

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-08 Medicare Program Integrity	Centers for Medicare & Medicaid Services (CMS)
Transmittal 11125	Date: November 18, 2021
	Change Request 12368

SUBJECT: Update to Enrollment Processing Requirements for Certified Provider/Supplier Change of Ownership (CHOW) and Change of Information (COI) Applications

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to update Chapter 10 of CMS Publication (Pub.) 100-08 with instructions regarding the processing of CHOW and COI applications submitted by certified providers and certified suppliers.

EFFECTIVE DATE: December 3, 2021

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

IMPLEMENTATION DATE: January 3, 2022

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. 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 is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	10/Table of Contents
R	10/10.6/Additional Topics Pertaining to Medicare Enrollment
R	10/10.6/10.6.1/Certified Providers/Certified Suppliers
N	10/10.6/10.6.1.1/Changes of Ownership (CHOWs)
N	10/10.6/10.6.1.1.1/General Background on CHOWs
N	10/10.6/10.6.1.1.2/Examples of CHOW and Non-CHOW Situations
N	10/10.6/10.6.1.1.3/Ascertaining Whether a CHOW Has Occurred
N	10/10.6/10.6.1.1.3.1/Step 1 - Initial Review of the CHOW Application
N	10/10.6/10.6.1.1.3.1.1/Special Processing Instructions and Considerations for the Initial Review Process
N	10/10.6/10.6.1.1.3.2/Step 2 – Post-Initial Review Actions and Scenarios
N	10/10.6/10.6.1.1.3.3/Step 3 – Post-State Review Actions and Scenarios
N	10/10.6/10.6.1.1.4/Additional CHOW Processing Policies
R	10/10.6/10.6.1.2/Changes of Information – Skilled Nursing Facilities (SNF)
N	10/10.6/10.6.22/Non-Skilled Nursing Facility (SNF) Changes of Ownership
N	10/10.6/10.6.22.1/Non-Skilled Nursing Facility (SNF) Changes of Information

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

**Business Requirements
Manual Instruction**

Attachment - Business Requirements

Pub. 100-08	Transmittal: 11125	Date: November 18, 2021	Change Request: 12368
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SUBJECT: Update to Enrollment Processing Requirements for Certified Provider/Supplier Change of Ownership (CHOW) and Change of Information (COI) Applications

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I. GENERAL INFORMATION

A. Background: The CMS is transitioning certain administrative functions involving certified provider/supplier CHOW and COI transactions from the CMS Survey & Operations Group Locations to the MACs. This CR updates and expands upon the current CHOW and COI instructions in Chapter 10 of Pub. 100-08 to account for this transition; specifically, this CR contains instructions concerning skilled nursing facility CHOWs and COIs. .

B. Policy: This CR does not contain any legislative or regulatory policies.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DM E MA C	Shared-System Maintainers				Othe r
		A	B	HH H		FIS S	MC S	VM S	CW F	
12368.1	For certified provider/supplier CHOWs and COIs not involving SNFs, the contractor shall continue to follow the CHOW and COI application procedures it has in the past and as outlined in, respectively, Sections 10.6.22 and 10.6.22.1 in Chapter 10 of Pub. 100-08.	X	X	X						
12368.2	The contractor is advised that the instructions in Sections 10.6.1.1 through 10.6.1.1.4	X	X	X						

Number	Requirement	Responsibility								
		A/B MAC			DM E MA C	Shared-System Maintainers				Othe r
		A	B	HH H		FIS S	MC S	VM S	CW F	
12368.1 4	Pursuant to Section 10.6.1.1.4(A) in Chapter 10 of Pub. 100-08, the contractor shall -- (1) Continue to pay the old owner until it receives the e-mail, effective date, and signed provider agreement from PEOG referenced in Section 10.6.1.1.3.3(B) in Chapter 10 of Pub. 100-08; and (2) Return any application from the old or new owner to change the Electronic Funds Transfer account or special payment address to that of the new owner.	X								
12368.1 5	The contractor shall follow the instructions in Section 10.6.1.1.3.3(B) in Chapter 10 of Pub. 100-08 if the state recommends approval of the CHOW application.	X								
12368.1 6	The contractor shall follow the instructions in Section 10.6.1.1.3.3(A) in Chapter 10 of Pub. 100-08 if the state does not recommend approval of the CHOW application.	X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Frank Whelan, 410-786-1302 or frank.whelan@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 0

Medicare Program Integrity Manual

Chapter 10 – Medicare Enrollment

Table of Contents *(Rev.11125; Issued: 11-18-21)*

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10.6 -Additional Topics Pertaining to Medicare Enrollment

(Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

10.6.1 – Certified Providers/*Certified* Suppliers

(Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

All references to the SOG Location (formerly the “RO”) in this section 10.6.1 et seq. refer to the applicable CMS Regional Office’s Survey & Operations Group (SOG) Location. Also, and except as otherwise indicated, all references to “provider” include certified suppliers (e.g., ambulatory surgical centers, portable x-ray suppliers).

10.6.1.1 – Changes of Ownership (CHOWs) – Skilled Nursing Facilities (SNFs)

(Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

(Until further notice from CMS, the instructions in sections 10.6.1.1 through 10.6.1.1.4 apply only to SNFs; said instructions will eventually apply to all certified provider and certified supplier types. In the interim, the contractor shall continue to use the existing CHOW instructions--now in section 10.6.22 of this chapter--for all non-SNF certified provider/supplier types.

When executing the instructions in sections 10.6.1.1 through 10.6.1.1.4, the contractor can disregard directives that obviously do not apply to SNFs (e.g., references to home health agencies, ambulatory surgical centers.)

Except as otherwise noted, the term “CHOW” as used in section 10.6.1.1 et seq. includes CHOWs, acquisitions/mergers, and consolidations. Though the Change of Ownership (CHOW) Information section of the Form CMS-855A separates the applicable transactions into CHOWs, acquisition/mergers, and consolidations for ease of disclosure and reporting, they fall within the general CHOW category under 42 CFR § 489.18 (e.g., an acquisition/merger is a type of CHOW under § 489.18).

10.6.1.1.1 – General Background on CHOWs

(Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

A. Overall Process

CHOWs are officially defined in and governed by 42 CFR § 489.18 and CMS Publication (Pub.) 100-07, chapter 3, sections 3210 through 3210.5(C). In the past, the SOG Location had made the determination as to whether a CHOW had occurred (unless this function was delegated). The process now involves, in general (and with exceptions), the following:

- *The contractor sends the application (and all supporting documentation) and its recommendation for approval (if applicable) to the state agency (hereafter simply “state”) for review*
- *The state notifies the contractor of its recommendation*
- *The contractor notifies the CMS Provider Enrollment & Oversight Group (PEOG) of the recommendation. PEOG signs the provider agreement and performs other administrative functions pertaining to the CHOW application*
- *Once PEOG completes the required administrative actions, PEOG will notify the contractor thereof*

- *The contractor completes processing and notifies the provider of the approval of the transaction using the appropriate model letter (sending a copy thereof to the state and SOG Location (and, if applicable, accrediting organization))*

(Thus, and except as otherwise stated in section 10.6.1.1 et seq., SOG Locations are no longer directly involved in the CHOW process for applications received on or after MMDDYY. SOG locations will, however, continue to provide policy-related assistance regarding CHOWs.)

Specific details on these steps are outlined in section 10.6.1.1 et seq.

Note that although certified suppliers are not explicitly referenced in § 489.18, the principles of this regulatory provision are generally applied to these suppliers.

B. Governing Regulations

Pursuant to § 489.18(a)(1) through (a)(4) (and as outlined in more detail below), the following situations generally constitute a CHOW:

- (1) Partnership – The removal, addition, or substitution of a partner (unless the partners expressly agree otherwise), as permitted by applicable state law.*
- (2) Unincorporated sole proprietorship - Transfer of title and property to another party constitutes a CHOW.*
- (3) Corporation – (i) The merger of the provider corporation into another corporation; or (ii) the consolidation of two or more corporations that results in the creation of a new corporation.*
- (4) Leasing - The lease of all or part of a provider facility constitutes a change of ownership of the leased portion.*

(See section 10.6.1.1.2 below for more detailed information on the types of transactions that can constitute a CHOW.)

Under § 489.18(c) and Pub. 100-07, chapter 3, section 3210, when there is a CHOW, the existing provider agreement is automatically assigned to the new owner unless the new owner rejects assignment of the provider agreement. If the new owner rejects this assignment, the provider cannot participate in Medicare without going through the same process as any new provider (e.g., initial enrollment, undergoing a state survey). Automatic assignment of the existing provider agreement to the new owner means the new owner is subject to all the terms and conditions under which the existing agreement was issued.

10.6.1.1.2 – Examples of CHOW and Non-CHOW Situations (Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

A. Introduction

Pub. 100-07, chapter 2, section 3210.1D outlines in detail certain types of transactions (based on business type) that involve (or do not involve) a CHOW. This list is not exhaustive, however, and CMS recognizes that scenarios may arise that do not fall within the normal/typical categories of CHOW transactions. Indeed, it is not possible for CMS to address in these instructions every conceivable case. Hence, if the contractor is uncertain as to how to handle a situation that could involve a CHOW under 42 CFR § 489.18, it may contact its PEOG BFL for assistance or the SOG location representative.

In reviewing this section 10.6.1.1.2, the contractor should keep in mind the following:

1. Other Business Types - Although § 489.18 addresses only sole proprietorships, partnerships, corporations, and lease arrangements, other types of business entities (such as limited liability companies (LLCs)) can have CHOWs. These entities will be identified within the category in section 10.6.1.1.2(B) to which they are most applicable.

2. Assignment – Any statement in section 10.6.1.1.2(B) that a particular business transaction constitutes a CHOW assumes that the new owner accepted assignment of the provider agreement. In cases where a § 489.18-type business transaction occurred but assignment was not accepted (as discussed in detail in section 10.6.1.1.3.2 below): (a) no CHOW has taken place; (b) the provider agreement does not transfer; and (c) the entity must enroll as a brand new provider. Moreover, the existing owner must voluntarily terminate the provider’s enrollment and agreement consistent with existing regulations and the policies in this chapter.

3. CHOW Categories on the Form CMS-855A - For purposes of provider enrollment only, there are three main categories of CHOWs captured on the Form CMS-855A application:

a. “Standard” CHOW - This occurs when a provider’s CMS Certification Number (CCN) and provider agreement are transferred to another entity as a result of the latter’s purchase of the provider. To illustrate, suppose Entity A is enrolled in Medicare, but Entity B is not. B acquires A. Assuming all regulatory requirements are met, A’s provider agreement and CCN will transfer to B.

This is the most frequently encountered change of ownership scenario. As explained in section 10.6.1.1 et seq., even though it is technically an acquisition (i.e., B bought/acquired A) under § 489.18, this situation falls under the “CHOW” category – as opposed to the “Acquisition/Merger” category – on the Form CMS-855A.

b. Acquisition/Merger - In general, this occurs when two or more Medicare-enrolled entities combine, leaving only one remaining CCN and provider agreement. For instance, suppose Entity A and Entity B are both enrolled in Medicare, each with its own CCN and provider agreement. The two entities decide to merge. Entity B’s CCN and provider agreement will be eliminated (leaving only Entity A’s CCN and provider agreement).

