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SAPC INFORMATION NOTICE 26-09

June 3, 2026

TO: Substance Use Disorder
Contracted Prevention Providers

FROM: Gary Tsai, M.D., Bureau Director 
Substance Abuse Prevention and Control Bureau

SUBJECT: FISCAL YEAR 2026-2027 REIMBURSEMENT POLICY AND INCENTIVE PROGRAM UPDATES

Substance Abuse Prevention and Control (SAPC) Bureau is issuing this Information Notice under the authority of the Los Angeles County Board of Supervisors and pursuant to paragraph 3.A. of the Contract, which states: "Contractor shall adhere to any and all Provider Network Bulletins as issued by SAPC from time to time throughout the term of this Contract."

Provider Network Bulletins are available on the SAPC [website](#).

The Fiscal Year (FY) 2026-2027 changes include, but are not limited to the following:

REIMBURSEMENT AND CLAIMING CHANGES

Hybrid Cost-Based and Performance-Based Reimbursement

Beginning July 1, 2026, prevention services will be reimbursed through a hybrid cost-based and performance-based reimbursement model, with the cost-based component continuing to represent the majority of the Contract Maximum Amount.

This reimbursement model allows provider agencies to reinvest performance-based incentive funds at the organization's discretion, while remaining in compliance with the [County of Los Angeles Department of Auditor-Controller's \(A-C\) Contract Accounting and Administration Handbook](#). For FY 2026-2027, the maximum 10% Board-delegated authority to increase prevention contracts will be exclusively reserved for performance-based incentives and to support achievement of established performance thresholds. Augmentations will not be processed for other purposes.

This reimbursement model creates efficiencies and opportunities to invest in programs and also requires that provider agencies maintain appropriate processes to strategically utilize funds and ensure organizational alignment with SAPC priorities. Once a claim has been approved and reimbursed, provider agencies must continue to adhere to all reporting, auditing, tracking, and recoupment requirements outlined in the Prevention Incentive Program Package and the contract, as well as all applicable federal, State, and local requirements.

To fully leverage this reimbursement model, provider agencies must develop and implement processes that ensure prevention services are billed appropriately and delivered in accordance with all applicable federal, State, and local requirements, including scope of practice standards. Inappropriate billing, whether intentional or unintentional, may result in non-compliance and potential contractual actions.

Fiscal Compliance and Reporting

All funds issued under the County agreement are subject to ongoing fiscal compliance and reporting requirements. Provider agencies must continue to adhere to guidelines, requirements, and accounting practices outlined in the contract and other applicable governing documents. This includes the most current SAPC Information Notices that describe fiscal compliance and reporting requirements and processes. These Information Notices and other instructional documents are available on the SAPC website.

PREVENTION INCENTIVE PROGRAM (PIP)

The launch of Payment Reform under California Advancing and Innovating Medi-Cal (CalAIM) in July 2023 marked a significant step in transitioning Los Angeles County's specialty substance use disorder (SUD) treatment system to a value-based reimbursement model. Since then, SAPC has continued to advance this transition.

FY 2026-2027 marks the first year of SAPC's implementation of the Prevention Incentive Program (PIP) and implements a hybrid cost-based and performance-based reimbursement model for Los Angeles County's substance use prevention network. The program is intended to strengthen the financial foundation of provider agencies and align prevention activities with SAPC priorities and community needs. Through this program, SAPC, in partnership with the prevention provider network, continue to advance key areas including program quality, workforce development, and business operations.

These areas are critical to achieving programmatic and operational benchmarks, using data-driven approaches to improve prevention outcomes, enhance service delivery, and ensure compliance with applicable requirements.

Performance-based incentives are payments issued by SAPC to provider agencies for meeting defined benchmarks, deliverables, or performance metrics. These incentives may be disbursed upon completion of a deliverable or upon achievement of a specific performance goal.

To receive full payment, provider agencies must submit verification of completion and expenditures, along with all required deliverables, documentation, and data. Funds are subject to expenditure verification, as required.

Funds received through the PIP need to be reinvested into prevention programs. Provider agencies must adhere to all reporting, auditing, tracking, and recoupment requirements outlined in the PIP Package and the provider contract, as well as all applicable federal, State, and local requirements.

Additional information on the upcoming PIP Package is available on the SAPC [Prevention Provider Webpage](#).

For FY 2026-27, SAPC is offering optional performance-based incentive funds to support provider agencies in the following areas:

- Prevention Program Quality
- Business Development/Operational Excellence

As part of this program, SAPC will continue to support provider agencies with implementing program improvements and organizational changes necessary to successfully participate in the PIP.

Billing for Incentives

Incentive payments are structured based on each provider agency's Contract Maximum Amount. Provider agencies seeking to receive incentives must submit the required deliverables for the activities being claimed. Upon approval, SAPC will process payment through the SAPC Provider Invoice Automation System (PIAS) as an invoice.

The SAPC [Prevention Provider webpage](#) includes documents outlining the FY 2026-2027 PIP package as well as required invoice templates.

Budgeting for Incentives

Provider agencies should include anticipated incentive funding in their FY 2026-2027 contract budget to support appropriate tracking and utilization. Provider agencies must

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review applicable incentive materials, determine which activities they will participate in, and notify SAPC accordingly. SAPC IN 25-03 offers provider agencies guidance on how expected incentive amounts should be included in program budgets.

EFFECTIVE PERIOD

This guidance is effective July 1, 2026, through June 30, 2027, unless otherwise revised.

ADDITIONAL INFORMATION

For questions or additional information, please contact your assigned Prevention Program Specialist.

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