



**CBAS Provider Application and
Standards of Participation Webinar
January 4, 2012
Frequently Asked Questions**

CBAS Provider Legal Status Provisions

1. Q: What is the intent behind only allowing non-profit entities to continue as CBAS providers?

A: The new CBAS program continues the DHCS focus on ensuring delivery of high quality services to vulnerable Californians. Access to CBAS services through an effective provider community is an important element of the CBAS program design. The ADHC program was founded on non-profit providers. Limiting CBAS providers to non-profit entities returns the program to its original non-profit community focus.

2. Q: When and how will it be determined that a center can stay as for-profit?

A: Exception requests will be accepted and reviewed after participant assessments have been completed and the CBAS population and needs are understood. Acceptance of such requests by approved CBAS providers should begin in March 2012, after DHCS and CDA develop guidelines and forms for the exception approval process.

3. Q: Does the change from for-profit to non-profit require a new license and/or a change of ownership of the existing license?

A: The change of an ADHC license from for-profit to non-profit status is considered a change of ownership (CHOW). Further details can be obtained on the California Department of Public Health (CDPH) website at <http://www.cdph.ca.gov/pubsforms/forms/Documents/ADHC-AppRequestLtrChecklist.pdf>.

Please be aware that CDPH will not process CHOW applications until all required paperwork is complete.

4. Q: Can a provider who converts from for-profit to non-profit keep the same provider number?

A: The provider is not required to obtain a new national provider identifier (NPI) when undergoing a change of ownership (CHOW). The provider is required to supply new ownership information to the National Plan and Provider Enumeration



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System (NPPES) for updating of the provider's record. The NPPES website is:
<https://nppes.cms.hhs.gov/NPPES/>

5. Q: Do developmentally disabled participants qualify as a specific population for the non-profit exemption?

A: CBAS centers serving developmentally disabled participants **may** qualify as exceptions, depending on the number of CBAS eligible individuals and availability of services in a given area, which will vary statewide.

“Program specialization” as referenced in Exception #1 to the CBAS Provider Legal Status Requirements, means a CBAS program that targets specific health needs of a CBAS-eligible population in a geographic area that are not otherwise met by other CBAS centers in that area. Once CBAS participant assessments have been completed and the CBAS population and needs are understood, DHCS and CDA will develop and share guidelines and forms for the for-profit exception approval process.

6. Q: Will language or culture-specific programs be considered as specialization under Exception 1?

A: “Program specialization, in this context, as specified in the settlement, refers to health needs, not language or cultural needs.

7. Q: The Secretary of State's Office indicates they can process an application for a non-profit organization in a few months, but it can take a year or more to obtain tax exempt status from Franchise Tax and the IRS. How long will DHCS approve a for-profit provider in the process of converting under Exception 3?

A: By March 2012, DHCS and CDA will develop and share guidelines and forms for the for-profit exception approval process.

8. Q: What does “geographic area” mean under Exception 1?



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A: By March 2012, DHCS and CDA will develop and share guidelines and forms for the for-profit exception approval process, including definitions of terms such as “geographic area.”

9. Q: If more than one for-profit CBAS provider applies to provide “specialization” services in the same geographic area under Exception 1, what criteria will be used to decide which provider is approved?

A: By March 2012, DHCS and CDA will develop and share guidelines and forms for the for-profit exception approval process.

10. Q: How do we notify CDA that we are in the process of changing to non-profit status?

A: The change of an ADHC licensee from for-profit to non-profit status is considered a change of ownership (CHOW). Your first step is to visit the California Department of Public Health (CDPH) website at www.cdph.ca.gov/pubsforms/forms/Documents/ADHC-AppRequestLtrChecklist.pdf for details on how to complete a CHOW application. **Please be aware that CDPH will not process CHOW applications until all required paperwork is complete.**

In March 2012, DHCS and CDA will notify CBAS providers of the process for completing exception requests for continuing as for-profit providers beyond July 2012.

11. Q: Is there a specific non-profit status CBAS providers are required to have (e.g., 501(c)(3))?

A: No. The type of non-profit status is a business decision to be made by the CBAS provider. However, CBAS providers must operate as a non-profit entity for California tax purposes.



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12.Q: What documents does CDA require when centers change to non-profit status?

A: The change of an ADHC licensee from for-profit to non-profit status is considered a change of ownership (CHOW). Your first step is to visit the California Department of Public Health (CDPH) website at

www.cdph.ca.gov/pubsforms/forms/Documents/ADHC-AppRequestLtrChecklist.pdf

for details on how to complete a CHOW application. . **Please be aware that CDPH will not process CHOW applications until all required paperwork is complete.**

In March 2012, DHCS and CDA will notify CBAS providers of the process for completing exception requests for continuing as for-profit providers beyond July 2012

13.Q: Do we need to convert our current for-profit company to non-profit or can we start a new non-profit and change the license to the new company?

A: The CBAS provider legal status requirement is that the provider be non-profit after July 1, 2012. Whether an existing ADHC center undergoes a change of ownership (CHOW) and sells to a new non-profit organization or converts its existing for-profit organization to non-profit status is a business decision to be made by the ADHC licensee.

14.Q: How will the state monitor “access” problems that arise from the interaction of CBAS eligibility and CBAS provider approval, especially given the complications with and timing of converting for-profit to non-profit tax status?

A: DHCS and CDA will know more about access issues once CBAS participant assessments have been completed and the CBAS population and needs are understood. DHCS and CDA anticipate that access monitoring will be ongoing throughout the 30-month settlement period.

15.Q: Can a for-profit ADHC licensee form a non-profit subsidiary with its own board and management for the purpose of operating a CBAS program?



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A: DHCS and CDA would need to see additional detail on this proposed arrangement to understand how this arrangement would satisfy the non-profit standard.

16.Q: Where do I get started with the process of forming a non-profit corporation?

A: Start with the California Secretary of State at (916) 653-6814. The Secretary of State Website www.sos.ca.gov/business/be/starting-a-business.htm offers detailed information about starting a business.

This link www.sos.ca.gov/business/corp/pdf/articles/corp_artsnp.pdf will take you directly to a document that includes information on:

- Primary types of non-profit corporations
- Where to file
- Fees
- Franchise tax requirements
- Additional resources
- Statement information
- Instructions including the Secretary of State document template

17.Q: Does the non-profit status requirement to become a CBAS provider mean that an entity must be recognized as a non-profit entity under the laws of the State of California, and does the non-profit status requirement also require that CBAS providers must be recognized as a non-profit entity under federal law?

A: A CBAS provider must be recognized as a non-profit entity under the laws of the State of California. To demonstrate non-profit status, CBAS providers that convert from for-profit to non-profit status will be required to submit evidence from the California Secretary of State's Office or the Franchise Tax Board, as appropriate.