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# CMS Manual System

## Pub. 100-07 State Operations Provider Certification

Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

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Transmittal 24

Date: JANUARY 26, 2007

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**SUBJECT: Sunset of the Policies for Provider Nominations for an Intermediary and the Provider Requests for a Change of Intermediary**

**I. SUMMARY OF CHANGES:** The provider nomination provisions contained under Section 1816 of the Social Security Act have sunset and new freestanding providers will no longer be able to express a preference for a particular fiscal intermediary (FI). New providers must be assigned to the designated local FI. In addition, providers may no longer request a change of FI and must continue with the FI to which they have been assigned.

### **NEW/REVISED MATERIAL**

**EFFECTIVE DATE: October 1, 2005**

**IMPLEMENTATION DATE: January 26, 2007**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual not updated.)**  
**(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)**

<b>R/N/D</b>	<b>CHAPTER/SECTION/SUBSECTION/TITLE</b>
R	3/3210/3210.3/CHOWs Involving Multi-Regional Corporations
R	3/3210/3210.4/Other Changes Related to CHOW - RO Procedures
R	3/3210/3210.4A/New Owner Request Different Intermediary
R	3/3210/3210.4B/New Owner Sets Different Fiscal Reporting Period

**III. FUNDING: No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.**

### **IV. ATTACHMENTS:**

	<b>Business Requirements</b>
<b>X</b>	<b>Manual Instruction</b>
	<b>Confidential Requirements</b>
	<b>One-Time Notification</b>
	<b>Recurring Update Notification</b>

\*Unless otherwise specified, the effective date is the date of service.

### **3210.3 - CHOWS Involving Multi-Regional Chain Organizations**

*(Rev. 24, Issued: 01-26-07; Effective: 10-01-05; Implementation: 01-26-07)*

When a CHOW involves a multi-regional chain organization, a lead or coordinating RO is designated. For certification purposes, this will typically be the RO serving the State in which the headquarters of the chain is located. The coordinating RO will notify all affected ROs of its lead role, make a CHOW determination that is uniform for all regions, and notify all affected ROs of the determination.

Exceptions to the lead RO procedure can occur. In an example involving 100 commonly-owned hospitals in eight regions, not all of the transactions met the definition of a CHOW under the regulations. Many of the transactions required individual, detailed analysis. In this case, no coordinating RO was designated because no uniform circumstances existed. In any situation in which the RO believes a coordinating RO may need to be designated, CO must be contacted for guidance.

*New providers that belong to CMS-recognized chains have the option of being assigned to the local designated FI or to the FI that serves the chain home office.*

*The CORFs, CMHCs, OPT facilities, rehabilitation facilities, and ESRD facilities will be assigned to the local designated FI. This group of providers will also not be able to become chain organizations or receive single FI status. However, some exceptions have been made for ESRD facilities. Exceptions are made on a case-by-case basis where the ESRD provider makes a compelling argument that to become a chain organization or have single FI status would be in the best interests of the Medicare program.*

### **3210.4 - Other Changes Related to CHOW - RO Procedures**

*(Rev. 24, Issued: 01-26-07; Effective: 10-01-05; Implementation: 01-26-07)*

The new owner of a provider has the opportunity *to change the provider's fiscal reporting period. The provider sends a written request to its fiscal intermediary. The fiscal intermediary reviews the request to determine if good cause exists, and will either approve or deny the request. See §3210.4B.*

There are also some instances in which the RO must assign a different provider number. *See §3210.4C.*

#### **3210.4A - New Owner Requests Different Intermediary**

*(Rev. 24, Issued: 01-26-07; Effective: 10-01-05; Implementation: 01-26-07)*

All participating providers that change ownership *and accept assignment of the existing provider agreement will continue with the same fiscal intermediary that served the previous owner. If the new owner does not accept assignment of the provider agreement,*

*the new provider will be treated as a new applicant to the Medicare program and once all Federal requirements have been met, a new provider agreement with a new provider number will be issued to the new owner. The new owner will then be assigned to the local designated FI.*

*For CORFs, CMHCs, OPT facilities, rehabilitation facilities, and ESRD facilities, please refer to §3210.3.*

### **3210.4B - New Owner Sets Different Fiscal Reporting Period**

*(Rev. 24, Issued: 01-26-07; Effective: 10-01-05; Implementation: 01-26-07)*

At the time of a CHOW, the new owner must select *its* cost reporting year for purposes of reimbursement under the program. The new owner may file its initial cost report covering a period of at least 1 month of provider operations under the program, but no more than 13 months of provider operations under the program.

The SA reports to the RO what cost reporting year the new owner has selected for use, *and* the RO indicates the selected cost reporting year on Form CMS-2007. Subsequent requests for changes in the fiscal reporting period *must be made in writing by the provider to the FI. A change in the cost reporting period will be made only after the FI has established good cause. Good cause exists if there is a good reason or justifiable purpose in seeking a change in the cost reporting period.* Neither the RO nor the SA can change the cost reporting year of a provider.