

DATE: September 10, 2026

QIP POLICY LETTER 26-005

TO: ALL DISTRICT AND MUNICIPAL PUBLIC HOSPITALS (DMPHs)

SUBJECT: QIP POLICY DECISIONS RELEVANT TO THE DMPHs FOR CY2027

PURPOSE:

This QIP Policy Letter (QPL) reminds DMPHs of current CY2026 QIP policies that will be continued for CY2027 and introduces two new policy decisions that will be implemented in CY2027:

1. Limitation to Number of Measures a DMPH May Add
2. Expansion of the Exemption Requirement that 30% of Measures Remain the Same Year-Over-Year

BACKGROUND:

To provide information on the CY2026 DMPH policies that will be continued in CY2027. This policy letter also outlines two new policies that will be implemented in CY2027.

To promote meaningful quality improvement and achievement of performance targets, DHCS will implement a limitation on the number of measures a DMPH may add through the attestation process, effective CY2027. This policy aims to shift focus from increasing measure counts for funding purposes to improving outcomes.

Additionally, for the CY2026 performance period (reported in June 2027), DMPHs must retain at least 30% of their total reported measures from the prior year (CY2025), rounded to the nearest whole number. DMPHs attesting to two or fewer measures are exempt from this requirement. Other exemptions may be granted on a case-by-case basis, subject to written request and DHCS approval.

NEW POLICIES:

1. Limitation to Number of Measures a DMPH May Add

Prior to attesting to measures for reporting, DMPHs must consider the following scenarios:

- a) If a DMPH received a quality score of zero in the most recent prior calendar year for which audited data is available, it may not increase its number of attested measures in the next calendar year.

Example:

If a DMPH attested to three measures in CY2025 and received a quality score of zero after the audit was completed, then for CY2027 attestation, the DMPH may attest to no more than three measures.

- b) If a DMPH received a quality score of 50 percent or less in the most recent audited year, it may increase its total number of attested measures by **no more than two** for the next calendar year, **regardless of service line additions**.

Example:

If a DMPH's allocation for CY2025 was \$100,000 for four measures but only received \$50,000 (Quality Score = 50%), then in CY2027, the DMPH may attest to no more than six measures.

2. Expansion of the Exemption Requirement that 30% of Measures Remain the Same Year-Over-Year

To support small hospitals with unstable denominators and limited resources, DHCS will expand the exemption requirement that 30% of measures remain the same year-over-year to include hospitals attesting to three measures (previously, only those attesting to two or fewer measures were exempt).

Carry over policies from CY2026 to CY2027:

1. DMPH Number of Measures and Commitment Survey

For CY2027, DHCS will continue the two-tiered grouping of DMPHs, based on the sum of each DMPH's Medi-Cal Managed Care Revenue from the most current audited year (CY2025). Each DMPH must complete a survey committing to the number of measures it will report on within its tier grouping. The completed survey must be submitted by email to the DMPH's QIP liaison no later than 60 calendar days after the release of the QIP CY2027 Reporting Manual. DMPHs must ensure that the Measure Commitment Survey is signed by the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), or an authorized official who has financial responsibility for the QIP entity.

For DMPHs wanting to see their specific tier, please see Attachment 1 - Specific DMPH QIP Tiers. Each tier contains a range of measures – a required minimum and a maximum

possible that a DMPH could commit to report. DMPHs in Tier 2 with rural hospital designation, as defined by the CA Health & Safety Code section 124840, have the option to move to Tier 1. QIP Tiers and Measure Ranges are in Table 1 below.

NOTES: A DMPH **must** report on the number of measures it commits to in order to receive **ANY** payment for a CY. If a DMPH does not report on the number of measures it commits to via the survey, it will not receive **ANY** payment for the CY.

