

December 26, 2025

D-2025-Home and Community-Based Services-001

TO: REGIONAL CENTER EXECUTIVE DIRECTORS

SUBJECT: ONGOING COMPLIANCE MONITORING AND REPORTING FOR HOME AND
COMMUNITY-BASED SERVICES SETTINGS

This letter provides regional centers with requirements for ongoing monitoring and reporting activities of federally defined Home and Community-Based Services (HCBS) settings.

Regional Center Monitoring

Regional centers must include the HCBS settings requirements for ongoing compliance into their service monitoring systems. Regional centers shall fulfill this requirement through existing monitoring and service oversight responsibilities, and as necessary, through newly developed processes. Existing monitoring and service oversight responsibilities include, but are not limited to, quality assurance monitoring of service providers, required trainings for service providers (new and ongoing provider training), and the oversight of services and person-centered service planning through case management. When current practices are not sufficient to include all settings where HCBS are provided (please see Attachment A for a list of settings), new processes will need to be developed so that all settings are captured in ongoing monitoring responsibilities. New processes may include incorporating additional settings into quality assurance reviews, developing a desk review process that accounts for all federal requirements, developing individual satisfaction surveys, or working with individuals with lived experience to complete a review of settings. Regional centers were allocated operational funding beginning in the FY 2023-2024 E-1 Amendment, and ongoing, to support this effort.

Beginning April 1, 2026, and using the monitoring and oversight processes listed above, regional centers must complete an annual review of all settings (see Attachment A) where HCBS are provided. Regional centers shall verify all relevant federal requirements are satisfied. The settings requirements and how compliance is evaluated can be found in Attachment B. Reporting to the Department is required in order to fulfill Centers for Medicare and Medicaid Services and Quality Incentive Program requirements, as described in a later section of this letter.

If evidence of noncompliance is found during the course of a review, regional centers should work collaboratively with service providers to remediate any findings, such as by seeking input from individuals receiving regional center services on how areas of noncompliance may be corrected, completing training and/or training staff on the federal requirements and person-centered service planning, or updating documentation or practices to support full implementation of the federal requirements.

Should remediation efforts still result in a service provider being found to be noncompliant with any of the federal HCBS requirements, the regional center shall work with the service provider to develop and deliver a written Corrective Action Plan (CAP) within ten working days of any finding(s) of noncompliance. Remediation efforts will align with the existing Corrective Action Plan (CAP) processes used in California Code of Regulations, Title 17 section 56056 for

residential facilities, which include the provision of service provider appeal rights. The CAP shall address the steps the provider must take to remediate any findings of noncompliance. The written CAP shall describe all of the following:

- (1) The federal requirement(s) for which noncompliance is identified, information about possible sanctions that will be enforced if the service provider does not comply with the CAP, and the right to appeal any sanctions imposed.
- (2) The method(s) by which the service provider is to remediate the finding(s), including activities described at the bottom of page 1 of this letter.
- (3) The timeframe within which the service provider must remediate the finding(s), which shall not exceed 30 days from the date the written CAP is issued, unless the regional center and service provider determine that remediation will require additional time.

The service provider shall return the signed and dated CAP to the regional center within seven days of its receipt, with any areas of disagreement noted in writing. The regional center issuing the CAP shall provide a copy of the signed CAP to the service provider and to any other regional center providing services to individuals at the setting. Regional centers shall submit to the Department, through existing processes, any CAP issued to a service provider related to HCBS compliance.

Sanctions

If a service provider does not complete the actions listed in their CAP within the specified timeframe, the regional center may pursue the following sanctions progressively:

- (1) Issue an immediate moratorium on referrals and authorizations for new referrals for the service provided by a service provider that has failed to complete the required corrective action.
- (2) Meet with each individual who is receiving services in the setting, or the individual's authorized representative, to discuss the situation and offer alternate options if the service provider does not remediate. Individuals served, or their authorized representative, may elect to meet with the regional center via remote technology.

Regional centers must notify any service provider impacted by any sanction listed above and must include the date any action takes effect. If a provider remains noncompliant after taking the above steps, the regional center may pursue terminating the vendorization for noncompliance, in alignment with [California Code of Regulations, Title 17 Section 54370](#).

Provider Appeals

Should a service provider disagree with a regional center's action to impose sanctions related to continued non-compliance with the HCBS settings requirements, the service provider may appeal in writing to the director of the vendoring regional center within 30 days after the receipt of written notification of the regional center's notice of associated sanction. Service provider appeals for HCBS compliance follow existing appeals procedures described in [California Code of Regulations, Title 17 Section 54380](#).

Quality Incentive Program

Regional centers and service providers are reminded that compliance with HCBS requirements is one of the elements necessary to establish eligibility for the Quality Incentive Program (QIP), which can provide up to ten percent of a provider's full rate model established by [rate reform](#). Details about this requirement are included in the October 2025 [D-2025-Quality Incentive Program-015 directive](#).

Reporting to the Department

At the end of July and January each year, beginning with July 31, 2026, regional centers must submit to the Department a semi-annual report of all settings reviewed. The Department will send a survey link to the semi-annual report submission platform following the release of this letter. Attachment C shows the questions and information that regional centers will be required to provide using the online platform. The report will designate the total number of settings reviewed by setting type and review type, as well the total number of corrective action plans issued for each federal requirement. The report, in conjunction with the compliance status reported and maintained in the Provider Directory for provider HCBS compliance status, will determine a provider's eligibility for the QIP.

Regional centers should work to have plans in place prior to April 1, 2026, addressing how they will meet the monitoring and reporting requirements in this letter. The Department may request documentation of regional center monitoring plans, as well as any supporting evidence associated with the data reported to the Department. The Department is available for technical assistance in the development of regional center plans for ongoing HCBS compliance monitoring.

For more information regarding the HCBS Settings Requirements, including informational materials and trainings, please visit [the Department's HCBS webpage](#). Please direct questions regarding this directive or requests for technical assistance to the HCBS Settings Requirements inbox, hcbsregs@dds.ca.gov

Sincerely,

Original Signed by:

MICHI A. GATES, Ph.D.
Chief Deputy Director, Program Services

Attachments

cc: Regional Center Administrators
Regional Center Directors of Consumer Services
Regional Center Community Services Directors
Regional Center HCBS Program Evaluators
Association of Regional Center Agencies
State Council on Developmental Disabilities