

**INSTRUCTIONS
FREESTANDING FEDERALLY QUALIFIED HEALTH
CENTER (FQHC)/RURAL HEALTH CLINIC (RHC)
PROSPECTIVE PAYMENT SYSTEM (PPS)
RATE SETTING/CHANGE IN SCOPE-OF-SERVICE
REQUEST (CSOSR) HOME OFFICE COST REPORT
(7 (SEVEN) OR MORE FACILITIES)**

Please read all instructions carefully before completing these forms.

Home Office is a chain organization consisting of two or more facilities that are owned, leased, or by some device, controlled by one organization. A chain organization may include more than one type of program in addition to the FQHC/RHC program, i.e., day program, medical office buildings, managed care, workshops, etc.

The Home Office of a chain organization may not be a provider of health care services. The relationship of the Home Office to the FQHC/RHC clinics is that of a related organization to a participating provider. Home Offices usually furnish central management and administrative services such as centralized accounting, purchasing, payroll, personnel services, management direction and control, and other services.

A Home Office need not be a separate established entity from the FQHC or RHC. Home Office type functions done for more than one clinic may be centralized in one main clinic. In these cases, the cost of these shared functions needs to be allocated to all of the clinics or other entities in the organization that benefit from these services. In addition, direct costs incurred by the main clinic or other entities and are identifiable to one or more specific clinics or entities must be directly allocated to those clinics or entities.

To the extent the Home Office furnishes services to a facility-related to health care, the reasonable costs of such services are included in the facility's cost report. Where the Home Office provides services not related to patient care, these costs may not be recognized as allowable costs of the FQHC/RHC clinic. For example, certain advertising costs, some franchise taxes, costs of noncompetitive agreements, certain life insurance premiums, certain membership costs, or those costs related to nonmedical enterprises are not considered allowable Home Office costs.

Refer to the Provider Reimbursement Manual (CMS Publication 15-1 Sections 2150.1–2150.3) for guidelines.

COVER SHEET

Home Office name and the fiscal period of the cost report will automatically populate based on information entered on Certification Sheet—1A.

SCHEDULE 1A—GENERAL INFORMATION AND CERTIFICATION

Enter the Home Office name and the fiscal period of the cost report, and this will carry forward to all the schedules.

PART A—GENERAL INFORMATION

The individual signing this statement must be an officer or other authorized representative. A DocuSign Certification Statement located on the [DHCS](#) Forms & Publications webpage is required. The cost report will be returned if a Certification Statement does not accompany it.

A change in the reporting period must be requested in writing and can be made only after approval by the Department of Health Care Services (Department), Cost Reporting and Tracking Section (CRTS), which establishes that the reason for a change is valid. Should there be a change in the cost reporting period as a result of a change of ownership, then the fiscal period of the Home Office Cost Report should be consistent with the clinics/facilities being reported.

1. Enter Home Office Name
2. Enter Federal Employee Tax I.D #
3. Enter Home Office Phone Number (xxx) xxx-xxxx
4. Enter Home Office Street Address
5. Enter City
6. Enter State and Zip Code

PART A1—Cost Reporting Period

7. Enter Reporting Period Begin (mm/dd/yyyy)
8. Enter Reporting Period End (mm/dd/yyyy)
9. Enter Preparer Name or Contact Person (Last, First)
10. Enter Cost Report Preparer Title
11. Enter Cost Report Preparer E-mail
12. Enter Cost Report Preparer Phone Number (xxx) xxx-xxxx
13. Choose A, B, or C from drop-down menu
 - If you are a county/city government entity, the Home Office Cost Report is not applicable.
14. Choose Type of Chain Organization from drop-down menu
15. Enter Other (Specify the type)

PART A2—Related Parties and Organizations Disclosure

16. Enter the names of related parties and owners.

PART A3—Governing Board Officers and Members

17. Enter the Governing Board Officers and Members Name(s)
18. Enter Occupation and Title
19. Enter Compensation Costs*

PART A4—Statement of Compensation for Owners+ and Relatives**

20. Enter Name(s)
21. Enter Title and Function

22. Enter Percent of Ownership Interest
23. Enter Average Hours per Work Week Devoted to Business
24. Enter Compensation Included in Costs***
 - + Owners mean any individual having at least 5 percent equity interest, direct or indirect, in the entity licensed as a health facility.
 - ** An owner's relatives are defined as: Spouse, son, daughter, grandchild, great-grandchild, stepchild, brother, sister, half-brother, half-sister, stepbrother, stepsister, parent, grandparent, great-grandparent, stepmother, stepfather, niece, nephew, aunt, uncle, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.
 - *** Compensation includes salaries, benefits, cost of assets, and services received from the institution.