For CY2027, a DMPH **must only** report on the number of measures it commits to (do NOT overreport) **AND** the following three (3) informational managed care plan (MCP) produced measures:

- Q-COMS: Number and Percentage of Eligible Members Receiving Community Supports, and Number of Unique Community Supports Received by Members
- Q-ECM: Number of Members Enrolled in ECM
- Q-FUAH: Percentage of Acute Hospital Stay Discharges Which Had Follow-Up Ambulatory Visits Within 7 Days Post Hospital Discharge

Note: DHCS is working to create these provider-level technical specifications for Q-COMS, Q-ECM, and Q-FUAH and will provide future communication through QIP Updates.

For example:

A DMPH in Tier 1 that commits to five (5) measures must report a total of eight (8) measures.

Table 1: DMPH QIP Tiers and Measure Ranges

DMPH QIP Tier	Measure Range		Sum of Net Medi-Cal Managed Care Revenue
	Minimum	Maximum	
1	1	15**	Less than \$30 million
2	7	20	\$30 million and above

****For CY2027, DMPHs in Tier 1 may add up to three (3) measures for a maximum commitment of fifteen (15) measures **only if** they achieved a Quality Score of 100% for their performance in the previous two (2) CYs (i.e., CYs 2024 and 2025) for which completed and audited data are available. This maximum commitment of fifteen (15) measures policy **only** applies to DMPHs in Tier 1 that previously committed to and reported on a maximum total of twelve (12)**

measures in CYs 2025 and 2026.

When completing the Measure Commitment Survey, DMPHs should consider that the number of measures they report partially determines their allocation:

- 40 percent based on the number of measures the DMPH commits to report for CY2027, proportionate to other DMPHs.
- 60 percent based on the most current annual Medi-Cal Managed Care revenue, proportionate to other participating DMPHs, as reported in the hospital's Annual Financial Disclosure Report to the Department of Health Care Access and Information.

If a DMPH is allocated the minimum amount, this will proportionally adjust all other DMPHs' allocation.

For CY2027, the minimum allocation for DMPHs in Tier 1 reporting one (1) measure will be set at \$500,000.

For CY2027 and beyond, the allocation threshold for DMPHs in Tier 1 reporting two (2) measures will remain \$750,000.

Before committing to the specific required number of measures, the DMPH must consider a multitude of factors including, but not limited to, which QIP Tier it is in, the QIP allocation methodology, the clinical services it offers, the participation of community partners (see Section 2 below), and the likelihood of data measure's denominator being above 30 patients for the baseline period as well as the performance period. Moreover, the DMPH should consider these additional QIP program requirements **prior** to committing to the number of measures for a CY:

a. QIP Priority Measure sub-set and 50 Percent DMPH Requirement:

1) DHCS has designated 20 measures as the Priority Measure sub-set. For DMPHs, at least **50 percent** of reported measures must be from the Priority Measure sub-set unless:

- The DMPH does not offer the clinical service line covered by the measure(s), with the exception of FUA and FUM if a hospital provides emergency department services but no outpatient services,
- The DMPH does not have enough Priority Measures with a denominator of at least 30 for the CY, or

- The DMPH is reporting only on one (1) measure wherein the DMPH can report on either a Priority or Elective Measure.

If a DMPH demonstrates to DHCS that either of the first two aforementioned criteria apply for a given Priority Measure, it must pick a different Priority Measure on which to report on. If all Priority Measures have been exhausted due to either criterion, then the DMPH **must** demonstrate this within the QIP Reporting Application. At that point, the DMPH may select from the list of Elective Measures from CY2027 to meet its minimum measure commitment, and it is no longer held to the 50 percent Priority Measure requirement.

- b. One (1) Medi-Cal Managed Care (MCMC) Life for each measure:
 - 1) Each reported measure must include at least one person enrolled in MCMC in the denominator during the reporting CY in order for payment to be made.
 - 2) For sub-rated measures, at least one (1) sub-rate must include data from at least one (1) person enrolled in MCMC. An entity will earn an AV of zero (0) and will not receive payment for a reported measure in which data does not include at least one (1) MCMC life. However, the measure may still be used to fulfill the required number of measures for an entity's QIP reporting.