If the acquisition results in an existing provider having new owners but keeping its existing provider number, the applicant should check the CHOW box in the Basic Information section of the Form CMS-855A.

Unlike the new owner in a CHOW or consolidation, the new owner in an acquisition/merger need not complete the entire Form CMS-855A. This is because the new owner is already enrolled in Medicare. As such, the provider being acquired should be reported as a practice location in the Practice Location Information section of the new owner’s Form CMS-855A.

c. Consolidations - This occurs when the merger of two or more Medicare-enrolled entities results in the creation of a brand new entity. To illustrate, if Entities A and B decide to combine and, in the process, create a new entity (Entity C), the CCNs and provider agreements of both A and B will be eliminated. Entity C will have its own CCN and provider agreement.

Note the difference between acquisitions/mergers and consolidations. In an acquisition/merger, when A and B combine there is one surviving entity. In a consolidation,

when A and B combine there are no surviving entities. Rather, a new entity is created – Entity C.

Regardless of which of these three categories the particular transaction falls under on the Form CMS-855A, the central issue for the contractor is whether a CHOW has occurred pursuant to § 489.18. In other words, the question of how the transaction is reported on the application is less important than the determination as to whether the CHOW requirements have been met. Indeed, merely because the provider reports a transaction as a § 489.18 CHOW on the Form CMS-855 does not mean that one has legally occurred. The contractor will therefore (as discussed below) have to carefully analyze the scenario and legal documentation to ascertain whether a CHOW is involved.

4. Continued Responsibility – In ascertaining whether a CHOW has occurred, another important consideration for the contractor is whether the owning entity/individual is (or is no longer) responsible for the provider and its operations. If some form of ownership change has occurred but the same individual/entity (e.g., the same corporation) generally remains as the principal owner of the provider, no CHOW has occurred; except as otherwise stated in this chapter, therefore, the transaction should be treated as a change of information.

5. Change in Process – Notwithstanding the expanded CHOW instructions in this section 10.6.1.1 et seq., the contractor should remember that the only changes to the CHOW process are generally as follows:

- The SOG location no longer makes the formal determination as to whether a CHOW has occurred.*
- If the contractor recommends approval of the CHOW, it forwards the application to the state only (not to the SOG Location)*
- If the state recommends approval to the contractor, the contractor coordinates with PEOG (as described below)*
- After PEOG responds to the contractor, the contractor finalizes the application*

Except as otherwise stated in these instructions, therefore, the contractor shall continue to follow the procedures it has in the past.

B. CHOWs by Business Type

(See section 10.6.4 of this chapter for basic information on the forms of business structures frequently encountered in provider enrollment.)

The scenarios below are not an exhaustive list of all the types of CHOWs that may or may not occur. Furthermore, the following situations may have different, unique facts that could raise questions as to whether a CHOW has indeed taken place. The contractor will thus encounter CHOW cases not precisely addressed in these instructions and, if uncertain regarding how they should be handled, may contact its PEOG BFL for guidance.

1. Sole Proprietorship

If the provider is an entity owned by a single individual, a transfer of title to the enterprise to another person or firm (whether or not this includes transfer of title to the real estate) constitutes a CHOW. It is also a CHOW if the former owner becomes one of the members of a partnership or corporation succeeding him/her as the new owner (e.g., Mr. Jones is the sole proprietor of Provider X, and he sells the business to a corporation of which he will become a shareholder).

As discussed in section 10.6.4 of this chapter, a sole proprietorship is neither a solely-owned corporation nor a solely-owned LLC (e.g., an LLC with only one owner/member remains an LLC and is not a sole proprietorship simply because there is only a single owner/member).

2. Partnership

General partnership (i.e., a partnership with no limited partners) - In a general partnership, the removal, addition, or substitution of an individual/entity as a partner in the entity dissolves the partnership unless: (1) state law holds otherwise; or (2) the partnership agreement expressly states otherwise. If the partnership is indeed dissolved based on a partner's removal/addition/substitution, a new partnership is created and a CHOW has occurred.

Limited partnership – The departure/replacement of a general partner in a limited partnership will often result in the dissolution of the limited partnership, the creation of a new one, and the occurrence of a CHOW; these results typically do not stem from the departure or replacement of a limited partner. In either case, the contractor shall carefully examine the relevant documents (e.g., the Form CMS-855, limited partnership agreement) to see if the limited partnership has undergone a CHOW.

3 - Corporation

(For purposes of this section 10.6.1.1.2 only, and unless stated otherwise: (1) the term “corporation” includes LLCs; and (2) the term “stock” includes LLC ownership interests. Thus, a reference to the merger of two corporations could include, for instance, the merger of an LLC with a corporation to create a brand new LLC or corporation.)

A merger of one or more corporations into the surviving Medicare-participating provider corporation (i.e., a merger “into” the participating corporation) is not recognized as a CHOW of the surviving corporation. However:

- *If the corporation that survives is not the former owner of the provider entity, there is a CHOW; and*
- *Consolidation or merger of two or more corporations that results in the creation of a new corporate entity having ownership/control over a provider organization constitutes a CHOW.*

4 - Leasing

When all or part of a provider facility is leased, it constitutes a CHOW. If only part of the provider is leased, the original provider agreement remains in effect only with respect to the unleased portion. The lease of part of the facility constitutes a CHOW.

10.6.1.1.3 – Ascertaining Whether a CHOW Has Occurred (Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

Sections 10.6.1.1.3.1, 10.6.1.1.3.2, and 10.6.1.1.3.3 outline the general steps the contractor must undertake in a potential CHOW situation. The contractor should also review sections 10.6.1.1.3.1.1 and 10.6.1.1.4 below regarding special circumstances that might occur when performing these steps. In addition, nothing in this section 10.6.1.1.3 et seq. prohibits the contractor from returning or rejecting the application if grounds for doing so under this chapter 10 exist.

Except as otherwise stated, the instructions in this section 10.6.1.1.3 et seq. apply to both

Form CMS-855A and Form CMS-855B applications from certified providers.

10.6.1.1.3.1 – Step 1 - Initial Review of the CHOW Application
(Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

A. Process

Upon receipt of a Form CMS-855 CHOW application, the contractor shall undertake the following (in whichever order the contractor prefers):

(i) Perform all data validations otherwise required per this chapter.

(ii) Ensure that the submitted application(s) is complete consistent with the instructions in this chapter.

(iii) Ensure that the provider has submitted all documentation otherwise required per this chapter. For CHOW purposes, this also includes the following:

- *Legal Documentation of CHOW - The legal documents that governed the transaction, such as a sales agreement, bill of sale, or transfer agreement. (See section 10.6.1.1.3.1.1 below for more information on such documents.)*
- *Form CMS-1561 (Health Insurance Benefit Agreement). (In lieu of the Form CMS-1561, rural health clinics (RHCs) must submit the Form CMS-1561A and ambulatory surgical centers (ASCs) must submit the Form CMS-370.) (See <https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/CMS-Forms-List> for more information.) These forms are generally known as “provider agreements” and “supplier agreements,” as applicable.*
- *Evidence of state licensure, if applicable. (This can be furnished consistent with existing instructions in this chapter concerning submission of evidence of state licensure.)*
- *Evidence of successful electronic submission of the Form HHS-690 through the Office of Civil Rights (OCR) portal, as applicable. (Evidence should be either written or electronic documentation.) (See <https://www.hhs.gov/sites/default/files/forms/hhs-690.pdf> for more information.)*
- *Applicable CMS Form that requests certification in Medicare. (These include, for example, CMS-377 for ASCs, CMS-3427 for end-stage renal disease (ESRD) facilities, etc.) (See <https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/CMS-Forms-List> for more information.)*
- *Form CMS-1539 - Medicare/Medicaid Certification and Transmittal (<https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/CMS-Forms-Items/CMS011722>).*
- *Form CMS-2567 – Statement of Deficiencies and Plan of Correction (<https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/CMS-Forms-Items/CMS008860>).*
- *For skilled nursing facilities (SNFs), a signed patient transfer agreement. (See <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertEmergPrep/Downloads/Facility-Transfer-Agreement-Example.pdf> for an example.)*

(The provider must complete, sign, date, and include the applicable CMS forms described in this subsection (A)(iii); the provider need not, of course, complete those sections of the forms

that are reserved for CMS. For organizational providers, an authorized official (as defined in § 424.502) must sign the forms; for sole proprietorships, the sole proprietor must sign.)

If any of the required documents are missing, unsigned, undated, or otherwise incomplete, the contractor shall develop for the form(s) or the information thereon using the procedures outlined in this chapter. (Examples of when development would be necessary include, but are not include to: (1) an incorrect signatory signed the form (e.g., the person was not an authorized official) or the signatory failed to furnish his/her title (if required by the form); and (2) the provider did not list its DBA name (if required by the form).) If the provider fails to comply with the contractor's request, the contractor shall reject the entire application pursuant to 42 CFR § 424.525 and the instructions in this chapter. (Rejection is proper even if only one of the required documents is missing or incomplete and the provider did not respond to the contractor's request.) Moreover, if the rejection results in the expiration of the applicable time period for reporting the change (e.g., 30 days), the contractor shall send an e-mail to its PEOG BFL notifying him/her of the rejection. PEOG will determine whether the provider's billing privileges should be deactivated under § 424.540(a)(2) or § 424.550(b)(2) or revoked under § 424.535(a)(1) or (a)(9). PEOG will notify the contractor of its decision.

(iv) Ascertaining whether a formal § 489.18 CHOW has occurred – This involves performing all necessary background research, which can include:

- Reviewing the sales or lease agreement*
- Reviewing the ownership information in Sections 2, 5, and 6 of the Form CMS-855A (or Sections 5 and 6 of the Form CMS-855B)*
- Reviewing whether the provider checked “Yes” or “No” to the question in Section 2 of the Form CMS-855A concerning the acceptance of assignment of the provider agreement.*
- Contacting the provider(s) to request clarification of the sales agreement, etc. (Unless otherwise stated in this chapter, the provider must furnish any such clarification in writing; e-mail is acceptable.)*

(v) As applicable, take into account the supplemental instructions in sections 10.6.1.1.3.1(B), 10.6.1.1.3.1.1 and 10.6.1.1.4 of this chapter.

B. Additional Instructions

1. *TIN Change* - While a CHOW is typically accompanied by a TIN change, this is not always the case. On occasion, the TIN remains the same; conversely, sometimes the provider is changing its TIN but not its ownership. In short, while a change of TIN (or lack thereof) is evidence that a CHOW may or may not have occurred, it is not the most important factor; rather, the change in the provider's ownership arrangement is the central issue. Hence, the contractor should review the sales/lease agreement closely, for this will help indicate whether a CHOW has occurred.

2. *Request for Information and/or Clarification* – If, after its initial review under subsection (A), the contractor remains uncertain as to whether a CHOW has taken place, the contractor: (i) reserves the right to request any clarifying information from the provider (e.g., additional documentation concerning the sale); and/or (ii) may contact its PEOG BFL or the SOG Location for assistance. (This may include situations where, for instance, (i) the provider believes that the transaction is merely a stock transfer but the contractor disagrees, and (ii) the contractor is uncertain whether the provider is accepting assignment.)