PART B—CERTIFICATION BY OFFICER OF THE HOME OFFICE

Refer to the Certification Statement located on the [DHCS Forms & Publications](#) webpage. We will reject any cost report filed without a completed certification statement signed through DocuSign. The individual E-signing this statement must be an officer or other authorized person.

Read the certification statement carefully, and either the administrator, controller, corporate officer, or member of the board of directors must sign it. The official signing the report must have the legal capacity to make commitments for the organization.

Follow the e-file Medi-Cal Worksheets Submission Protocol for submission of the FQHC/RHC Home Offices, including audited financial statements with accompanying notes, a trial balance of the Home Office general ledger, and cost report working papers. Submit the e-file cost report to the applicable inbox below depending on whether the Home Office cost report is being filed in conjunction with a Rate Setting or a Change in Scope-of-Service Request. For example, if the Home Office cost report is being filed for a CSOSR, it should be submitted to ChangeInScope@dhcs.ca.gov. You will receive an email response.

- Ratesetting.Clinics@dhcs.ca.gov
- ChangeInScope@dhcs.ca.gov

Documents must be complete. We will return cost reports not completed in accordance with these instructions.

For questions or assistance in completing these forms, please contact CRTS at (916) 322-1681 or Clinics@dhcs.ca.gov.

SCHEDULE 1B—CHAIN COMPONENT INFORMATION

PART I—LISTING OF CHAIN HEALTH CARE FACILITY COMPONENTS

Column 1—Designates the clinics as "A," "B," "C," etc. They will be referred to on subsequent schedules accordingly, i.e., "A," "B," "C," etc. **(If there are less than six (6) clinics, use the Home Office Cost Report—Six (6) or Less DHCS 3089)**

Column 2—Clinic Name: Enter the names of the clinics that are related to, controlled, or owned by the Home Office.

Column 3—Address: Enter the street address, city, and ZIP code of each of the clinics.

Column 4—Phone Number: Enter the telephone number of each of the clinics, including the area code.

Column 5—NPI Number: Enter the FQHC/RHC Medi-Cal NPI number of each clinic.

Column 6—Fiscal Period Ended: Enter the last day of the fiscal period ended for each clinic that is covered by this Home Office Cost Report.

Column 7—FQHC/RHC Effective Date: Enter the date each clinic became an FQHC/RHC:

- The waiver letter from the Health Resources and Services Administration (HRSA) granting "look-alike" status, or the approval of the annual "look-alike" recertification from Public Health Care Services (PHS).
- The date of the application to the Department of Health Care Services for FQHC/RHC status (applicable to clinics that have an FQHC/RHC qualifying grant from PHS under Sections 329, 330, or 340 of the PHS Act.)
- The date of the application to the Department of Health Care Services for FQHC/RHC status for outpatient health facilities operated by a tribe or tribal organization under the Indian Self-Determination Act (PL 93-638).

Column 8—Clinic License Number: Enter the clinic license number.

Column 9—Clinic License Effective Date: Enter the date the clinic license was issued.

PART II—LISTING OF OTHER CHAIN COMPONENTS

List the nonhealth care programs/components/entities and/or nonreimbursable activity that benefit from the Home Office services. Examples are laboratory, pharmacy, property owned and rented to third parties, medical office buildings, residential care facility, skilled nursing facility, vacant land for expansion, etc.

Refer to the Provider Reimbursement Manual (CMS Publication 15-1 Sections 2150.1–2150.3) for guidelines.

Column 1—Enter Name

Column 2—Enter the Address

Column 3—Enter the Phone Number (xxx) xxx-xxxx

Column 4—Enter NPI Number

Column 5—Enter the Fiscal Period Ended (mm/dd/yyyy)

Column 6—Enter the License Number

SCHEDULES 2A & 2B—STATEMENT OF TOTAL HOME OFFICE COSTS

This Schedule provides a determination of the reimbursable Home Office costs and a detailed analysis of those costs divided into the categories of health care costs, facility costs, administrative costs, and nonreimbursable costs.

Column 1—Cost Center Descriptions: Expenses and accounts listed in Column 1 are typically found at a Home Office. Enter any additional expense descriptions in this Column as necessary.

Column 2—Expenses Per Home Office Books: Enter the Home Office shared expenses as shown in the Home Office trial balance/general ledger. If available, use audited data; if unaudited figures are used, prepare and maintain working papers to support all reported amounts.

Column 3—Adjustments/Reclassifications: Enter the adjustments or reclassifications from Schedule 3, which pertains to specific expenses listed on Schedules 2A and 2B. If two or more adjustments are made to the same expense, the net adjustment must be transferred to Schedule 2A or 2B. Note that Line 45, Column 3 of Schedule 2B must agree with the total of Schedule 3, Column 3.

