

QIP Compliance Overview

Why Compliance Matters

Financial compliance now determines whether providers receive 100% of Regional Center reimbursement under AB 143:

- 90% is automatic
- The final 10% must be earned through compliance

 **Beginning July 2026, providers who are not compliant will lose the 10% QIP until requirements are met.**

 **17** DDS has issued a statewide deadline of **February 26, 2026**, making early scheduling essential.

Revenue Thresholds

Compliance requirements depend on total payments received from one or more Regional Centers by the registered entity.:






- Under \$500K: No review or audit
- \$500K–\$2M: Independent financial review required
- \$2M+: Independent audit required

Thresholds are not determined per home or per contract, so entities approaching \$500K or \$2M revenue threshold should begin preparation now to avoid sudden non-compliance.

What Compliance Involves

Providers must maintain GAAP basis financials, which is accrual basis of accounting, not tax-basis cash records.

Key expectations include:

-  Proper tracking of receivables and payables
-  Segregated business vs personal funds
-  Depreciation and fixed-asset schedules
-  Bank reconciliations and supporting documentation
-  Reconciliation of other material balance sheet and profit and loss items



Clean records significantly accelerate CPA engagements and reduce costs.

Estimated Engagement Scope & Professional Fees

- **Independent Financial Reviews (\$500,000–\$2 million in annual revenue):** Professional fees generally range from approximately \$8,000 to \$10,000 or more, with engagements typically requiring eight to ten business days, assuming financial records are complete and GAAP-ready.
- **Independent Financial Audits (\$2 million and above in annual revenue):** Professional fees commonly begin at approximately \$13,000 to \$18,000 or higher, with engagements generally requiring around two weeks when supporting documentation, schedules, and internal controls are in place.

The number of CPA firms qualified to perform Regional Center compliance engagements is limited, and demand already exceeds available capacity. Early engagement of a qualified CPA helps ensure access to services and safeguards continued eligibility for QIP reimbursement. *Important to inquire if a qualified CPA is subject to Peer Review either by the American Institute of Certified Public Accountants (“AICPA”) or the California Board of Accountancy (“CBA”)*

What Providers Should Have Ready

Typical documentation includes a Balance Sheet, Profit & Loss Statement, AR aging, bank reconciliations, fixed-asset register, tax returns, and the reconciliations of other material financial statement items as requested by the Independent CPA. Providers who assemble these early are positioned to meet the February 2026 deadline and avoid reimbursement loss beginning July 2026.

Protect Your 10% QIP Revenue

Keeping the full rate depends on timely scheduling, GAAP-capable bookkeeping, and ensuring financial records are ready for CPA examination. While advocacy is ongoing, enforcement will proceed, and providers who prepare now will retain their full reimbursement.

6Beds actively supports its members with updates, guidance, and access to resources designed to help providers maintain compliance and protect QIP revenue.

6Beds Recommended CPA

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 6Beds recommends that members in need of financial statement reviews/audits reach out to Nitin Parekh, CPA, preferably via email, who will be able to refer members to qualified bookkeepers who can assist members in getting their internal records audit/review ready, thereby reducing the overall cost of the engagement.