

October 9, 2025

D-2025-Quality Incentive Program-015

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: QUALITY INCENTIVE PROGRAM – PROVIDER ELIGIBILITY TO EARN  
QUALITY INCENTIVE RATE FOR FISCAL YEAR 2026-27

This directive informs existing service providers with QIP-eligible purchase of service (POS) authorizations and activities during fiscal year (FY) 2024-25 (July 1, 2024 – June 30, 2025) about the requirements for earning the 10 percent quality incentive rate component for FY 2026-27 (July 1, 2026 – June 30, 2027). These service providers must meet eligibility requirements, and then data collected from them will be used to determine whether they have reported accurately and completely and are therefore qualified to receive the quality incentive rate component(s) in FY 2026-27.

Guidance for newly vendored and/or re-activated providers to participate in the QIP will be provided in a separate directive.

### **QIP Provider Eligibility Requirements**

As shared in the [July 18, 2025 directive](#), existing service providers must be in compliance with ALL of the following requirements, as applicable to each provider, by February 27, 2026, to be eligible to earn the quality incentive rate component(s) for FY 2026-27:

- *Electronic Visit Verification (EVV):* To be considered compliant, a service provider must either complete EVV self-registration or have the regional center confirm the service provider is exempt from the [EVV requirement](#). Additional information and resources can be found on Department's dedicated [Electronic Visit Verification webpage](#). For future fiscal years, good faith effort to implement EVV will be required.
- *Home and Community-Based Services (HCBS) Settings Final Rule:* To be considered compliant, the service provider's vendoring regional center must make a determination of compliance and report to the Department in accordance with the [January 8, 2024 directive](#). As of July 2025, all service providers were determined to be compliant with this requirement. Service providers are reminded of the importance of maintaining compliance on an ongoing basis, and that the federal Medicaid Access Final Rule establishes the right of an individual, after July 9, 2026, to file a grievance alleging noncompliance. Additional information and resources about this HCBS compliance requirement can be found on Department's dedicated [Home and Community-Based Services Settings Final Rule](#) webpage.

- *Independent Audits and Reviews:* Providers that receive payments from one or more regional center must contract with an independent accounting firm for an independent audit or independent review report of its financial statements relating to payments made by regional centers. An independent audit is required for providers receiving two million dollars (\$2,000,000) or more during each state fiscal year. An independent review is required for providers receiving more than or equal to five hundred thousand dollars (\$500,000), but less than \$2,000,000. The independent audit or independent review must be submitted to the regional center within nine months after the end of the provider's most recent fiscal year or have a granted exemption. Additional information on these requirements in [Welfare and Institutions Code Section 4652.5](#), including the difference between an audit and a fiscal review, can be found in Attachment A. [Please note that the threshold amounts in Attachment A's 2011 directive subsequently have been updated through legislation.]

### Overview

Beginning Fall 2025, the Department of Developmental Services (Department) will collect data from service providers who are eligible for the [Quality Incentive Program \(QIP\)](#). Data collected from eligible service providers will fall under three reporting measures: provider capacity, preventative health and wellness, and employment. The collected data will be used to support further program and measure development. By participating in these QIP data collection efforts, eligible service providers who meet the criteria above will earn the QIP portion(s) of their rate model rate effective July 1, 2026, through June 30, 2027. General information about the QIP can be found in the September 19, 2024 directive: [D-2024-Rate Reform-001: Rate Reform Full Implementation Overview](#). See Attachment B for more information about the QIP rate structure and services codes that should participate in the three reporting measures.

### QIP Data Collection

The Department will collect data from service providers based upon:

- *Service Codes:* Existing service providers with FY 2024-25 POS authorizations for QIP-eligible service codes (see Attachment B) will be eligible to participate in the data collection activities.
- *Provider Directory:* Existing service providers must be validated in the [Provider Directory](#) as of **October 30, 2025**, to be included in the data collection activities.

There are three reporting measures available to inform each service provider's earning of the QIP portion of the rate. Beginning Fall 2025, existing service providers will report on services delivered between July 1, 2024 and June 30, 2025. This information will be used to determine whether the QIP portion of the rate has been earned for FY 2026-27. For details on each measure, please review the following directives that will be available at <https://www.dds.ca.gov/rc/regional-center-directives/>:

- D-2025-Quality Incentive Program-16 – Employment Measure for Fiscal Year 2026-27;

- D-2025-Quality Incentive Program-017 – Prevention and Wellness Measure for Fiscal Year 2026-27;
- D-2025-Quality Incentive Program-018 –Provider Capacity Measure for Fiscal Year 2026-27.

This directive, and the three listed above, also will be disseminated to service providers through the Provider Directory. The Department will hold training webinars for regional centers and eligible service providers, which will be announced on the Department's [QIP webpage](#). Regional centers may submit questions to [QIPquestions@dds.ca.gov](mailto:QIPquestions@dds.ca.gov).

Sincerely,

*Original Signed by:*

AARON CHRISTIAN

Chief, Population Risk, Quality Assurance, and Data Operations

Attachments

cc: Regional Center Administrators  
Regional Center Directors of Consumer Services  
Regional Center Community Service Directors  
Association of Regional Center Agencies