

## 10.1 - Definition of a Change of Ownership

*(Rev. 113, Issued: 05-17-13, Effective: 05-17-13, Implementation: 05-17-13)*

The following situations typically constitute a change of ownership:

- Asset sale or transfer: The sale or transfer of title and property to another party (that party can be a related, affiliated, subsidiary entity or a non-related entity);
- Partnership: The removal, addition, or substitution of a partner (unless the partners expressly agree otherwise as permitted by applicable State law); or
- Corporation: The merger of a corporate entity that holds a Medicare contract into another corporate entity, or the consolidation of a corporate entity that holds a Medicare contract with one or more other corporations, resulting in a new corporate body.

**NOTE:** In any type of change of ownership transaction (even those involving a parent corporation and a subsidiary or two affiliated entities), when the surviving entity of a

merger or corporate reorganization or the transferee of an asset sale or transfer is an entity that is not an MA organization, that entity should contact its Account Manager as early as possible to determine if the surviving entity needs to submit a modified initial or service area expansion (SAE) application to be deemed an eligible MA organization prior to the transaction/novation.

The transfer of corporate stock or the merger of another corporation into the corporation that holds a contract with CMS does not ordinarily constitute a change of ownership.