

10 - Definitions

(Rev. 79, Issued 02-17-06, Effective Date 02-17-06)

The term **business transaction** means any of the following kinds of transactions:

1. Sale, exchange, or lease of property;
2. Loan of money or extension of credit; or
3. Goods, services, or facilities furnished for a monetary consideration, including management services, but not including:
 - Salaries paid to employees for services performed in the normal course of their employment; or
 - Health services furnished to the MA organization's enrollees by hospitals and other providers, and by MA organization staff, medical groups, or independent practice associations, or by any combination of those entities.

The term **clean claim** means a claim that has no defect, impropriety, lack of any required substantiating documentation - including the substantiating documentation needed to meet the requirements for encounter data - or particular circumstance requiring special treatment that prevents timely payment; and a claim that otherwise conforms to the clean claim requirements for equivalent claims under original Medicare.

The term **downstream entity** means any party that enters into an acceptable written arrangement below the level of the arrangement between an MA organization (and contract applicant) and a first tier entity. These written arrangements continue down to the level of the ultimate provider of health and/or administrative services.

The term **first tier entity** means any party that enters into a written arrangement with an MA organization or contract applicant to provide administrative services or health care services for a Medicare eligible individual.

The term **party in interest** includes the following:

1. Any director, officer, partner, or employee responsible for management or administration of an MA organization;
2. Any person who is directly or indirectly the beneficial owner of more than 5 percent of the organization's equity; or the beneficial owner of a mortgage, deed of trust, note, or other interest secured by and valuing more than 5 percent of the organization;
3. In the case of an MA organization organized as a nonprofit corporation, an incorporator or member of such corporation under applicable State corporation law;
4. Any entity in which a person described in paragraph (1), (2), or (3) of this definition:

- Is an officer, director, or partner; or
 - Has the kind of interest described in paragraphs (1), (2), or (3) of this definition;
5. Any person that directly or indirectly controls, is controlled by, or is under common control with, the MA organization; or
 6. Any spouse, child, or parent of an individual described in paragraph (1), (2), or (3) of this definition.

The term **related entity** means any entity that is related to the MA organization by common ownership or control and:

1. Performs some of the MA organization's management functions under contract or delegation;
2. Furnishes services to Medicare enrollees under an oral or written agreement; or
3. Leases real property or sells materials to the MA organization at a cost of more than \$2,500 during a contract period;

The term **significant business transaction** means any business transaction or series of transactions of the kind specified in the above definition of "business transaction" that, during any fiscal year of the MA organization, have a total value that exceeds \$25,000 or 5 percent of the MA organization's total operating expenses, whichever is less.