NOTE: Any MCMC life meets this reporting requirement; the MCMC life does not necessarily have to be assigned to the DMPH unless it is required by the measure-specific criteria.
- c. QIP Target Populations

The QIP Target Population depends upon the specific QIP measure and can be identified in the QIP CY2027 Reporting Manual.
- d. **As outlined above as an amendment to this policy, new for CY2027,** DMPHs **must** report 30% of their total measures from their CY2026 QIP report, rounded to the nearest integer. DMPHs that have attested to one (1) measure, two (2) measures, or **three (3) measures** in CY2027 will be exempt from this requirement. Below is a list of additional exemptions to the rule. Any other exemptions are determined solely by DHCS on a case-by-case basis and require a written request to DHCS for consideration.

- The entity no longer offers the clinical service(s) line(s) required to report on the measure (e.g., the entity has closed its maternity unit).
- The entity no longer has a community partnership in place to be able to use the community partner's data to report on the measure(s) (e.g., community partner agreement has been discontinued in CY2027).
- The entity's community partner no longer offers the clinical service(s) required to report on the measure(s).
- The entity's community partner can no longer and/or will no longer provide the necessary data to be able to report on the measure(s).
- The entity or the entity's community partner does not have a denominator of 30 or greater required to be able to report on the measure(s).

2. DMPH Community Partner Application Materials

The CY2027 DMPH Preprint that is contingent upon CMS approval will include a provision allowing DMPHs to use community partner data in QIP data reporting, if approved to do so by DHCS. If approved, DMPHs must apply a consistent, identical method to include all eligible community partner patient data for each measure selected within their application(s). For each approved measure, the DMPH must include all patients from the community partner who meet the measure denominator criteria. Measures may be selected from the list outlined in Table 2: QIP Measures Allowable for Community Partner Data within the QIP CY2027 Reporting Manual. **As a reminder, please note that the following FUX measures were removed in CY2026 and will remain excluded in CY2027 from the list due to an expanded target population:**

- Q-FUA: *Follow-Up After ED Visit for Alcohol and Other Drug Abuse or Dependence (FUA)
- Q-FUAH: Percentage of Acute Hospital Stay Discharges Which Had Follow-Up Ambulatory Visits Within 7 Days Post Hospital Discharge
- Q-FUI: Follow-Up After High-Intensity Care for Substance Use Disorder (FUI)
- Q-FUM: *Follow-Up After Emergency Department Visit for Mental Illness (FUM)

Note: * indicates a Priority Measure

DMPHs seeking approval to use a community partner's data in QIP reporting must submit the completed application and supplemental documentation to their QIP liaison 60 calendar days after the release of the QIP CY2027 Reporting Manual. DMPHs must

ensure that the person who signs the Community Partner Application form is the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), or an authorized official who has financial responsibility for the QIP entity.

Applications will be approved or denied no later than 45 calendar days upon receipt of application and on a case-by-case basis for DMPH-reported changes that affect the information within its application on which the approval is based, in accordance with criteria that the partnership must meet in order to be approved for this allowance. DHCS' approval will be valid for CY2027.

Furthermore, DMPHs seeking to use community partner data must apply to DHCS using the CY2027 application template available on [eQIP](#) and provide all supplemental documentation outlined in Attachment 2 - DMPH Community Partner Application Materials. If a DMPH is seeking approval to use multiple community partners, one (1) application **per** community partner is required. In addition, a minimum of one-year written agreement such as a Memorandum of Understanding (MOU) or Contract for CY2027 for **each** community partner is required.

