

**INTERMEDIATE CARE FACILITIES HOME OFFICE  
(HABILITATIVE OR NURSING)  
INSTRUCTIONS FOR COMPLETING DHCS 3099 HOME  
OFFICE COST REPORT**

**Please read all instructions carefully before completing these forms.**

**Home Office Costs:** A chain organization consists of two or more facilities that are owned, leased, or by some other device controlled by one organization. A chain organization may include more than one type of program in addition to the ICF/DD (H or N) program, i.e., day program, workshops, etc. The home office of a chain organization is not a provider of participant care. The relationship of the home office to the ICF/DD (H or N) home is that of a related organization to a participating provider. Home offices usually furnish central management and administrative services such as centralized accounting, purchasing, personnel services, management direction and control, and other services. To the extent the home office furnishes services to a facility-related to participant care, the reasonable costs of such services are included in the facility's cost report. Where the home office provides services not related to client care, these costs may **not** be recognized as allowable costs to the ICF/DD (H or N) facility.

## **COVER SHEET**

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

## **SCHEDULE 1—CERTIFICATION**

**Home Office General Information:** The general information section is intended to provide the auditor with data on the home office.

### **PART A—GENERAL INFORMATION**

1. Enter the Home Office Name. If there was a change in name during the reporting period, indicate the former name in parentheses.
2. Enter the Home Office Phone Number (xxx) xxx-xxxx
3. Enter the Home Office Present Address
4. Enter the Home Office City
5. Enter the Home Office State and Zip Code

### **PART A1—Cost Reporting Period**

6. Enter the Fiscal Period Starting date (mm/dd/yyyy) covered by the cost report. This will indicate whether a full year or lesser period cost report is submitted.

7. Enter the Fiscal Period End date (mm/dd/yyyy)
8. Enter the Cost Report Preparer's Name or Contact Person. The auditors may contact the individual indicated here regarding the cost report's information.
9. Enter the Phone Number of the Contact Person (xxx) xxx-xxxx
10. Select the Type of Home Office Organization. If using Excel form, select from drop-down box.
11. If the organization type is something other than what is listed in the drop-down menu, specify here.
12. Enter the Names of Key Officers of the Home Office and Board Members
  - a. President
  - b. Vice President(s)
  - c. Secretary
  - d. Treasurer
  - e. Controller

#### **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 Administrator, Controller, Corporate Officer, or member of the Board of Directors. The official signing the report must have the legal capacity to make commitments for the organization.

13. Choose “Yes” or “No” from the drop-down if the report is being filed due to a change in ownership. -
14. If you are a Home Office by definition but have determined that you have the exceptional situation whereby there are no Expenses per Home Office Books, then you must do the following:
  - a. Enter “N/A” in the space provided and skip Schedules 2, 3, 4, and 5.
  - b. On Schedule 6, complete Column 2.
  - c. Submit a transmittal letter with the cost report filing, and explain why no Home Office Expenses are reported.

Submit completed cost reports with corresponding Certification Statement to [ICFDDHN.Submissions@dhcs.ca.gov](mailto:ICFDDHN.Submissions@dhcs.ca.gov).

Submission: Home Office Name\_FYE\_HO\_Submission Date

Example: ABCXYZ Home Office\_123116\_HO\_053017

The following pages pertain to home office expenses and consist of schedules two through six and are intended to provide auditors with:

1. A detailed analysis of allowable home office costs (Schedule 2)
2. Medi-Cal adjustments to those costs (Schedule 3)
3. Allocation of the home office costs (Schedules 4 and 5)
4. A summary of direct and pooled costs (Schedule 6)

## **SCHEDULE 2—STATEMENT OF REIMBURSABLE COSTS**

**Column 1—Account Description and Column 2—Expenses Per Home Office Books:** Enter the home office expenses as shown in the home office general ledger. Use audited data if available.

**Note:** If you are a Home Office by definition, but have determined that you have the exceptional situation whereby there are no Expenses per Home Office Books, then you must do the following:

1. Skip Schedules 2, 3, 4, and 5.
2. On Schedule 6, complete Column 2.
3. Submit a transmittal letter with the cost report filing and explain why No Home Office Expenses are reported.

