

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



CENTER FOR MEDICARE

TO: Prospective 2013 Financial Alignment Demonstration Contracts

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Verification of Parent Organization and Legal Entity Name

DATE: April 20, 2012

All prospective 2013 Financial Alignment Demonstration contracts (“demonstration organizations”) are requested to provide, via email, the company’s parent organization and confirm the legal entity name as it is currently listed in HPMS by April 30, 2012. Demonstration organizations were initially asked to provide this information as part of the Notice of Intent to Apply process. However, we want to clarify, by way of this memo, what CMS considers a parent organization and a legal entity.

The relationship between contracting organizations and their parent organizations has increased in significance for CMS; as a result, it is crucial that all demonstration organizations accurately report their parent organization status and legal entity name to CMS. Organizations must also keep that information up-to-date by reporting changes as soon as they occur.

CMS considers a parent organization to be the legal entity that owns a controlling interest in a demonstration organization. More specifically, for demonstration organization reporting purposes, the parent organization is the “ultimate” parent, or the top entity in a hierarchy (which may include other parent organizations) of subsidiary organizations which is not itself a subsidiary of any corporation. A legal entity may be its own parent organization if it is not a subsidiary of any other organization.

CMS considers a legal entity name to be the name as it appears on the demonstration organization’s articles of incorporation, articles of organization, or state license. The legal entity name may be different from the marketing or “doing business as” name.

Organizations can view their legal entity names within the Basic Contract Management Module in HPMS. Use the following navigation path to access this information: Contract Management > Basic Contract Management > Select Contract Number > Plan Management Data. Organizations do not have access rights to add the parent organization designation or change the legal entity name, but rather must report changes to CMS.

Please notify CMS of the correct information by sending an email to drugbenefitimpl@cms.hhs.gov by April 30, 2012. If any changes in parent organization identity or legal entity name occur after this

date, you must report the change by sending an email to drugbenefitimpl@cms.hhs.gov as soon as the change occurs, but no later than 30 days from the effective date of such a change.

When reporting a parent organization or legal entity name change or correction, you should include your contract number and the phrase “parent organization update” or “legal entity update” in the subject line of the email. Please indicate what prompted the change (e.g., merger, sale, or corporate name change) and also include contact information for someone at your organization whom we could call to discuss any discrepancies you identify. You should be prepared to provide documentation to support the change or correction, such as financial statements, articles of incorporation, contracts, or filings with regulatory authorities. Of note, due to character limitations, CMS will not necessarily agree to all minor changes, such as requests to expand abbreviations.

Thank you.