

February 2, 2026

G-2026-Case Management-001

TO: REGIONAL CENTER EXECUTIVE DIRECTORS
SUBJECT: ALTERNATIVE SERVICE DELIVERY PROPOSALS

Purpose

This letter communicates expectations for alternative service delivery proposals submitted by regional centers to the Department of Developmental Services (Department) pursuant to the following Welfare and Institutions Code (WIC) Sections:

- 4669.2(a)(3) – “Procedures whereby regional centers may negotiate levels of payment with providers for delivery of specific services to a group of consumers through a mutually agreed-upon contract with a specific term and a guaranteed reimbursement amount,” and
- 4669.2(a)(7) – “Procedures that encourage innovative approaches to the sharing of administrative resources between regional centers and other public and private agencies serving persons with developmental disabilities.”

Regional centers seeking to submit a service delivery alternative proposal to the Department different from the two aforementioned subsections, and consistent with other procedures or proposals identified in WIC Section 4669.2, subdivision (a), should contact their regional center liaison for guidance prior to submission of a proposal to the Department.

Background and Authority

WIC Section 4669.2, also known as Assembly Bill 637 or “AB 637,” provides regional centers the option to propose alternatives for the delivery of service to individuals across various categories. Regional centers can use the AB 637 process to employ creative and innovative responses to needs and situations that existing statutes and regulations do not contemplate or adequately address.

The AB 637 proposal process consists of four steps: 1) Preparation of the proposal, 2) Submission of the proposal to the Department, 3) Receipt of the Department’s decision regarding the proposal, and 4) Implementation and follow-up by the regional center if the proposal is approved by the Department.

I. PREPARATION OF THE PROPOSAL**Innovative Proposal Types**

The AB 637 proposal process is designed for the development of innovative service delivery methods that current laws and regulations do not authorize. It emphasizes

making system-level changes to how services are organized, coordinated, and/or provided. If a proposal only involves adjusting costs within an existing service model, then the rate reform process would be more appropriate and should be utilized. AB 637 proposals may involve exemptions from specific laws or regulations or modification of various program elements beyond just costs. AB 637 proposals will not be approved by the Department to replace Health or Safety Waivers or to increase rates for existing services. Instead, AB 637 proposals are intended to create entirely new ways of delivering services that are currently not expressly authorized.

Each proposal must be developed through consultation and collaboration of the regional center community, including the State Council on Developmental Disabilities (SCDD), vendors, individuals receiving regional centers services, and local advocacy organizations. The innovative means for providing services that the regional center will seek the Department's approval of must fall under one of the statutory provisions set forth in WIC section 4669.2, subdivision (a), subsections (1) - (8), as summarized below:

1. Alternative service coordination.
2. Support to individuals/families to secure their own services.
3. Service contracts with providers.
4. Procedures whereby interested parties, including individuals served, regional center representatives, and SCDD, may jointly examine and make recommendations to the Department for reduced reporting and recordkeeping requirements of regional centers.
5. Proposals to reduce regional center report and recordkeeping requirements.
6. Regional center leasing of facilities and contracting for services in those facilities.
7. Sharing administrative resources between regional centers and other public/private agencies.
8. Regional center purchase of office buildings.

Pre-Submission Consultation

Per WIC section 4669.2, subdivisions (a) and (b), consultation with SCDD, along with consultation with client/individual advisory committee(s) and vendor advisory committees and local advocacy organizations, is required during the development of the proposal prior to the public hearing conducted in accordance with section [4669.75](#).

Technical Assistance from the Department

The Department is available to provide technical assistance or answer questions related to the AB 637 process or ideas on possible proposals. Regional centers should direct inquiries by email to healthandsafetyrequest@dds.ca.gov. The Department will schedule a consultation meeting, discuss the purpose and scope of the proposed alternative service delivery option, confirm that the proposed change requires a waiver and cannot be accomplished under existing law or regulation, and provide preliminary guidance on the proposal's viability and documentation requirements.

Public Hearing Requirements

Prior to being submitted to the Department, the proposal must go through a formal public hearing process. Per WIC Section 4669.75, the process requires the regional center to meet each of the following requirements:

- Provide public notice of the hearing at least 10 business days in advance of the hearing (WIC Section 4669.75, subdivision (a)).
- The notice must include a proposal summary, a budget impact analysis, an assessment of the effects on services, and the impact on individuals served under the proposal, and a list of statutes and regulations that will be waived under the proposal (WIC Section 4669.75, subdivision (b)).
- Through the public hearing process, the regional center must consider all public comments on the proposal, including all written comments submitted and verbal testimony received. The regional center shall summarize its responses to all comments and submit a response summary to the Department as part of the proposal. The comments and responses shall be made available, along with the proposal, for public review (WIC Section 4669.75, subdivision (c)).

After completion of the public hearing, per WIC section 4669.2, subdivision (b), consultation is required with community partners, including SCDD, client/individual advisory committee(s) and vendor advisory committees, and local advocacy organizations.

II. SUBMISSION OF PROPOSAL TO THE DEPARTMENT

An AB 637 proposal must be reviewed and approved by the Department before it becomes effective. Proposals must be submitted either electronically or by mail to:

cob@dds.ca.gov

or

Community Operations Branch
Department of Developmental Services
1215 O Street MS 8-30
Sacramento, CA 95814

Required Documentation

Regional centers must submit a complete proposal that includes the following documentation (Attachment):

- 1) Executive Director Cover Letter
Specifies the proposed alternative, the service need, and the innovative means. Confirms the request meets the criteria in [WIC section 4669.75, subdivision \(d\)](#) and attests to the community meeting and feedback.
- 2) Proposal Narrative

Describes alternative service delivery option, lists statutes/regulations requesting to be waived, and explains why current law prevents implementation.