Column 4—Allowable Expenses: The net amounts of Columns 2 and 3.

Column 5—Direct Allocations: The direct allocation to the clinics and other nonhealth care components, including nonreimbursable activity, should be detailed on Schedules 4A through Schedule 4C. The Home Office direct allocation of health care costs comes from Column 2, Schedule 4A, direct allocation of facility costs comes from Column 2, Schedule 4B, and direct allocation of administrative costs comes from Column 2, Schedule 4C.

Column 6—Pooled Costs: The pooled costs are computed by subtracting Column 5 from Column 4. These costs are allocated to clinics and other nonhealth care components, including nonreimbursable activity on Schedule 5.

SCHEDULE 3—ADJUSTMENTS TO EXPENSES

This Schedule provides detail of adjustments/reclassifications affecting Home Office costs.

Column 1—Description: Expense descriptions are pre-defined. Enter any additional expense descriptions in this Column as necessary.

Column 2—Basis of Adjustment: Indicate the basis for each adjustment. Use the letter "A" if it is a cost adjustment. Use a letter "B" if it is a revenue abatement where related costs are unknown or the amounts immaterial. Therefore, revenue received may be used to offset

the related expenses. It is recommended that all adjustments be made on the basis of costs rather than revenue abatement. Refer to CMS 15-1, Section 2150.2 for identification of adjustments that should be made. Working papers supporting each adjustment calculation should be included in the cost report working papers and submitted to the Department for review along with the cost report.

Column 3—Amount: Enter the amount of each adjustment or reclassification. Total of Line 20 must agree with Line 45 of Schedule 2B, Column 3.

Column 4—Schedule 2A, 2B Line Number: For each adjustment, indicate the line number of the cost center on Schedule 2A or 2B that will be adjusted or reclassified.

Column 5—Cost Centers to be Adjusted: For each adjustment/reclassification, indicate the cost center description on Schedules 2A or 2B that will be adjusted or reclassified.

When an adjustment or reclassification affects two or more expense accounts, you must indicate each separate distribution on a separate line of Schedule 3 and then netted and transferred to Schedule 2A or 2B.

SCHEDULES 4A TO 4C—DIRECT ALLOCATION OF COSTS TO CLINICS/COMPONENT

The initial step in the allocation of Home Office costs to components in the chain is the direct assignment of costs per CMS Pub. 15-1, Section 2150.3B.

The purpose of this Schedule is to identify all of the Home Office expenses that are identified as directly allocable to a specific clinic and other nonhealth care components, including nonreimbursable activity. Since these expenses are incurred on behalf of a specific facility and/or nonreimbursable activity, they must be directly assigned to it. If no expenses are directly allocable, then Schedules 4A, 4B, and 4C should be marked N/A (not applicable).

An example of costs incurred for the benefit of or directly attributable to a specific clinic or nonreimbursable activity is where a Home Office has paid the interest expense on a facility loan. This interest expense must be directly assigned to the facility for which the loan was made. Likewise, salaries would be directly assigned to the facility to whose employees they apply.

Schedule 4A: The purpose of the Schedule is to identify **Health Care Costs** that are directly identifiable to a specific clinic and other nonhealth care components and/or nonreimbursable activity.

Schedule 4B: The purpose of the Schedule is to identify **Facility Costs** that are directly identifiable to a specific clinic and other nonhealth care components and/or nonreimbursable activity.

Schedule 4C: The purpose of the Schedule is to identify **Administrative Care Costs** that are directly identifiable to a specific clinic and other nonhealth care components and/or nonreimbursable activity.

Enter the following information for each of Schedules 4A through 4C:

Column 1—Cost Center Description: These are pre-defined. Enter any additional cost center descriptions in this column as necessary.

Columns A–U—Clinic Names: These letters should correspond to the clinic names shown on Schedule 1B, Part 1, and Column 1. Enter the amounts of direct expense to each clinic or facility into the proper column. Attach supporting working papers to explain the allocations made in each category.

Column V—Other Component: Enter the amounts of direct expenses related to other nonhealth care components and/or nonreimbursable activity. Attach supporting working papers to explain the allocations made in each category.

Column 2—Total: This column is the total for Columns A through V for each of the cost center descriptions. These amounts are transferred from Schedule 2A and 2B, Column 5, to the appropriate cost centers.

SCHEDULE 5—ALLOCATION OF POOLED COSTS

The purpose of this Schedule is to allocate pooled costs to clinics and other nonhealth care components and/or nonreimbursable activity.

