

## Change of Ownership or Control (CHOW) FAQs

### What is a change of ownership or control?

A CHOW is a business transaction where the ownership or controlling interest of a business, property or asset is transferred from one person or entity to another. The transfer is typically documented by an agreement that is signed by all parties.

### What type of providers undergo changes of ownership or control?

Entity-type providers, such as facilities, ancillary providers and professional groups, commonly go through changes of ownership or control (CHOW). Individual practitioners working for a facility or group cannot undergo a CHOW. However, individuals operating as a sole proprietor may undergo a CHOW by transferring their practice.

### How does BlueCross define a change of ownership or control?

BlueCross defines a change of ownership or control as one or more of the following:

- The direct or indirect sale or other disposition of all or a majority of the assets of a provider
- Any transaction resulting in a change in the beneficial owner, directly or indirectly, of more than 25% of the then-outstanding number of units, interests, or shares of the provider's voting stock (or membership interests or other equity)
- The lease of all or part of a provider's facility or practice location
- The removal, addition or substitution of a partner in a partnership
- Transfer of title and property of a sole proprietorship to another party
- Any other transaction that results in a change to an entity-type provider's Tax Identification Number (TIN)/Employer Identification Number (EIN) or National Provider Identifier (NPI)

### Can BlueCross provide examples of CHOW transactions?

CHOW transactions determine who is responsible for the provider. This may involve a change of name, TIN or NPI. Changes of ownership may be direct or indirect and may occur in the following instances:

- Partnership – The removal, addition or substitution of a partner may constitute a change of ownership.
- Corporation or Limited Liability Company (LLC) – The purchase of a provider by another organization, the acquisition/merger of the provider corporation with another corporation, or the consolidation of two or more corporations.
  - Acquisition/Merger – The combination/joining of one or more organizations with only one surviving. If the surviving entity is a provider or the former owner of the provider with an existing BlueCross provider agreement, this is not considered a change of ownership. However, if the entity that survives is not the former owner of the BlueCross provider, a change of ownership has occurred.

- Consolidation – The combination/joining of one or more organizations that results in the formation of a new entity that will have control over the provider is considered a change of ownership.
- Stock transfer – Typically, the transfer of corporate stock does not constitute a change of ownership. However, a stock transfer of more than 25% of the outstanding stock is considered a material change in control of the provider and is considered a change of ownership. Any transfer of stock regardless of the percentage that is accompanied by a change of TIN will require the supplier to enroll as a new entity. A stock transfer agreement is usually executed for this transaction.
- Leasing – The lease of all or part of a provider facility constitutes change of ownership of the leased portion. A lease agreement should be presented as documentation.
- Conversion – Changing from one legal entity type to another (i.e., conversion from partnership to corporation or conversion from corporation to a limited liability company)
- Unincorporated sole proprietorship – Transfer of title and property to another party constitutes change of ownership.

**What is the difference between direct and indirect ownership interest?**

A direct owner has an actual ownership interest in the provider (e.g., owns stock in the business, etc.); whereas an indirect owner has an ownership interest in an organization that owns the provider.

Some organizations that directly own a provider are themselves wholly or partly owned by other organizations or individuals. This may be due to holding companies and/or parent/subsidiary relationships. Such organizations and individuals are indirect owners of the provider.

Any significant change of ownership or control of a direct or indirect owner should be reported to BlueCross.

**What should a provider do if they're considering a CHOW?**

Providers planning a CHOW should complete a Facility, Ancillary Provider and Professional Group Change of Ownership Notification form and submit it to BlueCross at least 60 calendar days from the anticipated effective date of the change of ownership. If more than one group/facility/provider is being sold or purchased, a Change of Ownership Notification form and all required documentation (listed below) should be submitted for each Tax ID/EIN and NPI combination.

**What if the dates of the CHOW are changed or if the CHOW is canceled?**

If there are changes to the proposed CHOW effective date or if the transaction is canceled, both the old and new owners must notify BlueCross within one business day or as soon as possible.

**What is the meaning of Managing Control?**

The managing organization is any organization that exercises operational or managerial control over the provider or conducts the day-to-day operations of the provider. This includes any management services organizations under contract with the provider. Any change in the managing organization must be reported as a change in control of the provider using the CHOW form.

A managing employee is a general manager, business manager, administrator, director or other individual who exercises operational or managerial control over, or who directly or indirectly conducts, the day-to-day operations of the provider. Executive officers and members of the Board of Directors for corporations are also considered managing employees.

Any entity or individual with ownership or managing control in the provider should be included in the new owner's organization chart.

### **What happens to the existing provider agreement when a CHOW occurs for facilities or ancillary providers?**

The buyer may be given the opportunity to assume the existing provider agreement. BlueCross, along with both the new and old owners, must complete a Consent to Assignment agreement to legally transfer the provider agreement to the new owner.