3. *Acceptance of Assignment* – Regardless of the provider's response to the Form CMS-855 question concerning whether the provider accepts assignment, the contractor shall review the sales/transfer agreement and any other documentation to confirm whether the provider's

response is consistent with the agreement. (For example, if the provider responds “no” to the question, the contractor shall review the sales agreement to ensure consistency.) If an inconsistency is discovered, the contractor shall contact the provider for clarification.

4. Situations Requiring Referral to PEOG – The contractor shall refer the case and all supporting documentation (e.g., sales agreement) to its PEOG BFL in either of the following situations:

- The provider reports a CHOW based strictly on a relinquishment by the owner of all authority and responsibility for the provider organization without a § 489.18-level change of ownership. (For instance, the sales agreement indicates that the provider is selling only 10% of its ownership stake but the provider claims the transaction is a CHOW because it is relinquishing all control of the provider to the party to which its 10% ownership share is being sold.)
- It appears the owner of a provider is entering into a franchise agreement with a corporate chain (and thus uses the chain’s name).

10.6.1.1.3.1.1 – Special Processing Instructions and Considerations for the Initial Review Process

(Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

A. Form CMS-855A – Old and New Owner Applications

Unless stated otherwise in this chapter:

- The contractor shall ensure that all applicable sections of the Form CMS-855A for both the old and new owner are completed in accordance with the instructions on the Form CMS-855A.
- The instructions in this section 10.6.1.1.3.1.1(A) apply only to the Form CMS-855A.

1. Previous Owner(s)

The previous owner’s Form CMS-855A CHOW application does not require a recommendation for approval. Any recommendations will be based on the CHOW application received from the new owner.

If the previous owner's Form CMS-855A is available at the time of review, the contractor shall examine the information therein against the new owner’s Form CMS-855A to ensure consistency (e.g., same names). If the previous owner's Form CMS-855A has not been received, the contractor shall contact the previous owner and request it. However, the contractor may begin processing the new owner’s application without waiting for the arrival of the previous owner’s application. It may also make its CHOW recommendation to the state without having received the previous owner’s Form CMS-855A.

If a certification statement is not on file for the individual signing the previous owner’s application, the contractor shall request that the Individual Ownership and/or Managing Control section of the Form CMS-855A be completed for said person.

Note that the previous owner’s Form CMS-855A CHOW application is essentially the equivalent of a Form CMS-855A voluntary termination submission; this is because the old owner is voluntarily leaving the Medicare program. As such, the contractor shall not require the old owner to submit a separate Form CMS-855A voluntary termination along with its Form CMS-855A CHOW application.

2. New Owner

If a Form CMS-855A is not received from the new owner within 14 calendar days of receipt of the old owner's Form CMS-855A, the contractor shall contact the new owner. If, within 30 calendar days after the contractor contacted it, the new owner fails to (1) submit a Form CMS-855A and (2) indicate that it accepts assignment of the provider agreement, the contractor shall send an e-mail to its PEOG BFL notifying him/her of the situation. PEOG will determine whether the provider's billing privileges should be deactivated under § 424.540(a)(2) or § 424.550(b) or revoked under § 424.535(a)(1) or (a)(9).. PEOG will notify the contractor of its decision.

In the situations described in the previous paragraph where the contractor is awaiting the new owner's application after received the old owner's, the contractor shall: (1) begin processing the old owner's application; and (2) if possible, ascertain whether a CHOW has taken place.

3. Order of Processing of Old/New Owner Applications

To the maximum extent practicable, Form CMS-855A applications from the previous and new owners in a CHOW should be processed as they arrive. However, unless the instructions in this chapter indicate otherwise, the contractor should attempt to send the previous and new owners' applications to the state simultaneously, rather than as soon as they are processed. For instance, suppose the previous owner submits an application on March 1. The contractor should begin processing the application immediately without waiting for the arrival of the new owner's application. Yet the contractor should avoid sending the previous owner's application to the state until the new owner's application is processed. (For acquisition/mergers and consolidations (as those terms are described on the Form CMS-855A), the contractor may send the applications to the state separately.)

4. Form CMS-855A: CHOWs Involving Subtypes

a. Separate Reporting

Any subunit that has a separate provider agreement must report its CHOW on a separate Form CMS-855A. It cannot report the CHOW via the main provider's Form CMS-855A. If the subunit does not have a separate provider agreement (e.g., hospital psychiatric unit), the CHOW can be disclosed on the main provider's Form CMS-855A; this is because the subunit is a practice location of the main provider and not a separately enrolled entity.

b. Change in Subtype

A CHOW may occur in union with a change in the facility's provider subtype. This can happen, for instance, when a hospital undergoes a CHOW and changes from a general hospital to another type of hospital, such as a psychiatric hospital. Although a change in hospital type is considered a change of information (COI), the provider need not submit separate applications – one for the COI and one for the CHOW. Instead, all information (including the change in hospital type) should be reported on the CHOW application; the entire application should then be processed as a CHOW (assuming it indeed qualifies as such). However, if the facility is changing from one main provider type to another (e.g., hospital converting to a skilled nursing facility) and also undergoing a CHOW, the provider must submit its application as an initial enrollment. The contractor shall notify the provider of this and return the application.

(NOTE: For Medicare purposes, a critical access hospital (CAH) is a separately-recognized provider type. Thus, a general hospital undergoing a CHOW while converting to a CAH must submit its Form CMS-855A as an initial enrollment, not as a CHOW.)

5. Transitioning to Provider-Based Status (Form CMS-855A Submissions Only)

Consistent with existing CMS policy, a provider undergoing a CHOW pursuant to 42 CFR § 489.18 may be assigned to a new contractor jurisdiction only if the provider is transitioning from freestanding to provider-based status. In such cases, the contractor for the new jurisdiction (the “new contractor”) shall process both the old and new owner’s Form CMS-855A applications. Should the “old/previous” (or current) contractor receive the old and/or new owner’s Form CMS-855A applications, it shall (a) forward the application to the new contractor within 5 business days of receipt and (b) notify the new contractor within that same timeframe that the application was sent.

B. Sales and Lease Agreements

Except as indicated otherwise, this subsection (B) applies to Form CMS-855A and Form CMS-855B applications.

1. Verification of Terms

The contractor shall ascertain whether: (1) the sales/lease agreement includes the signatures of the old and new owners; (2) the information contained in the sales agreement is consistent with that reported on the new owner's Form CMS-855A or the submitted Form CMS-855B (e.g., same names, effective date); (3) the terms of the contract indicate that the new owner will accept assignment of the provider agreement; and (4) the transaction falls within the scope of organizational transactions covered under § 489.18 and this section 10.6.1.1 et seq.

Note that the sales/lease agreement often will not specifically refer to the Medicare provider agreement, assets, and liabilities. However, if (1) the box in the Change of Ownership (CHOW) Information section of the Form CMS-855A is checked "Yes" and (2) the sales/lease agreement either confirms that the new owner will accept assignment or is relatively silent on the matter, the contractor can proceed as normal. If the agreement indicates that assignment will not be accepted, however, the contractor shall follow the instructions in section 10.6.1.1.3.2(A) below.

As previously mentioned, any clarifying data must be furnished in writing (e.g., additional legal documentation, letter, e-mail). If the clarification – for whatever reason - requires an update to the supplier’s Form CMS-855 application, the contractor shall request the submission of said update. In addition, if the contractor discovers discrepancies between the data in the sales agreement and that on the Form CMS-855, the contractor shall seek clarifying information and, if necessary, obtain an updated Form CMS-855.

2. Form of Sales/Lease Agreement

There are instances where the parties in a CHOW did not sign a “sales” or “lease” agreement in the conventional sense of the term; the parties, for example, might have documented their agreement via a “bill of sale.” The contractor can accept such documentation in lieu of a sales/lease agreement so long as (1) the document addresses the transaction’s terms and (2) the information in the agreement is consistent with that on the Form CMS-855 (as discussed above).

3. Submission of Sales/Lease Agreement

a. General Requirements – Unless specified otherwise in this chapter: (i) both the previous and new owners in a Form CMS-855A CHOW situation must submit copies of the interim and final sales/lease agreements; and (ii) copies of the interim and final sales/lease agreement must be submitted in Form CMS-855B CHOW situations.

b. Forwarding to State - The contractor shall not forward a copy of the application to the state until it has received and reviewed the final sales/lease agreement. However, the contractor need not reverify the information on the Form CMS-855 while waiting for the final agreement, even if the data therein may be somewhat outdated by the time the final agreement is received.

c. Failure to Submit - If a final sales/lease agreement is not submitted within 30 days after the contractor's receipt of the new owner's application, the contractor shall reject the application. Though the contractor must wait until the 30th day to reject the application, the contractor may proceed with rejection regardless of how many times it contacted the new owner or what types of responses (short of the actual receipt of the agreement) were received.

C. Relocation of Entity

A new owner may intend to relocate the provider concurrent with a CHOW. If the relocation is to a site in a different geographic area serving different clients than previously served and employing different personnel to serve those clients, the contractor shall notify the state via e-mail immediately. If the state believes that this situation has resulted in the effective creation of a new provider, the contractor shall return the application and notify the new owner that a new, initial enrollment application must be submitted. The provider must also notify the state or, if applicable, accreditation agency.

D. Intervening Change of Ownership

In situations where the provider (1) submits a Form CMS-855 initial application or CHOW application and (2) subsequently submits a Form CMS-855 CHOW application before the contractor has finalized the first application, the contractor shall adhere to the following:

Situation 1 – The provider submitted an initial application followed by a CHOW application, and a recommendation for approval to the state has not yet been made for the initial application: The contractor shall return both applications and require the provider to re-submit an initial application with the new owner's information.

Situation 2 - The provider submitted a CHOW application followed by another CHOW application, and a recommendation for approval to the state has not yet been made for the first CHOW application: The contractor shall process both applications – preferably in the order they were received – and shall, if recommendations for approval are warranted, refer both applications to the state in the same package. The accompanying notice/letter to the state shall explain the situation.

Situation 3 - The provider submitted an initial application followed by a CHOW application, and a recommendation for approval of the initial application has been made to the state – The contractor shall:

- Return the CHOW application.*
- Notify the state via e-mail that a change of ownership has occurred (the new owner should be identified) and that the contractor will require the new provider to resubmit a new initial application containing the new owner's information.*

- *Request via letter that the provider submit a new initial Form CMS-855 application containing the new owner's information within 30 days of the date of the letter. If the provider fails to do so, the contractor shall return the originally submitted initial application and notify the provider and the state of this via letter. If the provider submits the requested application, the contractor shall process it as normal and, if a recommendation for approval is made, send the revised application package to the state with an explanation of the situation; the originally submitted initial application becomes moot. If the newly submitted/second initial application is denied, however, the first submitted application is denied as well; the contractor shall notify the provider and the state accordingly.*

Situation 4 - The provider submitted a CHOW application followed by another CHOW application, and a recommendation for approval has been made for the first application - The contractor shall:

- *Notify the state via e-mail that (1) a subsequent change of ownership has occurred (the new owner should be identified) and (2) the contractor will require the provider to resubmit a new CHOW application containing the subsequent/second new owner's information.*
- *Process the new/second CHOW application as normal. If a recommendation for approval is made, the contractor shall send the revised CHOW package to the state with an explanation of the situation; the first CHOW application becomes moot. If the newly submitted/second CHOW application is returned per section 10.6.1.1.3.2 below, the first application should, too, be returned. The contractor shall notify the provider and the state accordingly.*

F. Potential CHOW

On occasion, a provider or supplier submits a Form CMS-855 change of information to report a large-scale stock transfer or other significant ownership change that the provider does not believe is (or report as) a CHOW. If the contractor suspects that the transaction in question might indeed be a CHOW, it shall request clarifying information (e.g., copy of the stock transfer agreement).

