

**MEDICAID POLICY INFORMATION SHEET**

**Policy Analyst:** Ian Lowers

**Phone Number:** 517-335-8118

Initial

Public Comment

Final

**Brief description of policy:**

This policy updates and provides clarification for the Nursing Facility Change of Ownership (CHOW) process, including the definition of CHOW, the assignment of the provider agreement, the enrollment process, and liabilities.

**Reason for policy (problem being addressed):**

Providing updates and clarification regarding the major components in the CHOW process will give providers more information about the responsibilities associated with this process, allowing them to make faster and more-informed decisions.

**Budget implication:**

budget neutral

will cost MDHHS \$ , and (select one) budgeted in current appropriation

will save MDHHS \$

**Is this policy change mandated per federal requirements?**

No

**Does policy have operational implications on other parts of MDHHS?**

No

**Does policy have operational implications on other departments?**

No

**Summary of input:**

controversial (Explain)

acceptable to most/all groups

limited public interest/comment

**Supporting Documentation:**

State Plan Amendment Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Public Notice Required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please provide status:	If yes, Submission Date:
<input type="checkbox"/> Approved <input type="checkbox"/> Pending <input type="checkbox"/> Denied	
Date:                      Approval                      Date:	

<b>DRAFT FOR PUBLIC COMMENT</b>  <b>Michigan Department of Health and Human Services</b>		
	<b>Project Number:</b> 2144-NF	<b>Date:</b> March 22, 2022

**Comments Due:** April 26, 2022

**Proposed Effective Date:** June 1, 2022

**Direct Comments To:** Ian Lowers

**Address:**

**E-Mail Address:** [Lowersi1@michigan.gov](mailto:Lowersi1@michigan.gov)

**Phone:** 517-335-8118

**Fax:**

<p><b>Policy Subject:</b> Updates to the Nursing Facility Change of Ownership (CHOW) Process</p> <p><b>Affected Programs:</b> Medicaid</p> <p><b>Distribution:</b> Nursing Facilities</p> <p><b>Summary:</b> This policy updates and provides clarification for the Nursing Facility CHOW process, including the definition of CHOW, the assignment of the provider agreement, the enrollment process, and liabilities.</p> <p><b>Purpose:</b> To eliminate gaps in the CHOW process for both the preceding owner and the successive owner of a Nursing Facility.</p> <p><b>Cost Implications:</b> Budget neutral</p> <p><b>Potential Hearings &amp; Appeal Issues:</b> None</p>
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<b>State Plan Amendment Required:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>If yes, date submitted:</b>	<b>Public Notice Required:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>Submitted date:</b>
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**Tribal Notification:** Yes  No  - **Date:**

**THIS SECTION COMPLETED BY RECEIVER**

<input type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>No Comments</b>
<input type="checkbox"/> <b>Disapproved</b>	<input type="checkbox"/> <b>See Comments Below</b>
	<input type="checkbox"/> <b>See Comments in Text</b>

<b>Signature:</b>	<b>Phone Number</b>
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**Signature Printed:**

<b>Bureau/Administration</b> <i>(please print)</i>	<b>Date</b>
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# Proposed Policy Draft

Michigan Department of Health and Human Services  
Behavioral and Physical Health and Aging Services Administration

**Distribution:** Nursing Facilities

**Issued:** May 1, 2022 (Proposed)

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

**Effective:** June 1, 2022 (Proposed)

**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 new 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 Behavioral and Physical Health and Aging Services Administration Program Policy Division at [MSAPolicy@michigan.gov](mailto:MSAPolicy@michigan.gov).

### **Clarification to Ownership Changes**

If a nursing facility changes ownership, the successive owner is responsible for registration of the new NPI associated to the facility within the online CHAMPS Provider Enrollment (PE) subsystem. If the change involves a new tax identification number (TIN), the successive owner must complete a new enrollment application. If the provider TIN did not change, the successive owner must contact Provider Enrollment directly at [ProviderEnrollment@michigan.gov](mailto:ProviderEnrollment@michigan.gov) to request an update to CHAMPS. The successive owner must not use the preceding owner's NPI for reporting and billing Medicaid services unless the successive owner has an agreement in place with the preceding owner to retain the already enrolled NPI and TIN. The agreement would require the successive owner to contact

[ProviderEnrollment@michigan.gov](mailto:ProviderEnrollment@michigan.gov) to update CHAMPS. If 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.