

# Help Develop the Definition of “Cost-Effective”

June 2026



Revised June 24, 2026



# Housekeeping



Interpretación en español: haga clic en el globo blanco en la parte inferior de la pantalla con la etiqueta "Interpretation." Luego haga clic en "Spanish" y seleccione "Mute original audio."



ASL interpreters have been "Spotlighted," and Zoom's live closed captioning is active



This meeting is being recorded

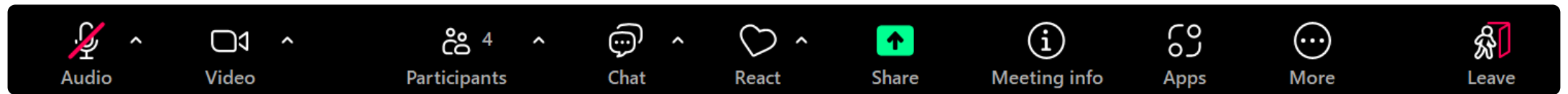


Materials are available online at: [DDS Events Webpage](#)



[Share Your Feedback: Help Develop the Definition of "Cost-Effective"](#)

# Zoom Tips



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# Agenda



- Background
- Proposal for “Cost-Effective”
- Let’s Talk and Get Ready for Comments

# Background



# Background

## Why is the definition changing?

- A new law requires a "cost-effective" definition by August 1, 2026.
- The current "least costly service" definition is hard to understand.
- There is not a consistent statewide interpretation.
- Supports the responsible use of public funds.

This new definition will be used for **all goods and services** in:

- Traditional services
- Participant Directed Services
- Self-Determination Program (SDP)

Assembly Bill 143 (Chapter 12, Statutes of 2025) amended Welfare and Institutions Code (WIC) section 4648(a)(6)(D)(ii)

The slide features a decorative header on the left side consisting of two orange circles stacked vertically, with a light blue vertical bar extending downwards from the top circle. A solid dark blue horizontal bar is positioned at the bottom left of the slide.

# Background

**“Cost-effective” is one of the key factors considered when selecting goods, services and providers.**

The other factors include that they must:

- Match with specific needs and preferences of the individual
- Be effective in helping the individual reach their Individual Program Plan (IPP) goals
- Consider the range of available service options
- Use generic services and other available funding sources
- Consider family responsibility
- Be provided in the least restrictive most integrated setting



# Background

## What does the current definition say?

When deciding between comparable quality services from different service providers, the least costly provider must be chosen if they:

- Meet the individual's needs
- Help the individual achieve their IPP goals
- Do not require the individual to change to less integrated services
- Are eligible for federal funding

[Welfare and Institutions Code \(WIC\) section 4648\(a\)\(6\)\(D\)\(i\)](#)

# Proposal for “Cost-Effective”



# "Cost-Effective" for All Services

## **"Cost-effective" definition should include all the following criteria:**

- Meet the individual's needs
- Help the individual achieve their IPP goals
- Not replace generic services
- Be eligible for federal financial participation
- Be provided by a qualified provider
- Be provided at a reasonable rate

Individuals will still be able to choose who provides their services.

# "Reasonable Rate" in Traditional Services and Participant Directed Services

## Rates Set by the Department

Rate Study  
Rates set in Statute  
"Median Rates"

## Rates Set Outside the Department

Other Government Agencies  
Rates Charged to the General Public

## Negotiated Rates

Department Must approve if exceeding the first 2 methods

In traditional services and participant directed services, the Department sets the rate.

A regional center negotiating a higher rate must get approval from the Department.

# "Reasonable Rate" in the SDP

## Vendored Services

Services match the vendor's program design

Reasonable rate is the vendored rate

## Comparable Services

Comparable descriptions to other services provided by the Department or other government entities

Reasonable rate is the rate established by the Department or entity

## Other Services

Services from Local Businesses or Community Resources

Reasonable rate is a rate not higher than what similar community providers charge

This applies to all SDP services identified in the individual's spending plan.

Rate adjustments can be explored to meet the unique needs of the individual.

# Let's Talk and Get Ready for Comments



# We Want to Hear From You!



Is the proposal for “cost-effective” clear?



What needs more explanation?



What do you like about what is proposed?  
What would you change?

# Regional Centers and Providers Discussion



Are there any additional elements that should be included in the definition across all service delivery models?



What guidance would regional centers and providers need to apply the definition consistently?



How should cost, choice, and individual needs be balanced?

## We Want to Hear From You!

Your feedback is important to help us with the definition for "cost-effective."

**Share your comments by: July 31, 2026**

[Share Your Feedback: Help Develop the Definition of "Cost-Effective"](#)

<https://forms.office.com/g/cS4BFewEAQ>

Share Your Feedback: Help  
Develop the Definition of "Cost-  
Effective"



# Resources

## Department of Developmental Services - Community Operations Branch

- Email: [COB@dds.ca.gov](mailto:COB@dds.ca.gov)

## Questions about vendored rates and the Department's Rate Models

- Email: [ratesquestions@dds.ca.gov](mailto:ratesquestions@dds.ca.gov)
- Links to the Department's [Rate Models](#) and [Reimbursement Rates](#)

## Department of Developmental Services Self-Determination Program Branch

- Email: [SDP@dds.ca.gov](mailto:SDP@dds.ca.gov)

## The Office of Developmental Services Ombudsperson

- Email: [Ombudsperson@dds.ca.gov](mailto:Ombudsperson@dds.ca.gov)
- Phone: (877) 658-9731