G. Entry into PECOS

If it appears that the new owner will be accepting assignment and that the transaction falls within the scope of § 489.18, the contractor shall enter the CHOW information into the new enrollment record that shall be created for the new owner. (If the state recommends approval of the CHOW (see section 10.6.1.1.3.3 below), the Part A provider's CCN will be maintained in the new owner's enrollment record once the record is switched to an approved status.)

A new enrollment record must be created if a new TIN is established pursuant to the CHOW.

10.6.1.1.3.2 – Step 2 – Post-Initial Review Actions and Scenarios (Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

After the contractor completes the tasks in section 10.6.1.1.3.1, several results are possible. These are discussed below. Should the contractor encounter a scenario not addressed herein, it may contact its PEOG BFL for guidance. As a reminder, nothing in section 10.6.1.1.3.2 prohibits the contractor from returning or rejecting the application if otherwise permitted to do so per this chapter.

A. Scenarios

1. The contractor ascertains that the transaction falls within the scope of § 489.18 and that the new owner has accepted assignment – If there are no apparent grounds for denying the application (e.g., the new owner has a felony conviction, false information was submitted, a newly reported chief executive officer is excluded), the contractor shall make a recommendation for approval to the state consistent with existing practice and via existing means. (This includes sending recommendations via hard copy mail if the state only accepts this method of transmission.) If a denial ground exists, however, the contractor shall refer the matter to its PEOG BFL for guidance before submission to the state, notwithstanding any other instruction in this chapter to the contrary. The contractor should include an explanation of the ground(s) it believes exists for the denial (including the regulatory citation).

(For Form CMS-855B CHOW applications: Note that an approval recommendation can be made (and must be treated as a CHOW) notwithstanding the general rule that a TIN change constitutes an initial enrollment; in other words, the reporting rules regarding CHOWs/assignments in this particular situation take precedence over the “change of TIN” principle.)

2. The contractor ascertains that the transaction falls within the scope of § 489.18 but the new owner has not accepted assignment – The contractor shall: (a) return the application; and (b) notify the new owner in the return letter that it must submit the following within 30 days from the date of the return letter: (i) an initial Form CMS-855 application to enroll as a new provider; and (ii) a voluntary termination application for the existing provider. If the new owner fails to do so within 30 days of the request, the contractor shall contact its PEOG BFL via e-mail with this information notwithstanding any other instruction to the contrary in this chapter. PEOG will review the matter and respond to the contractor.

3. The contractor ascertains that the transaction does not fall within the scope of § 489.18 (e.g., stock transfer), regardless of whether the new owner accepted assignment - This qualifies as an ownership change under 42 CFR § 424.516 rather than a CHOW under § 489.18. The contractor shall: (a) return the application; and (b) notify the provider in the return letter that it must submit a Form CMS-855 application to report the ownership change within 30 days of the return letter. If the provider fails to do so, the contractor shall contact its PEOG BFL via e-mail with this information notwithstanding any other instruction to the contrary in this chapter.

(The only exception to the policies in the previous paragraph is if (1) the submission is a Form CMS-855B and (2) the § 424.516 ownership change also involves a change of TIN. In this scenario, the contractor shall: (a) return the application; and (b) notify the supplier in the return letter that it must submit the following within 30 days from the date of the return letter: (i) an initial Form CMS-855B application to enroll as a new supplier; and (ii) a voluntary termination application. If the supplier fails to do so, the contractor shall contact its PEOG BFL the contractor shall contact its PEOG BFL via e-mail with this information notwithstanding any other instruction to the contrary in this chapter.

B. Referral to State

If the contractor believes that a recommendation for approval per section 10.6.1.1.3.2(A)(1) is warranted, it shall send a recommendation letter to the state (with a copy to the accreditation organization (AO), if applicable). The letter shall follow the format of existing model CHOW recommendation letters in section 10.7 et seq. of this chapter. (Neither the SOG Location nor PEOG need be copied on the letter.) The CHOW package shall: (1) be sent to the state in a manner consistent with existing and past practice; and (2) contain all

the applicable documents described in section 10.6.1.1.3.1(A)(iii) above. (For instance, the package must include, among other things, the CMS-377 for ASC and the CMS-3427 for ESRD facilities.)

The state will: (1) review the package for completeness; (2) review the contractor's recommendation for approval; (3) perform any state-specific functions; and (4) contact the contractor with any questions. The contractor shall respond to any state inquiry in Item (4) within 5 business days. If the inquiry involves the need for the contractor to obtain additional data, documentation, or clarification from the provider, however, the timeframe is 15 business days; if the provider fails to respond to the contractor within this timeframe, it shall notify the state thereof. The contractor may always contact its PEOG BFL should it need the latter's assistance with a particular state inquiry.

10.6.1.1.3.3 – Step 3 – Post-State Review Actions and Scenarios **(Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)**

The state will notify the contractor once it has completed the tasks identified in section 10.6.1.1.3.2(B) above (normally within 90 days of receiving the package from the contractor). In general, there are two potential outcomes:

A. Approval Not Recommended

If the state does not recommend approval, it will notify the contractor thereof. The contractor may accept the notification so long as it is in writing (e-mail is fine). No later than 5 business days after receiving this notification, the contractor shall send an e-mail to MedicareProviderEnrollment@cms.hhs.gov with the following information and documents: (1) the Form CMS-855 application or PECOS Application Data Report; (2) a copy of the final sales/transfer agreement; and (3) a copy of the Form CMS-1539 or similar documentation received from the state. PEOG will review the matter, perform any administrative functions, and respond to the contractor with applicable direction.

B. Approval Recommended

If the state recommends approval, it will typically (though not always) do so via a Form CMS-1539; the contractor may accept any documentation from the state signifying that the latter recommends approval. (Note that the contractor will not receive a tie-in or tie-out notice, neither of which are issued any longer for CHOWs.)

No later than 5 business days after receipt of the recommendation, the contractor shall send an e-mail to MedicareProviderEnrollment@cms.hhs.gov with the following information and documents: (1) the Form CMS-855 application or PECOS Application Data Report; (2) a copy of the final sales/transfer agreement; (3) a copy of the Form CMS-1539 or similar documentation received from the state; (4) a copy of the provider-signed Form CMS-1561/1561A/370 (as applicable); and (5) a copy of the Form HHS-690. PEOG will countersign the provider agreement and assign an effective date of the CHOW based on the information received from the contractor. Within 5 business days of receiving from PEOG the signed provider agreement and effective date, the contractor shall: (1) send the CHOW approval letter and a copy of the CMS-countersigned provider agreement to the provider (with a copy to the AO, if applicable); and (2) switch the PECOS record from "approval recommended" to "approved" consistent with existing instructions.

10.6.1.1.4 – Additional CHOW Processing Policies **(Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)**

Except as otherwise stated, the instructions in this section 10.6.1.1.4 apply to the Form CMS-855A and Form CMS-855B.

A. Payment Changes - *In a CHOW, the contractor shall continue to pay the old owner until it receives from PEOG the e-mail, effective date, and signed provider agreement referenced in Section 10.6.1.1.3.3(B). Hence, any application from the old owner or new owner to change the EFT account or special payment address to that of the new owner shall be returned. It is ultimately the responsibility of the old and new owners to coordinate any payment arrangements between themselves while the contractor and the state are reviewing the CHOW. It is recommended that the contractor notify the new owner of this while processing the application.*

B. National Provider Identifiers (NPI) - *Depending on the sale's terms, the new owner may obtain a new NPI or maintain the existing NPI. Once CHOW processing is complete, the old owner is prohibited from billing for services (i.e., services furnished after CHOW processing is complete); only the new owner may submit claims using the existing CCN. As already stated, the old owner and new owner must arrange between themselves any payment matters regarding claims for services furnished during the CHOW processing period.*

C. CHOW Pre-Approval Changes of Information

1. Old Owner

If— prior to receiving an approval recommendation from the state — the contractor receives from the old owner a Form CMS-855 request to change any of the provider's enrollment data, the contractor shall return the change request if the information involves changing the provider's:

- i. EFT or special payment address information to that of the new owner (as described in section 10.6.1.1.4(A) above);*
- ii. Practice location or base of operations to that of the new owner;*
- iii. Ownership or managing control to that of the new owner;*
- iv. Legal business name, TIN, or “doing business as” name to that of the new owner.*

All other “pre-state recommendation” Form CMS-855 change requests from the old owner can be processed normally.

2. New Owner

If— prior to receiving an approval recommendation from the state - the contractor receives from the new owner a Form CMS-855 request to change any of the provider/supplier's existing enrollment information, the contractor shall return the change request. This is because the old owner remains the owner of record at this time; the new owner therefore has no standing to submit Form CMS-855 changes on behalf of the provider.

D. Change of Transaction Type in PECOS - *There may be instances where the contractor enters a transaction into PECOS as a CHOW, but it turns out that the transaction was not a CHOW (e.g., was a stock transfer; was an initial enrollment because the new owner refused to accept assignment). If the contractor cannot change the transaction type in PECOS, it can leave the record in a CHOW status; however, it should note in the provider's file that the transaction was not a CHOW.*

E. Unreported CHOW - If the contractor learns via any means (including from the state or SOG Location) that an enrolled provider has been purchased by another entity or has purchased another Medicare-enrolled provider, the contractor shall immediately request Form CMS-855A CHOW applications from both the previous and new owners (or request a Form CMS-855B CHOW application from the ASC or PXR). If the new owner fails to submit a Form CMS-855 within the latter of (1) the date of acquisition or (2) 30 days after the request, the contractor shall send an e-mail to its PEOG BFL notifying him/her of the situation. PEOG will determine whether the provider's billing privileges should be deactivated under § 424.540(a)(2) or § 424.550(b) or revoked under § 424.535(a)(1) or (a)(9). PEOG will notify the contractor of its decision.

F. Precise Time of CHOW - In general, a Medicare CHOW is considered to have taken place at 12:01 a.m. on the date specified (i.e., in the first minute of the 24-hour day). Legal responsibility and the right to payment changes when the clock moves past midnight into the CHOW effective date.

G. Termination of CCN - If the new owner rejects assignment, the CCN associated with that agreement (the old owner's) also terminates on the date of the ownership transfer.

H. Clock Stoppages and Processing Alternatives - While awaiting PEOG's reply on any matter in this section 10.6.1.1 et seq. in which the contractor is required to refer a matter to PEOG - and beginning on the date following the sending of the e-mail referenced therein - the application processing time clock is stopped. It resumes on the date on which the contractor receives PEOG's final response. Communication between the contractor and PEOG during this "waiting period" (e.g., PEOG request for additional information from the contractor) does not restart the clock.

In addition, nothing in this section 10.6.1.1 et seq. negates other permissible clock stoppages and processing alternatives outlined in this chapter that can apply to the applications addressed in this section 10.6.1.1 et seq.