If all three parties do not agree that the existing provider agreement should be assumed by the new owner, the existing provider agreement will be terminated as of the effective date of the CHOW. The buyer will be required to apply for participation in BlueCross networks as a new provider. This includes completing the credentialing and contracting processes.

### **What happens to the existing provider agreement when a Professional Group undergoes a CHOW?**

If all parties agree that the existing provider agreement will be assumed by the new owner, then the new owner should submit a professional roster with the name and NPI of practitioners at their practice and complete a Consent to Assignment agreement.

If there is a change in the group's NPI or TIN/EIN, all existing practitioners' information should be updated to reflect the new owner's NPI and Tax ID/EIN in the following systems:

- [CAQH ProView®](#)
- [Change Healthcare's Payer Enrollment Services portal](#)
- [Availity®](#)

Any practitioners that weren't part of the previous owner's practice must complete the following to document their affiliation with the group:

- Enter and/or update their information in [CAQH ProView®](#),
- Enter and/or update their information in [Change Healthcare's Payer Enrollment Services portal](#),
- Register with [Availity®](#), and
- Complete a provider enrollment application in [Availity](#).

If a new contract will be executed for the new owner, all practitioners affiliated with the group must complete the second process mentioned above.

### **How does BlueCross determine the network effective date?**

If we receive the CHOW notification form at least 60 calendar days prior to the effective date of the change of ownership/control and a Consent to Assignment has been executed, the buyer's network effective dates will be the CHOW effective date.

If we receive the CHOW notification form after the change of ownership has occurred, the buyer will be asked to complete the credentialing application to participate in our BlueCross networks. The buyer will receive a new contract and the network effective dates will be determined by BlueCross.

### **How should claims be submitted prior to and after the CHOW?**

If a Consent to Assignment is executed:

- Claims for dates of service prior to the CHOW effective date should be submitted using the existing provider's (seller's) NPI and Tax ID. Once the CHOW becomes effective, the buyer is the only party that legally owns the provider agreement. Therefore, any claims for dates of service on or after the CHOW effective date must be submitted using the new owner's NPI and Tax ID.

If a Consent to Assignment is not executed:

- Claims for dates of service prior to the CHOW effective date should be submitted using the existing provider's (seller's) NPI and Tax ID. Claims for dates of service on or after the CHOW effective date should be submitted with the new owner's NPI and Tax ID. There could be a gap in participation.

### **Does the buyer have to enroll in electronic funds transfer (EFT) to receive payment?**

Yes. The buyer is required to be enrolled in electronic funds transfer (EFT) to receive payment.

If the buyer was previously enrolled with CAQH EnrollHub, and their information is still current, then no action is required. If the buyer is newly enrolling with EFT and/or electronic remittance advice (ERA), or making a change to their information, they need to enroll with Change Healthcare's Payer Enrollment Services portal at [payerenrollservices.com](http://payerenrollservices.com). After the buyer's information is verified, our vendor will send it to BlueCross. We encourage providers to start this process as soon as possible to allow plenty of time for verification. Most changes will be processed within 14 days.

Providers should contact Change Healthcare directly with any questions regarding registration for the Payer Enrollment Services portal, or if they have questions about navigating within the tool. Providers may chat with a representative by visiting [payerenrollservices.com](http://payerenrollservices.com) or call Change Healthcare at 1-800-956-5190. Payer Enrollment Services customer service hours via live chat or by phone are Monday through Friday, 8 a.m. to 5 p.m. (CT).

### **What must providers submit in addition to the CHOW form?**

Providers should complete and submit the CHOW form to BlueCross, along with the following:

- Copy of the buyer's facility or medical license
- Consolidated Facility Application/Universal Credentialing Application (*provided by BlueCross after we receive the CHOW form*)
- IRS Confirmation of the buyer's Tax Identification Number (CP-575 or IRS 147C)
- Proposed organizational chart of the buyer, including names and titles of key management staff
- Professional roster with name and NPI of practitioners (*required for professional groups*)

- Buyer's Medicaid ID (This is required to participate in BlueCare Tennessee networks. Go to [Provider Registration \(tn.gov\)](https://www.tn.gov/provider-registration) to register.)
- One of these three applicable documents: purchase agreement, sales agreement OR bill of sale
- Amendment to partnership agreement (*if applicable*)
- LLC amendment (*if applicable*)
- Stock transfer agreement (*if applicable*)
- Lease agreement (*if applicable*)
- Management agreement (*if applicable*)
- Certificate of Conversion, Articles of Conversion, Statement of Conversion (*if applicable*)
- Signed attestation providing assurances that any outstanding compliance issues will be fully resolved
- Proof of Electronic Funds Transfer (EFT) enrollment for the buyer
- Proof of Electronic Remittance Advice (ERA) enrollment with clearinghouse for the buyer

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