3) Budget

A worksheet, cost sheet, or other analysis that shows costs and their effects on the Purchase of Service budget.

4) Public Hearing Documentation

Includes hearing notice, comment summaries, responses, and community consultation verification.

Review Criteria

The Department will acknowledge receipt of proposals and may request additional information during the review process. The Department will issue a written decision, either approving or denying the proposal. The Department will consider the following factors when reviewing AB 637 proposals. The proposal must:

1. Not result in a reduction of direct services to individuals or their families.
2. Be cost-effective to the State and not create a net loss of federal reimbursement.
3. Be implemented within the regional center's existing funding allocation.
4. If the proposal includes negotiated levels of payment to providers through a contract, there must be a clear description as to how the regional center proposes to determine rates. The rate methodology must be clearly included and explained in the proposal.
5. Demonstrate that the regional center worked with its community and actively engaged the community, through the required public notice and public hearing process. There must be evidence that the requirements of WIC Sections 4669.2, subdivision (a), and 4669.75, subdivisions (a) and (b), were met.
6. Clearly identify which of the WIC Section 4669.2 allowable area(s) of innovation noted above is applicable to the proposal.
7. Identify existing statutory or regulatory requirements that would need to be waived to enable the proposal to go into effect. The regional center must identify the specific statutes and/or regulations that the Department is being asked to waive.
8. Include freedom of choice assurances, in line with Home- and Community-Based Services Waiver requirements, in the selection of service providers. The regional center must specify how the individual's right to freedom of choice in choosing a qualified care provider will be maintained.

Additional Review Criteria for Service Contracts with Providers

For proposals including negotiated levels of payment for service contracts with providers, the following considerations are important in the Departments' evaluation of the proposal.

WIC Section 4669.2, subdivision (a), subsection (3), authorizes the development of proposals whereby regional centers may negotiate levels of payment with providers for delivery of specific services to a group of individuals through a mutually agreed upon contract with a specific term and a guaranteed reimbursement amount. Contracted services may be for any specific service or combination of services across vendor categories. Only proposals in the general heading area of service agreements that meet the following criteria, in addition to the requirements outlined above, should be submitted for review. These proposals must provide:

- A clear explanation of how the regional center plans to assess rates or fiscal impact (if applicable).
- A detailed explanation of the calculation process (i.e., budget worksheet, cost sheet) for the negotiated level(s) of payment.
- Justification for the proposed rate structure.
- The term of the contract.
- A description of the service(s) to be provided.
- Identification of the group of individuals to be supported.

For situations where the request is not financial, the Department suggests an initial meeting to determine what information should be included with the proposal.

Statutes That May Be Waived

The Department has the authority to waive statutes and regulations including, Title 17 of the California Code of Regulations related to developmental services, and provisions of the Lanterman Developmental Disabilities Services Act when approving alternative service delivery proposals. This includes the ability to waive WIC Divisions [4.1](#), [4.5](#), and [4.7](#).

Statutes That Cannot Be Waived

The Department does not have the authority to waive laws or regulations managed by other state agencies, federal requirements - including those related to the Home- and Community-Based Services Waiver, licensing rules overseen by the Department of Social Services or the Department of Health Care Services, or requirements set by other agencies outside the Department's jurisdiction.

III. PROPOSAL DECISION BY THE DEPARTMENT

WIC section 4669.75, subdivision (d), specifies that the Department has the sole responsibility to review and approve all proposals. The Department will acknowledge receipt of proposals within five business days and review proposals in the order in which they are received. Review and response timelines may vary depending on proposal complexity, required analysis, information adequacy, and workload.

After review, the Department will send an email about the decision to the regional center, followed by a formal, signed letter. There is no appeal process for a denial of a proposal. However, regional centers may submit a new or revised proposal.

IV. IMPLEMENTATION AND FOLLOW-UP

Implementation Upon Approval

Initial approval may be granted by the Department for a period not to exceed three years. The initial approval period will provide the opportunity to evaluate the effectiveness of the proposal. Once approved by the Department, AB 637 proposals may be implemented immediately and remain valid until their approved expiration date, as long as conditions stay substantially the same. Unless specified in the approval, AB 637 proposals are not individual-specific.

After the initial approval period, if a need still exists, the regional center may submit a request for an ongoing approval. The request must include updated information on outcomes and stakeholder feedback, in addition to the requirements in WIC Section 4669.2, subdivision (c).

Annual Reporting Requirement

WIC Section 4669.2, subdivision (c) requires regional centers to annually submit a report to the Department on the implementation of approved service delivery options, in addition to the status of the service delivery. Starting in 2026, regional centers will receive a list of all approved proposals on file with the Department. Regional centers must specify how the proposal was implemented, including any vendorizations or service contracts. After reviewing this information, the Department will create an ongoing format for annual reports.

If you have any questions about this guidance, please contact the Community Operations Branch, at (833) 421-0061, or by email, at cob@dds.ca.gov.

Sincerely,

Original signed by:

ERNIE CRUZ
Deputy Director
Community Services Division

Attachment

cc: Regional Center Executive Directors
 Regional Center Administrators
 Regional Center Chief Counselors
 Regional Center Community Services Directors
 Aaron Carruthers, State Council on Developmental Disabilities
 Association of Regional Center Agencies