10.6.1.2 – Changes of Information – Skilled Nursing Facilities (SNF) (Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

(Until further notice from CMS, the instructions in this section 10.6.1.2 apply only to SNFs; said instructions will eventually apply to all certified provider and certified supplier types, and the instructions are written with this in mind. In the interim, the contractor shall continue to use the existing change of information instructions--now in section 10.6.22.1 of this chapter--for all non-SNF certified provider/supplier types.

When executing the instructions in this section 10.6.1.2, the contractor can disregard directives that obviously do not apply to SNFs (e.g., references to home health agencies, ambulatory surgical centers.)

All references to the SOG Location (formerly the "RO") in this section 10.6.1.2 refer to the applicable CMS Regional Office's Survey & Operations Group (SOG) Location. Also, and except as otherwise indicated, all references to "provider" include certified suppliers (e.g., ambulatory surgical centers, portable x-ray suppliers).

The instructions in this section 10.6.1.2 address the handling of changes of information involving certified providers and certified suppliers. With the transition of certain functions from the SOG Locations to the contractors and the Provider Enrollment & Oversight Group (PEOG), the processing instructions for these changes of information are slightly different from previous guidance. In particular: (1) the SOG Locations will be much less involved in the process; (2) tie-in and tie-out notices will no longer be issued; (3) the contractor will be

responsible for finalizing changes previously requiring SOG Location approval; and (4) recommendations of approval will be made to (and reviewed by) the state agency (hereafter occasionally referenced simply as “state”) only and not the SOG Location.

Except as stated otherwise:

(1) Any provider-specific instructions in section 10.2.1 et seq. of this chapter pertaining to changes of information (e.g., relocation of a federally qualified health clinic site) take precedence over those in this section 10.6.1.2.

(2) Any instructions pertaining to ownership changes in section 10.6.1.1 et seq. of this chapter take precedence over those in this section 10.6.1.2.

(3) Any instructions pertaining to voluntary terminations of entire enrollments and/or provider agreements in section 10.6.1.3 of this chapter take precedence over those in this section 10.6.1.2.

(4) Any instructions in this section 10.6.1.2 concerning the voluntary termination of a branch, sub-unit, or other practice location that does not involve the termination of the entire enrollment and/or provider agreement take precedence over those in section 10.6.1.3. For instance, suppose a certified provider’s Form CMS-855A enrollment has three practice locations and/or sub-units. The provider is voluntarily terminating one of them. Here, the contractor shall use the instructions in section 10.6.1.2 when processing this transaction. Now assume that a provider is of a type that must individually and separately enroll each location. The provider has three separately enrolled locations with three separate provider agreements. The provider seeks to terminate one of these locations. Since this will involve the termination of an individual/entire enrollment and corresponding provider agreement, the instructions in section 10.6.1.3 apply.

A. Changes of Information Requiring Recommendation to the State

1. Types

The following Form CMS-855 transactions require an approval recommendation to (and review by) the state prior to approval:

- Addition of OPT/outpatient speech pathology extension site*
- Addition of hospice satellite*
- Addition of HHA branch*
- Addition or deletion of a prospective payment system (PPS)-excluded psychiatric unit or rehabilitation unit*
- Addition or deletion of swing-bed approval (see Section 2A2 of the Form CMS-855A)*
- Conversion of a hospital from one type to another (e.g., acute care to psychiatric)*
- Change and/or relocation of practice location when a survey of the new site may be required. (If the contractor is uncertain as to whether the state will perform a survey, it may (1) contact the state for guidance or (2) make the referral based on the contractor’s experience with these types of changes and with the practices of the state in question. Note that a survey often may be required if the location is shifting outside of the existing geographic area.)*

- *Addition of PXRS practice location*

2. Initial Contractor Review and Recommendation

The contractor shall process the change request consistent with the instructions in this chapter (e.g., verification of data, developing for missing or conflicting data). If the contractor determines that the change/addition should be approved, it shall send the appropriate recommendation letter (see section 10.7 et seq.) to the state with all applicable documentation that the contractor currently sends in such situations. The SOG Location need not be copied on the letter.

Nothing in this section 10.6.1.2(A)(2):

- *Prohibits the contractor from returning or rejecting the application if grounds for doing so exist.*
- *Supersedes any applicable requirement for performing a site visit (including the timing of such visits).*

3. State Review and Contractor Receipt of Recommendation

The state will review the recommendation of approval, the application, and any other pertinent information. If the state decides to perform a survey, it will do so and notify the contractor thereof.

a. State Recommends Approval

If the state concludes that the change/addition should be approved, it will make a recommendation to this effect to the contractor, typically via a Form CMS-1539 and/or similar confirming documentation. No later than 5 business days after receipt of the recommendation, the contractor shall send an e-mail to MedicareProviderEnrollment@cms.hhs.gov containing general identifying data about the provider (including LBN, NPI, CCN, specialty, facility name and address), a copy of the Form CMS-1539 (or other similar documentation evidencing the state's approval recommendation, if available), the draft provider approval letter, and a description of the change to be made. If, to the contractor's knowledge, a new CCN is required, the name and address of the new entity requiring the CCN should be furnished along with the effective date. If a termination is involved (e.g., HHA branch), the contractor shall include the old CCN and the termination date in the e-mail.

Once PEOG responds to the contractor, the latter may finalize its processing of the application (e.g., sending copies of the provider notification of approval to the state and, if applicable, accrediting organization; switching the PECOS record from "approval recommended" to "approved").

b. State Does Not Recommend Approval

If the state does not recommend approval, the contractor shall refer the matter to MedicareProviderEnrollment@cms.hhs.gov for guidance. The e-mail to him/her shall contain (1) the identifying data described in (3)(a) above; (2) a copy of the notification from the state declining to recommend approval; and (3) any other information the contractor deems pertinent. PEOG will review the matter and furnish the contractor additional instructions, which the contractor shall follow.

4. Additional Policies

a. Post-Recommendation Inquiries - Once the contractor has made its recommendation for approval to the state, any inquiry the contractor receives from the provider regarding the status of its change request shall be referred to the state.

b. Pending State Recommendation - So as not to keep the PECOS record in “approval recommended” status interminably, if the contractor does not receive the state’s recommendation after 120 days, it may contact the state to see if its recommendation is forthcoming. The contractor may contact the state every 30 days thereafter to ascertain the recommendation’s status.

c. State Practice - The PECOS record should not be switched to “Approved” until the contractor receives the state’s approval recommendation. However, if the contractor knows that the state in question generally does not review this type of transaction, the contractor need not send the transaction to the state and shall instead follow the instructions in section 10.6.1.2(B) below.

B. Post-Approval State Notification Required

Form CMS-855 changes that do not mandate a recommendation to the state but do require post-approval correspondence with the state (and, if applicable, the accrediting organization) include:

- Deletions/voluntary terminations of practice locations or hospital subunits. (Note that this scenario is different from cases where the provider is voluntarily terminating its enrollment as a whole (per section 10.6.1.3 of this chapter) rather than simply terminating a single location or subunit within its enrollment.)
- LBN, TIN, or “doing business as name” changes that do not involve a CHOW
- Address changes that generally do not require a survey of the new location
- Addition of hospital practice location
- Ownership changes that involve neither a 42 CFR § 489.18 CHOW nor a § 424.550(b) exempt or non-exempt change in HHA majority ownership (e.g., a 15 percent owner of a hospice sells her ownership stake).

The contractor shall:

(1) Send an e-mail to MedicareProviderEnrollment@cms.hhs.gov containing general identifying data about the provider (consistent with the identifying data referenced previously in this section 10.6.1.2) and a description of the change to be made. Once PEOG responds to the contractor, the latter may finalize its processing of the application; this includes notifying the provider via letter, fax, e-mail, or telephone that the change has been made. (NOTE: This step (1) does not apply to the aforementioned ownership changes (i.e., the final bullet above)).

(2) Inform the state and the AO (if appropriate) of the changed information (via any mechanism it chooses, including copying the state/AO on the notification letter or e-mail to the provider) no later than 10 calendar days after it has completed processing the transaction. Such notice to the state/AO shall specify the type of information that is changing.

(3) Switch the PECOS record to “Approved.”

C. All Other Changes of Information

1. General Principle

For all Form CMS-855 change requests not identified in section 10.6.1.2(A)(1) and (B) above (and except as stated in subsection (C)(2) below), the contractor shall: (1) notify the provider via letter, fax, e-mail, or telephone that the change has been made; and (2) switch the PECOS record to “Approved.” The contractor need not notify the state, SOG Location, or PEOG of the change.

2. FQHCs

If an FQHC is adding, deleting, or changing a contact person, the contractor shall send an approval letter via e-mail and copy the MedicareProviderEnrollment@cms.hhs.gov mailbox (with “FQHC COI” in the subject line) thereon. (Aside from this exception, all other instructions in subsection (C)(1) apply to this scenario.)

D. Revalidations, Reactivations, and Complete Form CMS-855 Applications

1. When Referral Required - *In situations where the provider submits a (1) Form CMS-855 reactivation, (2) Form CMS-855 revalidation, or (3) full Form CMS-855 as part of a change of information (i.e., the provider has no enrollment record in PECOS), the contractor shall make a recommendation to the state and switch the PECOS record to “approval recommended” only if the application contains new/changed data falling within one of the categories in section 10.6.1.2(A)(1). For instance, if a revalidation application reveals a new hospital psychiatric unit that was never reported to CMS via the Form CMS-855, the contractor shall make a recommendation to the state and await the state’s approval recommendation before switching the record to “Approved.” In this situation, the contractor should forward the application to the state with a note explaining that the only matter the state needs to consider is the new hospital unit.*

2. No Referral Required - *If the application contains new/changed data falling within one of the categories in section 10.6.1.2(B), the contractor can switch the PECOS record to “Approved.” It shall also inform the state of the changed information (via any mechanism it chooses, including copying the state on the notification letter or e-mail to the provider) no later than 10 calendar days after it has completed processing the transaction.*

E. Unsolicited Notifications from State

If the contractor receives notice of a provider’s change of information from the state but the provider never submitted the required Form CMS-855 change request to the contractor, the contractor shall: (1) alert the state of the situation; and (2) contact the provider and have it complete and submit the change request. However, if the data in question is not collected on the Form CMS-855, the contractor need not make this request.

F. Clock Stoppages and Processing Alternatives - *While awaiting PEOG’s reply on any matter in this section 10.6.1.2 in which the contractor is required to refer a matter to PEOG - and beginning on the date following the sending of the e-mail referenced therein - the application processing time clock is stopped. It resumes on the date on which the contractor receives PEOG’s final response. Communication between the contractor and PEOG during this “waiting period” (e.g., PEOG request for additional information from the contractor) does not restart the clock.*

In addition, nothing in this section 10.6.1.3 negates other permissible clock stoppages and processing alternatives outlined in this chapter that can apply to the applications addressed in this section 10.6.1.3.

10.6.22 - Non-Skilled Nursing Facility (SNF) Changes of Ownership (Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

(Excluding minor technical edits, the instructions in this section 10.6.22 mirror those previously included in section 10.6.1(A) of this chapter. Until further notice, the contractor shall continue to follow these instructions for CHOWs involving all certified provider and certified supplier types other than SNFs. (SNF CHOWs are addressed in sections 10.6.1.1 through 10.6.1.1.4.))