**Column 3—Adjustments Increase:** Enter the adjustment from Schedule 3, Column 3. If two or more adjustments are made to the same expense, adjustments must be summarized, and the figure transferred to Schedule 2, Column 3. Note that Column 3, Line 35 must agree with the total of Schedule 3, Column 3, Line 21.

**Column 4—Allowable Expenses:** The allowable expenses are computed by adding or subtracting Column 3 from Column 2.

**Column 5—Direct Allocations:** Enter the home office direct allocation of expenses to chain components from Schedule 4, Line 11. Note that Schedule 2, Column 5, Line 35 must agree with Schedule 4, Column 7, Line 11.

**Column 6—Pooled Costs:** The pooled costs are computed by subtracting Column 5 from Column 4. The Column 6, Line 35 amount should be carried forward to Schedule 5, Part 1, Column 3, Line 11, if the single allocation method is required. See instructions for Schedule 5 to determine which allocation method should be used.

## **SCHEDULE 3—MEDI-CAL ADJUSTMENTS TO EXPENSES**

**Column 1—Description:** Enter a description of the adjustment. Some common adjustment descriptions have been included in Lines 1–9.

**Column 2—Basis of Adjustment:** Indicate in Column 2 the basis for each adjustment listed. Use the letter "A" if the basis is cost. Use the letter "B" if revenue received is used as a cost recovery of the expenses.

It is recommended that all adjustments be made on the basis of costs rather than revenue abatement. If related costs are unknown or the amounts immaterial, then revenue abatement may be used.

Refer to CMS 15-1 to identify adjustments that should be made. You may attach a written schedule supporting each adjustment to Schedule 3 to facilitate the auditor's review of the cost report.

**Column 3—Amount:** Enter the amount of each adjustment. Note that Column 3, Line 21, must agree with Line 35 of Schedule 2, Column 3.

**Column 4—Line Number:** For each adjustment, indicate the line number of the expense account on Schedule 2 that will be adjusted.

**Column 5—Account to be Adjusted, Account Name:** For each adjustment, indicate the expense account title on Schedule 2 that will be adjusted.

#### **SCHEDULE 4—DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS**

The purpose of this schedule is to identify all of the home office organization's expenses that are directly identifiable with specific facilities. These types of expenses are incurred primarily on behalf of specific facilities and, therefore, must be allocated directly to them. If no expenses are directly allocable, then Schedule 4 should be marked not applicable (N/A).

**Column 1—Facility (Chain Component):** Enter the names of the facilities of the chain organization.

**Columns 2–6: A through E—Type of Expense:** Enter the expense account title above each column and show the distribution of the amount of direct allocation to each affected chain facility. The total in Column 7 on Schedule 4, Line 11, must agree with the amount shown on Schedule 2, Column 5, Line 35. The home office may attach supporting documentation to explain the allocations made in each category.

**Column 7: F—Total:** The total is the sum of Columns 2 through 6 for all expenses directly allocable for each chain component. The sum for the facility will be transferred to Schedule 6, Column 3.

Additional columns may be added, or the home office may prepare supplementary schedules to reflect all directly allocable expenses.

Some facilities incur expenses for centralized dietary, housekeeping, maintenance, etc. These expenses should be allocated directly to the individual homes using the following allocation bases:

Type of Cost	Recommended Allocation Base
Housekeeping	Square Footage
Plant Operation and Maintenance	Square Footage
Dietary	Meals Served or Attended Client Days
Depreciation—Building	Square Footage
Depreciation—Equipment	Square Footage
Telephone	Phone Lines

The allocation of expenses should only be used when the actual expenses cannot be readily determined.

**SCHEDULE 5—ALLOCATION OF POOLED EXPENSES**

It is presumed that before completing this page, all expenses that can be directly identifiable to the chain's facilities have been assigned to Schedule 4.

Pooled expenses represent expenses that cannot be directly identified with any given chain facility and, therefore, must be allocated to components through an equitable allocation base.

