

# BULLETIN

**Bulletin Number:** MMP 23-12

**Distribution:** Nursing Facilities

**Issued:** March 1, 2023

**Subject:** Updates to the Nursing Facility Change of Ownership (CHOW) Process

**Effective:** April 1, 2023

**Programs Affected:** Medicaid

This bulletin describes changes to language in the Michigan Department of Health and Human Services (MDHHS) Medicaid Provider Manual to update and clarify policies regarding the Change of Ownership (CHOW) process for nursing facilities.

## **General Information for Providers Chapter**

The following language will follow the Required Disclosure Information subsection of the General Information for Providers Chapter. The purpose of this new subsection is to clarify that during the nursing facility CHOW process, the decision of the successive owner to either retain the preceding owner's National Provider Identifier (NPI) number or to obtain a new NPI number will affect the successive owner's Medicaid enrollment process.

## **Nursing Facility CHOW**

When a nursing facility changes ownership, the successive owner can either retain the preceding owner's NPI or obtain a new NPI. If the successive owner chooses to obtain a new NPI, then they must complete the enrollment process in the Community Health Automated Medicaid Processing System (CHAMPS) and submit the required disclosure information within 35 days of the Centers for Medicare & Medicaid Services (CMS) established effective date of the change in ownership. If the successive owner decides to retain the preceding owner's NPI, then the successive owner cannot do a new enrollment. The successive owner's decision to either retain the NPI or to obtain a new NPI does not impact the automatic assignment of the provider agreement.

### **Clarification and Additions to Definitions and Glossary**

The CHOW definition in the Nursing Facility Cost Reporting & Reimbursement Appendix will be changed to include sales or transfers conducted during a bankruptcy or receivership proceeding; the exchange of real property has been expanded to include both sale and leasing activities; and the sale of stock no longer constitutes an exchange of real property. CHOW will now be defined as:

Any ownership change, including any sale or transfer conducted during a bankruptcy or receivership proceeding, that affects the provider/licensed operator of a nursing facility, including an exchange of real property, through either sale or lease, e.g., a sale of real estate, including a sale of a building housing a nursing facility provider as a lessee, or a change in corporate structure for a nursing facility, e.g., a change from a sole proprietorship to a corporation.

In addition, the following language is added for easier identification of the parties involved in the CHOW process:

**Preceding Owner** – The person, partnership, or corporation that owns a nursing facility and is selling it through the CHOW process.

**Successive Owner** – The person, partnership, or corporation that is purchasing a nursing facility through the CHOW process.

### **Clarification to Prerequisite**

During a nursing facility CHOW, the successive owner must complete any Certificate of Need (CON) or provider screening and enrollment activities to complete the CHOW process. The CON requirement must be satisfied before Medicaid enrollment can occur. MDHHS administers the CON Program through the CON Evaluation Section (Refer to the Certificate of Need Commission at [www.michigan.gov/providers](http://www.michigan.gov/providers) >> Certificate of Need). The provider screening and enrollment requirements can be found in the General Information for Providers chapter of the MDHHS Medicaid Provider Manual.

On the CMS-established effective date of a nursing facility CHOW, the preceding owner's provider agreement shall automatically assign to the successive owner. The Medicaid assignment of the provider agreement binds the successive owner to all terms and conditions of the preceding operator's provider agreement including, but not limited to, liabilities such as Medicaid overpayments and debts, sanctions, and penalties related to the Medicaid program regardless of when they arose. For questions regarding the provider agreement, contact the MSA Program Policy Division at [MSAPolicy@michigan.gov](mailto:MSAPolicy@michigan.gov).

### **Clarification to Ownership Changes**

If a nursing facility changes ownership, the facility must register the NPI for the successive owner through the on-line CHAMPS Provider Enrollment (PE) subsystem. If the provider tax identification number (TIN) did not change, the NPI can be reported through the CHAMPS PE maintenance function. If the change involves a new TIN, the successive owner provider must complete a new enrollment application. The successive owner must not use the preceding owner's NPI for reporting and billing Medicaid services. In the event that the successive owner does not register the new provider NPI number in CHAMPS, the successive owner is still responsible for the liabilities associated with the provider agreement. (Refer to the General Information for Providers chapter of the MDHHS Medicaid Provider Manual, Provider Enrollment section, for additional information.)

### **Clarification to Recovery of Overpayments During a Change of Ownership**

The successive owner will be held responsible for Medicaid overpayments, debts, and/or other liabilities regardless of sales agreement language between the successive owner and preceding owner. Enforcement of sales agreement language is to be between the parties of that contract, and Medicaid will recover from the successive owner as stated in the Nursing Facility Cost Reporting & Reimbursement Appendix of the MDHHS Medicaid Provider Manual.

### **Manual Maintenance**

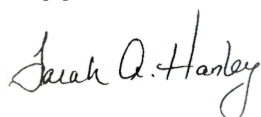
Retain this bulletin until the information is incorporated into the MDHHS Medicaid Provider Manual.

### **Questions**

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mailed to [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, NPI number, and phone number so you may be contacted if necessary. Typical Providers may phone toll-free 1-800-292-2550. Atypical Providers may phone toll-free 1-800-979-4662.

An electronic copy of this document is available at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy, Letters & Forms.

### **Approved**



Farah Hanley  
Chief Deputy Director for Health