All references to the SOG Location (formerly the “RO”) in this section 10.6.22 refer to the applicable CMS Regional Office’s Survey & Operations Group (SOG) Location. Also, and except as otherwise indicated, all references to “provider” include certified suppliers (e.g., ambulatory surgical centers, portable x-ray suppliers).

Unless stated otherwise, section 10.6.22 applies to home health agency (HHA) ownership changes that are not subject to or are exempt from 42 CFR § 424.550(b).

Changes of ownership (CHOWs) are officially defined in and governed by 42 CFR § 489.18 and Publication 100-07, chapter 3, sections 3210 through 3210.5(C). The SOG Location – not the contractor – makes the determination as to whether a CHOW has occurred (unless this function has been delegated).

Except as otherwise specified, the term “CHOW” - as used in this section 10.6.22 - includes CHOWs, acquisitions/mergers, and consolidations.

Though the Change of Ownership (CHOW) Information section of the Form CMS-855A separates the applicable transactions into CHOWs, acquisition/mergers and consolidations for ease of disclosing and reporting, they fall within the general CHOW category under 42 CFR § 489.18 (e.g., an acquisition/merger is a type of CHOW under § 489.18).

A. Form CMS-855A - Definitions for CHOWs

For purposes of provider enrollment only, there are three main categories of CHOWs captured on the Form CMS-855A application:

1. “Standard” CHOW

This occurs when a provider’s CMS Certification Number (CCN) and provider agreement are transferred to another entity as a result of the latter’s purchase of the provider. To illustrate, suppose Entity A is enrolled in Medicare, but Entity B is not. B acquires A. Assuming all regulatory requirements are met, A’s provider agreement and CCN number will transfer to B.

This is the most frequently encountered change of ownership scenario. As explained in this section 10.6.22, even though it is technically an acquisition (i.e., B bought/acquired A) under § 489.18, this situation falls under the “CHOW” category – as opposed to the “Acquisition/Merger” category – on the Form CMS-855A.

2. Acquisition/Merger

In general, this occurs when two or more Medicare-enrolled entities combine, leaving only one remaining CCN number and provider agreement. For instance, Entity A and Entity B are both enrolled in Medicare, each with its own CCN number and provider agreement. The two entities decide to merge. Entity B's CCN number and provider agreement will be eliminated (leaving only Entity A's CCN number and provider agreement).

If the acquisition results in an existing provider having new owners but keeping its existing provider number, the applicant should check the CHOW box in the Basic Information section of the Form CMS-855A.

Unlike the new owner in a CHOW or consolidation, the new owner in an acquisition/merger need not complete the entire Form CMS-855A. This is because the new owner is already enrolled in Medicare. As such, the provider being acquired should be reported as a practice location in the Practice Location Information section of the new owner's Form CMS-855A.

3. Consolidations

This occurs when the merger of two or more Medicare-enrolled entities results in the creation of a brand new entity. To illustrate, if Entities A and B decide to combine and, in the process, create a new entity (Entity C), the CCN numbers and provider agreements of both A and B will be eliminated. Entity C will have its own CCN number and provider agreement.

Note the difference between acquisitions/mergers and consolidations. In an acquisition/merger, when A and B combine there is one surviving entity. In a consolidation, when A and B combine there are no surviving entities. Rather, a new entity is created – Entity C.

Under 42 CFR § 489.18(a)(4), the lease of all or part of a provider facility constitutes a change of ownership of the leased portion. If only part of the provider is leased, the original provider agreement remains in effect only with respect to the un-leased portion. (See Pub. 100-07, chapter 3, section 3210.1D (4) for more information.)

Note that a provider may undergo a financial or administrative change that it considers to be a CHOW, but does not meet the regulatory definition identified in §489.18.

B. Form CMS-855A - Examining Whether a CHOW May Have Occurred

As stressed previously, the SOG Location – not the contractor – determines whether a CHOW has occurred (unless this function has been delegated). However, in processing the application, the contractor shall perform all necessary background research regarding whether: (1) a CHOW may have occurred, and/or (2) the new owner is accepting assignment of the Medicare assets and liabilities of the old owner. Such research may include reviewing the sales agreement or lease agreement, contacting the provider(s) to request clarification of the sales agreement, etc. (A CHOW determination by the SOG Location is usually not required prior to the contractor making its recommendation.)

While a CHOW is usually accompanied by a tax identification number (TIN) change, this is not always the case. There may be isolated instances where the TIN remains the same. Conversely, there may be cases where a provider is changing its TIN but not its ownership. In short, while a change of TIN (or lack thereof) is evidence that a CHOW may or may not have occurred, it is not the most important factor; rather, the change in the provider's ownership arrangement is. Hence, the contractor should review the sales/lease agreement closely, as this will help indicate whether a CHOW may or may not have occurred.

In addition:

(a) If the provider claims that the transaction in question is a stock transfer and not a CHOW, the contractor reserves the right to request any information from the provider to verify this (e.g., copy of the stock transfer agreement).

If – after performing the necessary research – the contractor remains unsure as to whether a CHOW has occurred and/or whether the new owner is accepting assignment, the contractor may refer the matter to the SOG Location for guidance. Such referrals to the SOG Location should only be made if the contractor is truly uncertain as to whether a CHOW and/or acceptance of assignment may have taken place and should not be made as a matter of course. A SOG Location CHOW determination is usually not required prior to the contractor making its recommendation.

(b) There may be instances where the contractor enters a particular transaction into PECOS as a CHOW, but it turns out that the transaction was not a CHOW (e.g., was a stock transfer; was an initial enrollment because the new owner refused to accept the Medicare liabilities). If the contractor cannot change the transaction type in PECOS, it can leave the record in a CHOW status; however, it should note in the provider's file that the transaction was not a CHOW.

C. Form CMS-855A - Processing CHOW Applications

Unless stated otherwise in this chapter, the contractor shall ensure that all applicable sections of the Form CMS-855A for both the old and new owners are completed in accordance with the instructions on the Form CMS-855A.

1. Previous Owner(s)

The previous owner's Form CMS-855A CHOW application does not require a recommendation for approval. Any recommendations will be based on the CHOW application received from the new owner.

If the previous owner's Form CMS-855A is available at the time of review, the contractor shall examine the information therein against the new owner's Form CMS-855A to ensure consistency (e.g., same names). If the previous owner's Form CMS-855A has not been received, the contractor shall contact the previous owner and request it. However, the contractor may begin processing the new owner's application without waiting for the arrival of the previous owner's application. It may also make its recommendation to the state agency without having received the previous owner's Form CMS-855A. The contractor, of course, shall not make a recommendation for approval unless the new owner has checked on the form that it will assume the provider agreement and the terms of the sales agreement indicate as such.

If a certification statement is not on file for the previous owner, the contractor shall request that the Individual Ownership and/or Managing Control section be completed for the individual who is signing the certification statement.

Note that a previous owner's Form CMS-855A CHOW application is essentially the equivalent of a Form CMS-855 voluntary termination submission, as the seller is voluntarily leaving the Medicare program. As such, the contractor shall not require the seller to submit a separate Form CMS-855 voluntary termination along with its Form CMS-855A CHOW application.

2. New Owner(s)

If a Form CMS-855A is not received from the new owner within 14 calendar days of receipt of the previous owner's Form CMS-855A, the contractor shall contact the new owner. If the new owner fails to: (1) submit a Form CMS-855A and (2) indicate that it accepts assignment of the provider agreement within 30 calendar days after the contractor contacted it, the contractor shall stop payments unless the sale has not yet taken place per the terms of the sales agreement. Payments to the provider can resume once this information is received and the contractor ascertains that the provider accepts assignment.

3. Order of Processing

To the maximum extent practicable, Form CMS-855A applications from the previous and new owners in a CHOW should be processed as they come in. The contractor should not wait for applications from both the previous and new owner to arrive before processing them. However, unless the instructions in this chapter indicate otherwise, the contractor should attempt to send the previous and new owners' applications to the state simultaneously, rather than as soon as they are processed. For instance, suppose the previous owner submits an application on March 1. The contractor should begin processing the application immediately, without waiting for the arrival of the new owner's application. Yet it should avoid sending the previous owner's application to the state until the new owner's application is processed. (For acquisition/mergers and consolidations, the contractor may send the applications to the SOG Location separately, since one number is going away.)

4. Sales and Lease Agreements

The contractor shall abide by the following:

(i) Verification of Terms - *The contractor shall determine whether: (1) the sales/lease agreement includes the signatures of the buyer and seller and the information contained within is consistent with that reported on the new owner's Form CMS-855A (e.g., same names, effective date), and (2) the terms of the contract indicate that the new owner will assume the provider agreement. In many cases, the sales/lease agreement will not specifically refer to the Medicare provider agreement. Clearly, if the box in the Change of Ownership (CHOW) Information section is checked "Yes" and the sales/lease agreement either confirms that the new owner will assume the agreement or is relatively silent on the matter, the contractor can proceed as normal. Conversely, if the agreement indicates that the assets and liabilities will not be accepted, the contractor should deny the application.*

(ii) Form of Sales/Lease Agreement - *There may be instances where the parties in a CHOW did not sign a "sales" or "lease" agreement in the conventional sense of the term; the parties, for example, may have documented their agreement via a "bill of sale." The contractor may accept this documentation in lieu of a sales/lease agreement so long as the document furnishes clear verification of the terms of the transaction and the information is consistent with that contained in the Form CMS-855A as discussed above.*

(iii) Submission of Final Sales/Lease Agreement - *The contractor shall not forward a copy of the application to the state until it has received and reviewed the final sales/lease agreement. It need not revalidate the information on the Form CMS-855A, even if the data therein may be somewhat outdated by the time the final agreement is received.*

If a final sales/lease agreement is not submitted within 30 days after the contractor's receipt of the new owner's application, the contractor shall reject the application. Though the contractor must wait until the 30th day to reject the application, the contractor may do so regardless of how many times it contacted the new owner or what types of responses (short of the actual receipt of the agreement) were obtained.

Unless specified otherwise in this chapter, both the previous and new owners must submit separate Form CMS-855A applications, as well as copies of the interim and final sales/lease agreements.

5. CHOWs Involving Subtypes

On occasion, a CHOW may occur in conjunction with a change in the facility's provider subtype. This frequently happens when a hospital undergoes a CHOW and changes from a general hospital to another type of hospital, such as a psychiatric hospital. Although a change in hospital type is considered a change of information (COI), it is not necessary for the provider to submit separate applications – one for the COI and one for the CHOW. Instead, all information (including the change in hospital type) should be reported on the CHOW application; the entire application should then be processed as a CHOW. However, if the facility is changing from one main provider type to another (e.g., hospital converting to a skilled nursing facility) and also undergoing a CHOW, the provider must submit its application as an initial enrollment.

NOTE: *For Medicare purposes, a critical access hospital (CAH) is a separately-recognized provider type. Thus, a general hospital that undergoes a CHOW while converting to a CAH must submit its Form CMS-855A as an initial enrollment, not as a CHOW.*

6. Unreported CHOW

If the contractor learns via any means (including receipt of a tie-in notice or other SOG Location or state notice) that an enrolled provider (1) has been purchased by another entity or has purchased another Medicare enrolled provider, the contractor shall immediately request Form CMS-855A applications from both the previous and new owners. If the new owner fails to submit a Form CMS-855A within the latter of (1) the date of acquisition or (2) 30 days after the request, the contractor shall stop payments to the provider. Payments may be resumed upon receipt of the completed Form CMS-855A.