If the home office incurs expenses for nonprogram services such as day programs, workshops, etc., the pooled expenses should be allocated using the double allocation method. The first allocation is necessary to allocate costs between the program and nonprogram services. This is accomplished using accumulated costs as the allocation base. After the program costs are determined via the first allocation, then the second allocation allocates program costs to the facilities based upon client days. Use Schedule 5, Parts I and II, for the double allocation method.

If the home office incurs expenses only for the ICF/DD (H or N) program, the costs should be allocated to the facilities using the single allocation method. The single allocation method allocates program costs to facilities-based upon client days. Use Schedule 5, Part II for the single allocation method.

**PART I—ALLOCATION BETWEEN PROVIDER AND NONPROVIDER**

**Column 1—Allocation Statistics Base: Accumulated Cost:**

- Line 1: Program Services:** Enter the total costs applicable to ICF/DD (H or N) program services.
- Line 2: Nonprogram Services:** Enter the total nonprogram costs
- Line 3: Total:** The total is the sum of Lines 1 and 2.

**Column 2—Percent:**

**Lines 1: Program Services and 2—Nonprogram Services:** Computed percent of program and nonprogram cost to the total cost. The sum of Line 1 and Line 2 percent should equal 100 percent.

**Column 3—Allocation Pooled Expenses:**

**Line 3: Total:** This amount is the total pooled cost to be allocated from Schedule 2, Column 6, Line 35.

**Lines 1: Program Services and 2—Nonprogram Services:** Computed by multiplying the amount on Line 3 by the percent in Column 2. The sum of Lines 1 and 2 should agree with the amount on Line 3.

This completes the first allocation of the double allocation. The amount on Line 1, Column 3, will be allocated to the ICF/DD (H or N) facilities.

The second step of the double allocation method is an allocation of the pooled home office program costs to the ICF/DD (H or N) facilities based upon client days.

**PART II—ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS**

**Column 1—Facility (Chain Component):** Names of facilities will flow from Schedule 4 to Column 1.

**Column 2—Allocation Statistics (Client Days):** Enter the total client days corresponding to the facilities listed in Column 1. The total on Line 11 is the sum of the column.

**Column 3—Allocation Pooled Expenses:** Line 11—Total: The total is the home office costs which are to be allocated. This is the amount computed in Part I, Line 1, Column 3 above, or if this is a single allocation, the amount from Schedule 2, Column 6, Line 35.

**Column 1—Facility: Line 12—Unit Cost Multiplier:** Computed by dividing the total pooled costs figure (Line 11, Column 3) by the total day figure (Line 11, Column 2). The product is the unit cost multiplier.

**Column 3—Allocation Pooled Expenses:** The pooled cost allocation is computed by multiplying the allocation statistic (client days) in Column 2 by the unit cost multiplier (Line 12, Column 2). The sum of Part II, Column 3 amounts should agree with the total home office costs on Schedule 2, Column 6, Line 35 if this was a single allocation, or the amount on Schedule 5, Column 3, Line 1 if this was a double allocation.

**SCHEDULE 6—SUMMARY OF DIRECT AND ALLOCATED POOLED COST**

The purpose of this schedule is to summarize the direct and allocated pooled cost of each chain facility.

**Columns 1 and 2—Facility and NPI Number:** Names of Facilities will flow from Schedule 4 Column 1. Enter NPI Number(s) of the facilities which will receive direct and allocated home office costs. **(If not completed, the cost report may be considered incomplete and subject to rejection.)**

**Column 3—Home Office Expenses Directly to Facility:** Home Office Expenses will flow from Schedule 4, Column 7.

**Column 4—Allocated Pooled Expenses:** Allocated pooled expense amounts will flow from Schedule 5, Part II, Column 3.

**Column 5—Total Direct and Pooled Facility Expense:** Column 5 represents the total home office cost allocation. Column 5 amounts should be included in the cost reports of the individual homes. To transfer the home office cost to the individual homes, an adjustment should be made to Page 5 of the facility cost report. Make the adjustment on page 5 of the facility cost report for the home office costs to Account Number 7080—Other General and Administrative Costs. The adjustment amount should agree with Schedule 6, Column 5, total direct and pooled facility expense.