In each Home Office, there will be a residual amount remaining, or "pooled" costs incurred for general management or administrative services after the direct assignment of Home Office cost that should be allocated on an equitable allocation basis to all clinics and other nonhealth care components, including nonreimbursable activities based on accumulated (total) costs per CMS Pub 15-1, Section 2150.3D. It is presumed that prior to the completion of this Schedule, all expenses that can be directly assigned were identified and assigned to the appropriate components and nonreimbursable activities on Schedules 4A, 4B, and 4C.

The clinics which are to receive an allocation of Home Office costs are shown as "A," "B," "C," etc., across the top of the Columns. Again, these letters must coincide with the order shown for the clinics on Schedule 1B, Part 1.

Column 1—Category of Cost: Represents the category of costs: Health care costs, facility costs, and administrative costs.

Column 2—Total Pooled Costs: The total pooled costs for each category flow from Schedule 2A and 2B, Column 6 for health care costs (Line 7); for facility costs (Line 25); and for administrative costs (Line 44).

Columns 3–46 Odd:

Enter the proper statistical basis for the applicable clinics and other nonhealth care components, including nonreimbursable activity for proper allocation of pooled costs.

The following are recommended for each category of costs:

Health Care Costs:	Statistical Basis—Medical Staff Salaries
Facility Costs:	Statistical Basis—Square Footage
Administrative Costs:	Statistical Basis—Accumulated (Total) Costs

However, the Home Office has the option to select a more accurate basis for allocation but must obtain written prior approval from Audits and Investigation, Financial Audits Branch, Cost Reporting and Tracking Section at the address below:

Department of Health Care Services
 Financial Audits Branch
 Cost Reporting and Tracking Section
 1500 Capitol Avenue, MS 2109
 PO Box 997413
 Sacramento, CA 95899-7413

Column 46—Total Allocation Statistics: Sum of all statistics from **odd** Columns 3 through 46.

Column 47—Unit Cost Multiplier: Computation of the unit cost multiplier for each category is pooled cost in Column 2 divided by the total allocation statistics in Column 46. This figure carried to six decimal places.

Columns 4–46 Even

Allocation of Pooled Expenses: The unit cost multiplier in Column 47 is multiplied by the statistical basis for Columns A through V to arrive at the allocated pooled costs for each category. These pooled expenses are transferred to Schedule 6 for each category per clinic.

SCHEDULE 6—SUMMARY OF DIRECT AND ALLOCATED POOLED COST

This Schedule summarizes the direct and pooled allocation of the Home Office costs (health care, facility and administrative) to the chain components. These Home Office costs are transferred to the applicable clinic Worksheets in the appropriate category (health care, facility, and administrative) to be included in the PPS rate calculation of each clinic.

Columns A–V—These Columns denote the components which will receive direct and allocated Home Office costs.

Directly Allocable Costs

- Line 1:** Health Care Costs for each of the clinics and other nonhealth care components are transferred from Schedule 4A, Line 15, Columns A through V.
- Line 2:** Facility Costs for each of the clinics and other components are transferred from Schedule 4B, Line 18, Columns A through V.

Line 3: Administrative Costs for each of the clinics and other nonhealth care components are transferred from Schedule 4B, Line 19, Columns A through V.

Line 4: Subtotal of Lines 1 through 3.

Pooled Allocated Costs

Line 5: Health Care Costs for each of the clinic and other nonhealth care components are transferred from Schedule 5, Line 1, Columns A through V.

Line 6: Facility Costs for each of the clinic and other nonhealth care components are transferred from Schedule 5, Line 2, Columns A through V.

Line 7: Administrative Costs for each of the clinic and other nonhealth care components are transferred from Schedule 5, Line 3, Columns A through V.

Line 8: Subtotal of Lines 5 through 7.

Total Costs

Lines 9: Total of direct and allocated (Line 1 + Line 5) Health Care Costs for each of the clinics and other nonhealth care components. The amount for each clinic is transferred to the Clinic Cost Report Worksheet 2A, Line 20.

Line 10: Total of direct and allocated (Line 2 + Line 6) Facility Costs for each of the clinics and other nonhealth care components. The amount for each clinic is transferred to the Clinic Cost Report Worksheet 2A, Line 39.

Line 11: Total of direct and allocated (Line 3 + Line 7) Administrative Costs for each of the clinics and other nonhealth care components. The amount for each clinic is transferred to the Clinic Cost Report Worksheet 2B, Line 51.

Line 12: Grand Total Costs: This total is the sum of Lines 4 and 8 for each of the clinic and other nonhealth care components.

Column 2—Total each Line across.

The total of Line 4, Column 2, must agree with Schedule 2B, Column 5, Line 45.

The total of Line 8, Column 2, must agree with Schedule 2B, Column 6, Line 45.

The total of Line 12, Column 2, must agree with Schedule 2B, Column 3, Line 45.