDP FMS vendor must complete those corrections.

Notifying participants at the start of the correction period gives participants and families the most time to make an informed decision. If the participant or family wants to change their SDP FMS vendor, then the participant’s regional center must assist the participant in identifying other available SDP FMS vendors, with support from the Department’s Self-Determination Program Branch. The participant’s SDP FMS vendor is responsible for paying for the services and supports agreed to in the participant’s spending plan, including payments to service providers for services already delivered, up to the last day of service or until the participant transfers to a new SDP FMS vendor.

When the original vendoring regional center sends an SDP FMS vendor the termination notice, it must notify every regional center that purchases services

from that vendor within two business days of the termination date. Each of those regional centers then must notify its affected participants in writing, using the letter in Attachment D, within five business days after receiving the notice. This notice is separate from the correction-period notice in Attachment C. Attachment D tells participants the date the vendor's vendorization will end, that they have the right to choose a new SDP FMS vendor, and that their regional center will help them select one. If vendorization does not end because the vendor corrects the issue or files an appeal, the original vendoring regional center must notify all purchasing regional centers within two business days of learning the outcome. Each regional center then must notify its affected participants in writing within five business days after receiving this update.

This directive does not change any SDP participant's rights. WIC section 4685.8(l) provides that a participant has all the rights established in WIC sections 4646 to 4646.6, inclusive, and Chapter 7 (commencing with Section 4700), including that a participant may change SDP FMS vendors at any time. The September 12, 2022, Financial Management Services Payments and Notifications directive continues to apply, which includes the requirement to notify the participant's SDP FMS vendor of any finalized change to the participant's spending plan.

Process and Timelines for Entities Seeking to Become a New SDP FMS Vendor

Effective on the date of this directive, an entity seeking to become a new SDP FMS vendor that has not yet submitted a completed application to SDRC or any regional center through the Provider Directory, as specified in March 27, 2026, Provider Directory Standardized Vendorization, must first meet the preliminary requirements as stated in April 22, 2025, Additional Requirements for Entities Applying for SDP FMS vendorization before submitting a vendor application to SDRC through the Provider Directory. The entity seeking vendorization must

submit the information to SDRC showing how the entity meets the three preliminary requirements. Failure to meet these first three preliminary requirements will result in denial of the entity's vendorization application. The entity may appeal this decision as specified in Title 17 Section 54380.

Once SDRC confirms the preliminary requirements have successfully been met by the entity applying to be an SDP FMS vendor, the remaining requirements noted below must be met as part of the vendorization process:

- Meet Title 17 vendor application requirements.
- Meet the requirements in the SDP FMS Vendor Standards prior to Vendorization.
- Apply for vendorization by SDRC through the Provider Directory.
- Submit a program design that includes compliance with SDP FMS Vendor Standards.
- Submit a completed SDP FMS Vendor Standards Review Tool (Attachment B).
- Comply with all SDRC vendorization requirements.

If an entity has started the vendorization process in the Provider Directory with a regional center other than SDRC, the originating regional center must:

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- Notify SDRC at FMS.vendorization@sdrc.org within 30 calendar days of the effective date of this directive by emailing to notify of the reassignment of the entity's vendorization application.
- Reassign the entity's vendorization application in the Provider Directory to SDRC.
- Reassigned applications will continue at their current stage, and all previously submitted information will be retained.

If a regional center needs technical assistance to reassign a vendorization application, the regional center may contact the Provider Directory inbox at providerdirectory@dds.ca.gov. SDRC must review each vendor application within 45 days after receiving the application, as required by Title 17 section 54320(a). If an application is incomplete, SDRC must notify the applicant in writing of the missing items within 45 days of receipt, as required by Title 17 section 54320(b). SDRC must approve vendorization within 45 days of receipt of all information showing that the applicant complies with Title 17 section 54320(a), as required by Title 17 section 54322(a). The approval letter must include the items listed in Title 17 section 54322(d).

SDRC must deny an application within 45 days of receipt of a completed vendor application if the applicant fails to comply with Title 17 section 54320(a), as required by Title 17 section 54322(e), and the denial notice must include the reason for the denial including status of compliance with the SDP FMS Vendor Standards. As required by Title 17 section 54322(f), that denial notice must include a statement that the applicant may appeal the action under Title 17 section 54380(a), a statement that such an appeal must be filed within 30 days pursuant to Title 17 section 54380(b) and (d), and an explanation of the appeal procedures in Title 17 sections 54380 through 54390.

Appealing SDRC’s Decision

Under Title 17 section 54380(a), an applicant for vendorization may appeal SDRC’s denial of a vendorization application under Title 17 section 54322. The appeal is filed with the director of SDRC within 30 days after the applicant receives written notification of the denial, as provided by Title 17 section 54380(b). Every notice issued under this directive that denies a vendorization application must state the applicant’s appeal rights.

Regional Centers’ Roles and Responsibilities

A general overview of the roles and responsibilities of SDRC, as the vendoring regional center, and the user regional centers is detailed below.

Responsibility	SDRC	User Regional Center*
SDP FMS Vendor Standards monitoring and enforcement	✔	
Oversight including audits and quality assurance compliance	✔	
Monitoring of individual billing activities		✔
Individual matters including individual payment issues		✔
Reimbursement of services purchased for participants		✔

*The user regional center is a regional center, other than SDRC. SDRC has user regional center responsibilities for SDRC participants.

User regional centers must reimburse the SDP FMS vendor for approved services purchased for participants and are responsible for monitoring participants' billing activities.

User regional centers must follow the statewide SDP FMS vendor expectations in these SDP FMS Vendor Standards, including thresholds for insurance requirements. A user regional center whose governing board has adopted insurance requirements that exceed those thresholds may continue to apply its board-adopted requirements to SDP FMS vendors that support its participants. The user regional center must notify SDRC and the Department in writing within 30 calendar days of the issuance date of this directive, identifying the board-adopted requirement and the date the board adopted it. No other deviation is permitted. User regional centers must direct all vendor-related questions or concerns to SDRC. User regional centers must cooperate, provide the requested information, and assist SDRC and the Department with ongoing monitoring, investigation, and enforcement of the SDP FMS Vendor Standards. Additional

information on vendorization is available on the Department’s vendorization webpage.

Questions from entities seeking SDP FMS vendorization and existing SDP FMS vendors should be directed to SDRC at FMS.vendorization@sdrc.org.

Questions from regional centers should be directed to the Department’s Self-Determination Program Branch at sdp@dds.ca.gov.

Sincerely,

Original Signed by:

MARLENE MORALES

Branch Chief, Self-Determination Program Branch

Attachments

cc: Regional Center Administrators

Regional Center Directors of Consumer Services

Regional Center Community Services Directors

Association of Regional Center Agencies

Link to Directive:

Self-Determination Program: Financial Management Services Vendor Standards (English)

Attachment A:

English

Attachment B:

English

Attachment C:

English

Attachment D:

English