7. Relocation of Entity

A new owner may propose to relocate the provider concurrent with the CHOW. If the relocation is to a site in a different geographic area serving different clients than previously served and employing different personnel to serve those clients, the contractor shall notify the SOG Location immediately. Unless the SOG Location dictates otherwise, the provider shall - per CMS Publication 100-07, chapter 3, section 3210.1(B)(5) - treat the transaction as an initial enrollment (and the provider as a new applicant), rather than as an address change of the existing provider.

8. Transitioning to Provider-Based Status

Consistent with existing CMS policy, a provider undergoing a CHOW pursuant to 42 CFR § 489.18 may be assigned to a new contractor jurisdiction only if the provider is transitioning from freestanding to provider-based status. In such cases, the contractor for the new jurisdiction (the "new contractor") shall process both the buyer's and seller's Form CMS-855A applications. Should the "old/previous" (or current) contractor receive the buyer's and/or seller's Form CMS-855A application, it shall: (a) forward the application to the new contractor within 5 business days of receipt, and (b) notify the new contractor within that same timeframe that the application was sent.

9. Intervening Change of Ownership (CHOW)

(This section does not apply to home health agencies.)

In situations where (1) the provider submits a Form CMS-855A initial application or CHOW application and (2) a Form CMS-855A CHOW application is subsequently submitted but before the contractor has received the tie-in notice from the SOG Location, the contractor shall abide by the following:

Situation 1 – The provider submitted an initial application followed by a CHOW application, and a recommendation for approval has not yet been made with respect to the initial application – The contractor shall return both applications and require the provider to re-submit an initial application with the new owner’s information.

Situation 2 - The provider submitted a CHOW application followed by another CHOW application, and a recommendation for approval has not been made for the first application - The contractor shall process both applications – preferably in the order in which they were received – and shall, if recommendations for approval are warranted, refer both applications to the state/SOG Location in the same package. The accompanying notice/letter to the state/SOG Location shall explain the situation.

Situation 3 - The provider submitted an initial application followed by a CHOW application, and a recommendation for approval of the initial application has been made – The contractor shall:

(i) Return the CHOW application.

(ii) Notify the state/SOG Location via letter (sent via mail or e-mail) that there has been a change of ownership (the new owner should be identified) and that the contractor will be requiring the provider to resubmit a new initial application containing the new owner’s information.

(iii) Request via letter that the provider submit a new initial Form CMS-855A application containing the new owner’s information within 30 days of the date of the letter. If the provider fails to do so, the contractor shall return the initial application and notify the provider and the state/SOG Location of this via letter. If the provider submits the application, the contractor shall process it as normal and, if a recommendation for approval is made, send the revised application package to the state/SOG Location with an explanation of the situation; the initially submitted application becomes moot. If the newly submitted application is denied, however, the initially submitted application is denied as well; the contractor shall notify the provider and the state/SOG Location accordingly.

Situation 4 - The provider submitted a CHOW application followed by another CHOW application, and a recommendation for approval has been made for the first application - The contractor shall:

(i) Notify the state/SOG Location via e-mailed letter that there has been a change of ownership (the new owner should be identified) and that the contractor will be requiring the provider to resubmit a new initial application containing the new owner’s information.

(ii) Process the new CHOW application as normal. If a recommendation for approval is made, the contractor shall send the revised CHOW package to the state/SOG Location with an explanation of the situation; the first CHOW application becomes moot. If the newly submitted CHOW application is denied, the first application is denied as well; the contractor shall notify the provider and the state/SOG Location accordingly.

D. Form CMS-855B - Examining Whether a CHOW May Have Occurred

(This section applies only to ASC and PXRS CHOWs.)

1. Review of Sales Agreement

If the “Change of Ownership” box in the Basic Information section of the Form CMS-855B is checked, the contractor shall ensure that the entire application is completed and that the supplier submits a copy of the sales agreement. The contractor shall review the sales agreement to determine whether:

(i) The ownership change qualifies as a CHOW under the principles of 42 CFR § 489.18 and Pub. 100-07, chapter 3, section 3210.1D;

(ii) Its terms indicate that the new owner will be accepting assignment of the Medicare assets and liabilities of the old owner; and

(iii) The information contained in the agreement is consistent with that reported on the new owner's Form CMS-855B (e.g., same names, effective date)

If the sales agreement is unclear as to issues (i) and (ii) above, the contractor shall request clarifying information from the supplier. (NOTE: Some sales agreements may fail to specifically refer to Medicare supplier agreements, assets, and/or liabilities, therefore requiring a close review of the sales agreement in its totality.) The information shall be in the form of additional legal documentation or a letter. If the clarification – for whatever reason - requires an update to the supplier's Form CMS-855B application, the contractor shall request the submission of said update. In addition, if the contractor discovers discrepancies between the data in the sales agreement and that on the Form CMS-855B (requirement (iii) above), the contractor shall seek clarifying information and, if necessary, obtain an updated Form CMS-855B.

In reviewing the application and the sales agreement, the contractor shall keep in mind the following:

(a) There may be instances where the parties in a CHOW did not sign a “sales agreement” in the conventional sense of the term; the parties, for example, may have documented their agreement in a “bill of sale.” The contractor may accept this alternative documentation in lieu of a sales agreement so long as the document furnishes clear verification of the terms of the transaction and the information is consistent with that contained in the Form CMS-855B as discussed above in requirement (iii).

(b) While a CHOW is usually accompanied by a TIN change, this is not always the case; there may be a few instances where the TIN remains the same. Conversely, there may be cases where a supplier is changing its TIN but not its ownership. So while a change of TIN (or lack thereof) is evidence that a CHOW has or has not occurred, it is not the most important factor; rather, the change in the provider's ownership structure is.

(c) On occasion, an ASC or PXRS may submit a Form CMS-855B change of information to report a large-scale stock transfer or other significant ownership change that the supplier does not believe qualifies as a CHOW. If the contractor has any reason to suspect that the transaction in question may indeed be a CHOW, it shall request clarifying information (e.g., copy of the stock transfer agreement).

If – after performing the necessary research – the contractor remains unsure as to whether a CHOW has occurred and/or whether the new owner is accepting assignment, the contractor may refer the matter to the SOG Location for guidance. Such referrals to the SOG Location should only be made if the contractor is truly uncertain as to whether a CHOW and/or

acceptance of assignment has taken place and should not be made as a matter of course. A SOG Location CHOW determination is usually not required prior to the contractor making its recommendation.

2. Processing Steps

After performing the steps identified in section 10.6.22(D)(1) above, the contractor shall abide by the following:

(i) If the contractor believes that a CHOW has occurred but the new owner is not accepting the assets and liabilities of the old owner, the contractor shall treat the ASC/PXRS as a brand new supplier. It shall notify the ASC/PXRS that it must submit: (1) a Form CMS-855B voluntary termination to terminate the “old” facility, and (2) a Form CMS-855B initial enrollment for the “new” facility.

(ii) If the contractor believes that a CHOW has taken place and that the new owner is accepting the old owner’s assets and liabilities, it shall process the application normally and make a recommendation for approval to the state (with a cc: to the SOG Location) or, if applicable, issue a denial. If the valid CHOW/acceptance of assignment was accompanied by a change in TIN, the transaction must be treated as a CHOW notwithstanding the general rule that a TIN change constitutes an initial enrollment. In other words, the reporting rules regarding CHOWs/assignments in this particular situation take precedence over the “change of TIN” principle.

(iii) If the contractor believes that a CHOW has not occurred and that the transaction merely represents an ownership change (e.g., minor stock transfer) that does not qualify as a 42 CFR § 489.18-type CHOW, the transaction must be reported as a change of information. The only exception to this is if the change of information was accompanied by a change of TIN, in which case the supplier must enroll as a new entity.

(NOTE: It is not uncommon for a supplier to undergo a financial or administrative change that it considers to be a CHOW but in actuality does not meet the regulatory definition identified in § 489.18.)

In scenario (ii) above, the contractor shall not forward a copy of the CHOW application to the state until it has received and reviewed the final sales agreement. (In some cases, the supplier may submit an interim sales agreement with its application; this is acceptable, so long as it submits the final agreement in accordance with these instructions.) If the final sales agreement is not submitted within 30 days after the contractor’s receipt of the new owner’s application, the contractor shall reject the application. Though the contractor must wait until the 30th day to reject the application, the contractor may do so regardless of how many times it contacted the new owner or what type of responses (short of the actual receipt of the sales agreement) were obtained.

3. CHOWs and Address Changes

A new owner may propose to relocate the supplier concurrent with a CHOW. If the relocation is to a site in a different geographic area serving different clients than previously served and employing different personnel to serve those clients, the contractor shall notify the SOG Location immediately. Unless the SOG Location dictates otherwise, the supplier shall - per Pub. 100-07, chapter 3, section 3210.1(B)(5) - treat the transaction as an initial enrollment (and the supplier as a new applicant), rather than as an address change of the existing supplier.

E. Form CMS-855A/B - Entry into PECOS

If the new owner will or will not be accepting assignment as well as the assets and liabilities of the old owner, the contractor shall enter the CHOW information into the new enrollment record that shall be created for the CHOW buyer. If the SOG Location approves the CHOW and sends the tie-in/approval notice to the contractor, the supplier's CCN will be maintained in the new owner's enrollment record once the record is switched to an approved status.

If the CHOW is for a Part B certified supplier, a new enrollment record must be created if a new TIN is created in the CHOW.

F. Form CMS-855A/B - Electronic Funds Transfer (EFT) Payments and CHOWs

In a CHOW, the contractor shall continue to pay the old owner until it receives the tie-in/approval notice from the SOG Location. Hence, any application from the old or new owner to change the EFT account or special payment address to that of the new owner shall be rejected. It is the responsibility of the old and new owners to work out any payment arrangements between themselves while the contractor and SOG Location are processing the CHOW. It is advisable that the contractor notify the new owner of this while the application is being processed.

*In a CHOW, the existing provider agreement is automatically assigned to the buyer/transferee. If the buyer/transferee does not explicitly reject automatic assignment before the transfer date, the provider agreement is automatically assigned, along with the CCN, effective on the transfer date. The assigned agreement is subject to all applicable statutes and regulations and to the terms and conditions under which it was originally issued. Among other things, this means that the contractor will continue to adjust payments to the provider to account for prior overpayments and underpayments, even if they relate to services provided before the sale/transfer. If the buyer rejects assignment of the provider agreement, the buyer must file an initial application to participate in the Medicare program. In this situation, Medicare will **never** pay the applicant for services the prospective provides before the date on which the provider qualifies for Medicare participation as an initial applicant.*

Depending on the terms of the sale, the buyer/transferee may obtain a new NPI or maintain the existing NPI. After CHOW processing is complete, the seller/transferor will no longer be allowed to bill for services (i.e., services furnished after CHOW processing is complete) and only the buyer is permitted to submit claims using the existing CCN. It is ultimately the responsibility of the old and new owners to work out between themselves any payment arrangements for claims for services furnished during the CHOW processing period.