DMPHs with Community Partners are **required** to re-report baseline data **if** they choose to continue reporting the same measure(s) in the current CY **and** the following scenario(s) applies (apply):

e. Change in Community Partnership:

In the prior CY, the DMPH had a community partnership with Clinic A and used Clinic A's data to report on an approved community partner measure. In the current CY, the DMPH discontinued the partnership with Clinic A and established a new partnership with Clinic B. Therefore, Clinic B's data shall be used to report the same measure.

f. Change in Data Source:

In the prior CY, the DMPH used both its own entity's data and its community partner's data to report on an approved community partner measure. However, the DMPH and its Community Partner discontinued their community partnership in the current CY. The DMPH chooses to only use its own entity's data to report on the same measure in the current CY.

QIP entities should contact their QIP liaison or email the QIP Mailbox at QIP@dhcs.ca.gov if there are any questions concerning this QPL.

Sincerely,

ORIGINAL SIGNED BY CHRIS ESGUERRA

Chris Esguerra, MD, MBA

Deputy Director & Chief Quality Officer

Quality and Population Health Management

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Attachment 1 – Specific DMPH QIP Tiers

Tier 1 (Measure Range 1-15) ★★	Tier 2 (Measure Range 7-20)
Bear Valley Community Hospital, Big Bear Lake	Antelope Valley Medical Center, Lancaster
Eastern Plumas Health Care, Portola	El Camino Health, Mountain View
Southern Humboldt Community Healthcare District (Jerold Phelps Community Hospital), Garberville	El Centro Regional Medical Center, El Centro
John C. Fremont Healthcare District, Mariposa	Hazel Hawkins Memorial Hospital, Hollister★
Kern Valley Healthcare District, Lake Isabella	Kaweah Health, Visalia
Mammoth Hospital, Mammoth Lakes	Lompoc Valley Medical Center, Lompoc★
Mayers Memorial Hospital District, Fall River Mills	Marin Health, Greenbrae
Modoc Medical Center, Alturas	Oak Valley Hospital District, Oakdale★
Northern Inyo Hospital, Bishop	Palomar Health, Escondido
Palo Verde Hospital, Blythe	Pioneers Memorial Healthcare District, Brawley
Plumas District Hospital, Quincy	Salinas Valley Health, Salinas
Mountains Community Hospital (San Bernardino Mountains Community Hospital), Lake Arrowhead	San Geronio Memorial Hospital, Banning★
Seneca Healthcare District, Chester	Sierra View Medical Center, Porterville
Sonoma Valley Hospital, Sonoma	Tri-City Medical Center, Oceanside
Southern Inyo Healthcare District, Lone Pine	Washington Hospital Healthcare System, Fremont
Surprise Valley Health Care District, Cedarville	★ DMPHs in Tier 2 with rural hospital designation, defined by the CA Health & Safety Code section 124840, have the option to move to Tier 1.
Tahoe Forest Hospital District, Truckee	
Trinity Hospital (Mountain Communities Healthcare District), Weaverville	

★★**Note:** For CY2027, DMPHs in Tier 1 may add up to three (3) measures for a maximum commitment of fifteen (15) measures **only if** they achieved a Quality Score of 100% for their performance in the previous two (2) CYs (i.e., CYs 2024 and 2025) for which completed and audited data are available. This maximum commitment of fifteen (15) measures policy **only** applies to DMPHs in Tier 1 that previously committed to and reported on a maximum total of twelve (12) measures in CYs 2025 and 2026.

Attachment 2 – DMPH Community Partner Application Materials

The application materials are located on [eQIP](#). The below table outlines the items that **must** be submitted as part of the DMPH Community Partner Application, which are due to the QIP liaison 60 calendar days after the release of the QIP CY2027 Reporting Manual.

Description	Source Document
1. Completed Application	One (1) per community partner
2. Written Contract Agreement ¹ that includes a Data Sharing/Data Use Agreement	One (1) per community partner
3. Section 3 Responses Attachment that includes a Data Sharing Schedule	One (1) per selected measure per community partner

¹ Written contract agreements submitted to DHCS in draft form (i.e., not yet finalized/executed) can only receive conditional approval, with **final approval** contingent upon the written agreement being finalized and sent to the QIP liaison no later than 45 calendar days upon receipt of application.