

Photo by [Chona Kasinger](#), from [Disabled and Here](#)

Proposed Update to the Definition of “Cost-Effective”

June 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

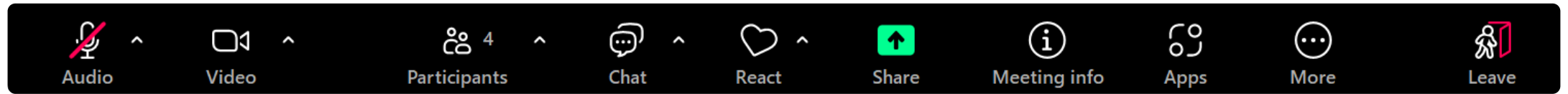


Materials are available online at: [DDS Events Webpage](#)



[Share Your Feedback: Proposed Definition of "Cost-Effective"](#)

Zoom Tips



Unmute mic only when it's your turn to speak

Turn your webcam on/off

Chat is **not open**. Please use the Q&A feature for questions

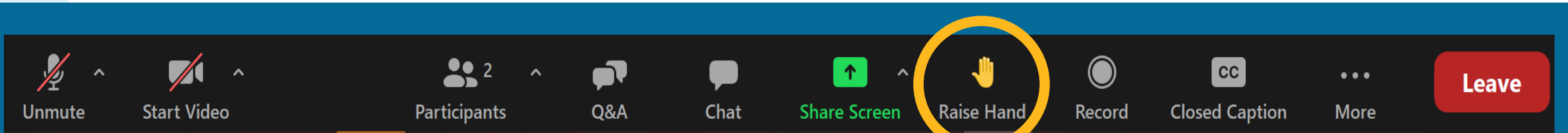
Leave the webinar at the end of the meeting



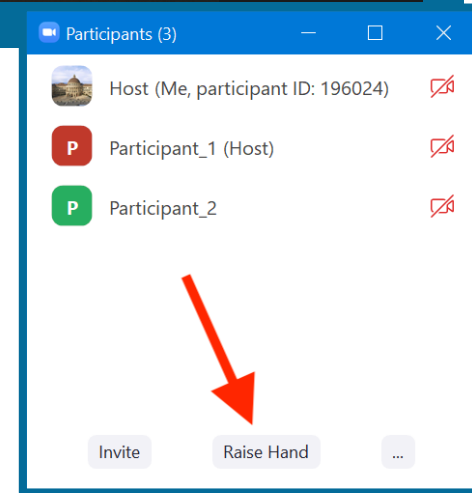
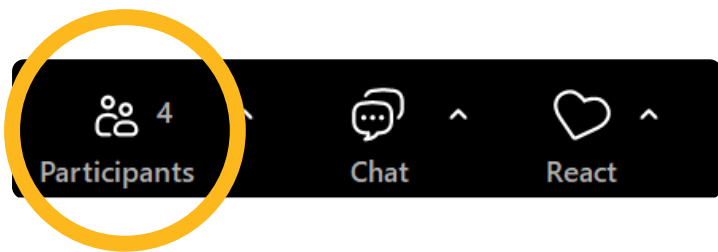
- Features will vary based on the version of Zoom and device you are using
- Some Zoom features are not available for telephone-only participants

Providing Comments

Use the “Raise Hand” feature or Q&A to comment

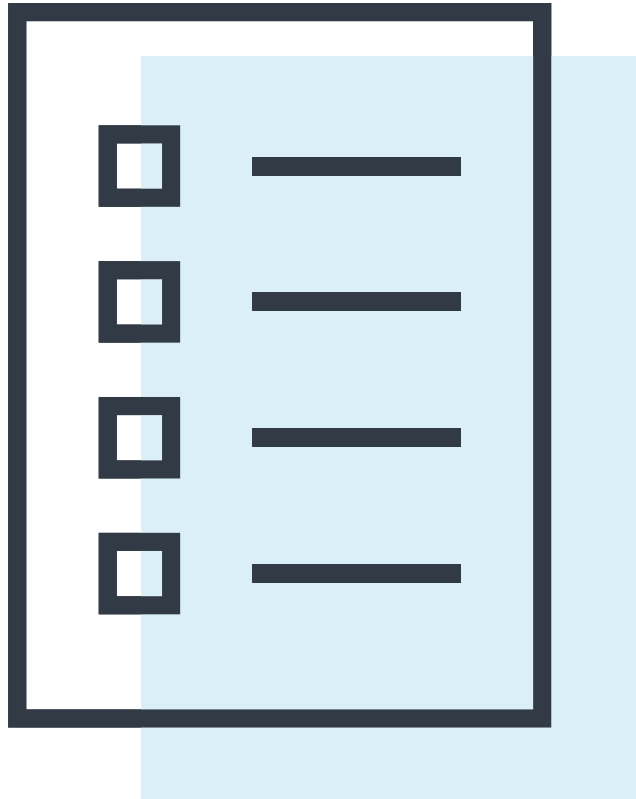


You may need to click on “Participants” & a new window will open where you can “Raise Hand.”



To raise your hand on the Zoom mobile app, tap the screen to show controls, tap **Reactions** (or **More**, then **Reactions**), and select **Raise Hand**.

Agenda



- Why is the definition is being updated
- What is the current and proposed definitions
- How the definition is used
- Questions and ways to share feedback

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 services** in:

- Traditional services
- Participant Directed Services
- Self-Determination Program

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

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 Individual Program Plan (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\(a\)\(6\)\(D\)\(i\)](#)

Proposed Definition



Proposed Definition of "Cost-Effective" for All Services

"Cost-effective" is defined as meeting all the following criteria:

- Meet the individual's needs
- Help the individual achieve their Individual Program Plan (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.

Proposed Definition of "Reasonable Rate" in Traditional 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, the Department decides the rate.

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

Proposed Definition of "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 proposed definition 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



We Want to Hear From You!



Is the proposed definition clear?



What needs more explanation?



What do you like about the definition?
What would you change?

Regional Centers and Providers Discussion



Are there any additional elements that should be included in this 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: Proposed Definition of "Cost-Effective"](#)

Resources

Department of Developmental Services - Community Operations Branch

- Email: COB@dds.ca.gov

Questions about vendored rates and the Department's Rate Models

- Email: 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

The Office of Developmental Services Ombudsperson

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