G. Form CMS-855A/B CHOW: Pre-Approval Changes of Information

1. CHOW: Regarding Seller

If – prior to the issuance of the tie-in notice – the contractor receives from the seller a Form CMS-855 request to change any of the provider's enrollment data, the contractor shall reject the change request if the information in question involves changing the provider's:

- i. EFT or special payment address information to that of the buyer*
- ii. Practice location or base of operations to that of the buyer*
- iii. Ownership or managing control to that of the buyer*
- iv. Legal business name, TIN, or "doing business as" name to that of the buyer*

All other “pre-tie-in notice” Form CMS-855 change requests from the seller can be processed normally.

2. CHOW: Regarding Buyer

If – prior to the issuance of the tie-in notice – the contractor receives from the buyer a Form CMS-855 request to change any of the provider’s existing enrollment information, the contractor shall reject the change request. Until the tie-in notice is issued, the seller remains the owner of record. Hence, the buyer has no standing to submit Form CMS-855 changes on behalf of the provider.

10.6.22.1 - Non-Skilled Nursing Facility (SNF) Changes of Information (Rev. 11125; Issued 11-18-21; Effective: 12-03-21; Implementation: 01-03-22)

(Excluding minor technical edits, the instructions in this section 10.6.22.1 mirror those previously included in sections 10.6.1(B)(3) and (6) of this chapter. Until further notice, the contractor shall continue to follow these instructions for changes of information involving all certified provider and certified supplier types other than SNFs. (SNF changes of information are addressed in section 10.6.1.2 of this chapter.))

All references to the SOG Location (formerly the “RO”) in this section 10.6.22.1 refer to the applicable CMS Regional Office’s Survey & Operations Group (SOG) Location. Also, and except as otherwise indicated, all references to “provider” include certified suppliers (e.g., ambulatory surgical centers, portable x-ray suppliers).

Any instructions in this section 10.6.22.1 concerning the voluntary termination of a branch, sub-unit, or other practice location that does not involve the termination of the entire enrollment and/or provider agreement take precedence over those in section 10.6.1.3. For instance, suppose a certified provider’s Form CMS-855A enrollment has three practice locations and/or sub-units. The provider is voluntarily terminating one of them. Here, the contractor shall use the instructions in section 10.6.1.2 when processing this transaction. Now assume that a provider is of a type that must individually and separately enroll each location. The provider has three separately enrolled locations with three separate provider agreements. The provider seeks to terminate one of these locations. Since this will involve the termination of an individual/entire enrollment and corresponding provider agreement, the instructions in section 10.6.1.3 apply.

A. Form CMS-855A - Referrals to State/SOG Location

1. Transactions

The following is a list of Form CMS-855A transactions that generally require a recommendation and referral to the state/SOG Location:

- Addition of outpatient physical therapy/outpatient speech pathology extension site
- Addition of hospice satellite
- Addition of home health agency branch
- Change in type of Prospective Payment System (PPS)-exempt unit
- Conversion of a hospital from one type to another (e.g., acute care to psychiatric)

- *Change in practice location in cases where a survey of the new site is required*
- *Stock transfer (except as stated below in subsection (A)(2) below)*

In these situations, the Provider Enrollment, Chain and Ownership System (PECOS) record should not be switched to “approved” until the contractor receives notice from the SOG Location that the latter has authorized the transaction. However, if the contractor knows that the particular state/SOG Location in question typically does not review, approve, or deny this type of transaction, the contractor need not send the transaction to the state/SOG Location for approval and shall instead follow the instructions in section 10.6.22.1(B) below.

2. Stock Transfers

If the transaction is a stock transfer, the contractor need not send the transaction to the state/SOG Location for approval (and shall instead follow the instructions in section 10.6.22.1(B) below) if the following three conditions are met:

(i) The contractor is confident that the transaction is merely a transfer of stock and not a CHOW,

(ii) The SOG Location in question (based on the contractor’s past experience with this SOG Location) does not treat stock transfers as potential CHOWs, and

(iii) The contractor knows that the particular state/SOG Location in question does not review, approve, or deny this type of transaction.

If any of these three conditions are not met, the contractor shall send the transaction to the state/SOG Location for approval.

3. Additional Instructions

SOG Location approval for the transactions listed above in section 10.6.22.1(A)(1) may be furnished to the contractor via tie-in notice, letter, e-mail, fax, or even telephone; the contractor may accept any of these formats.

If the SOG Location (after receiving the transaction from the contractor for review) notifies the contractor that it does not normally review/approve/deny such transactions, the contractor may finalize the transaction (e.g., switch the PECOS record to “approved).

B. Form CMS-855A - Post-Approval SOG Location Contact Required

Form CMS-855A changes that do not mandate a recommendation to the state/SOG Location but do require post-approval correspondence with the SOG Location include:

- *Deletions/voluntary terminations of practice locations or hospital subunits*
- *Legal business name, tax identification number, or “doing business as name” changes that do not involve a CHOW*
- *Address changes that do not require a survey of the new location*
- *Addition of hospital practice location*
- *The transactions (excluding stock transfers) described in section 10.6.22.1(A)(1) for which the contractor knows that the state/SOG Location does not issue approvals/denials*

- *Stock transfers for which all three conditions mentioned in section 10.6.22.1(A)(2) are met*
- *Voluntary terminations of PTANs (except as otherwise stated in this section 10.6.22.1 and in section 10.6.1.3 of this chapter)*

For these transactions, the contractor shall: (1) notify the provider via letter, fax, e-mail, or telephone that the change has been made, and (2) switch the PECOS record to “approved.” The contractor shall also notify the state and SOG Location of the changed information (via any mechanism it chooses, including copying the state/SOG Location on the notification letter or e-mail) no later than 10 calendar days after it has completed processing the transaction. Such notice to the State/SOG Location shall specify the type of information that is changing.

C. Form CMS-855A - All Other Changes of Information

For all Form CMS-855A change requests not identified in section 10.6.22.1(A) or (B), the contractor shall notify the provider via letter, fax, e-mail, or telephone that the change has been made and shall switch the PECOS record to “approved.” The state and SOG Location need not be notified of the change.

D. Form CMS-855A Revalidations, Form CMS-855A Reactivations and Complete Form CMS-855A Applications

In situations where the provider submits a: (1) Form CMS-855A reactivation, (2) Form CMS-855A revalidation, or (3) full Form CMS-855A as part of a change of information (i.e., the provider has no enrollment record in PECOS), the contractor shall make a recommendation to the state/SOG Location and switch the PECOS record to “approval recommended” only if the application contains new/changed data falling within one of the categories in 10.6.22.1(A)(1). For instance, if a revalidation application reveals a new hospital psychiatric unit that was never reported to CMS via the Form CMS-855A, the contractor shall make a recommendation to the state/SOG Location and await the SOG Location’s approval before switching the record to “approved.” In this situation, the contractor should forward the application to the state with a note explaining that the only matter the state/SOG Location needs to consider is the new hospital unit.

If the application contains new/changed data falling within one of the categories in section 10.6.22.1(B), the contractor can switch the PECOS record to “approved.” It shall also notify the state and SOG Location of the changed information (via any mechanism it chooses, including copying the state/SOG Location on the notification letter or e-mail) no later than 10 calendar days after it has completed processing the transaction.

E. Form CMS-855B Changes of Information

1. Referrals to State/SOG Location

The following is a list of Form CMS-855B transactions that require a recommendation and referral to the state/SOG Location:

- *Addition of practice location*
- *Stock transfer (except as otherwise stated in this subsection (E)(1))*

- *Change in practice location or address in cases where a survey of the new site is required*

In these situations, the PECOS record should not be switched to “approved” until the contractor receives notice from the SOG Location that the latter has authorized the transaction. However, if the contractor knows that the particular state/SOG Location in question typically does not review, approve, or deny this type of transaction, the contractor need not send the transaction to the state/SOG Location for approval and shall instead follow the instructions in subsection (E)(2) below.

(If the transaction is a stock transfer, the contractor need not send the transaction to the state/SOG Location for approval (and shall instead follow the instructions in subsection (E)(2) below) if the following three conditions are met:

(i) The contractor is confident that the transaction is merely a transfer of stock and not a CHOW,

(ii) The SOG Location in question (based on the contractor’s past experience with this SOG Location) does not treat stock transfers as potential CHOWs, and

(iii) The contractor knows that the particular state/SOG Location in question does not review, approve, or deny this type of transaction.

If any of these three conditions are not met, the contractor shall send the transaction to the state/SOG Location for approval.)

SOG Location approval of the transactions listed above in this subsection (E)(1) may be furnished to the contractor via tie-in notice, letter, e-mail, fax, or even telephone; the contractor may accept any of these formats.

If the SOG Location (after receiving the transaction from the contractor for review) notifies the contractor that it does not normally review/approve/deny such transactions, the contractor may finalize the transaction (e.g., switch the PECOS record to “approved).

2. Post-Approval SOG Location Contact Required

Changes that do not mandate a recommendation to the state/SOG Location but do require post-approval correspondence with the SOG Location include:

- *Deletions/voluntary terminations of practice locations (except as otherwise stated in this section 10.6.22.1 and in section 10.6.1.3 of this chapter)*
- *Legal business name, tax identification number or “doing business as” name changes that do not involve a CHOW*
- *Address changes that do not require a survey of the new location*
- *The transactions (excluding stock transfers) described in subsection (E)(1) for which the contractor knows that the state/SOG Location does not issue approvals/denials*
- *Stock transfers for which all three conditions mentioned in subsection (E)(1) are met.*

For these transactions, the contractor shall: (1) notify the supplier via letter, fax, e-mail, or telephone that the change has been made, and (2) switch the PECOS record to “approved.” The contractor shall also notify the state and SOG Location of the changed information (via

any mechanism it chooses, including copying the state/SOG Location on the notification letter or e-mail) no later than 10 calendar days after it has completed processing the transaction. The notice to the state/SOG Location shall specify the type of information that is changing.

3. All Other Changes of Information

For all Form CMS-855B change requests not identified in subsections (E)(1) or (E)(2) above, the contractor shall notify the supplier via letter, fax, e-mail, or telephone that the change has been made and shall switch the PECOS record to “approved.” The state and SOG Location need not be notified of the change.

4. Revalidations, Reactivations and Complete Form CMS-855B Applications

In situations where the provider submits a: (1) Form CMS-855B reactivation, or (2) Form CMS-855B revalidation the contractor shall make a recommendation to the state/SOG Location and switch the record to “approval recommended” only if the application contains new/changed data falling within one of the categories in subsection (E)(1) above. For instance, if a revalidation application reveals a new practice location that was never reported to CMS via the Form CMS-855B, the contractor shall make a recommendation to the state/SOG Location and await the SOG Location’s approval before switching the record to “approved.” In this situation, the contractor should forward the application to the state with a note explaining that the only matter the state/SOG Location needs to consider is the new location.

If the application contains changed data falling within one of the categories in subsection (E)(2) above, the contractor can switch the PECOS record to “approved.” The contractor shall also notify the state and SOG Location of the changed information (via any mechanism it chooses, including copying the state/SOG Location on the notification letter or e-mail) no later than 10 days after it has completed processing the transaction.