

## **10.2 - Examples of Ownership Transactions**

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In the following situation, the ownership transaction does not ordinarily result in a change of ownership:

- If Corporation X maintains a contract with CMS and subsequently purchases the stock of Corporation Y, the ownership of Corporation X has not ordinarily changed.

In the following situations, the ownership transaction ordinarily results in a change of ownership as defined in §10.1 above.

- If Corporation A, Corporation B, and Corporation C, all subsidiaries of Corporation P (a holding company), consolidate into Corporation ABC (a new legal entity), and Corporation A, B, and C are fully dissolved, this constitutes a change in ownership in all Corporations A, B, and C.
- If Corporation A sells or transfers portions of its operations, including operations related to its MA contract to Corporation B, then:
  - If Corporation B has already been deemed an eligible MA entity by CMS, then this constitutes a change in ownership of the MA contract to Corporation B.
  - If Corporation B is not already deemed an eligible MA organization, it must submit an application for eligibility to CMS as provided in Chapter 11, "Application Procedures and Contract Requirements," of this manual.
- If Corporation A, a Medicare Advantage Organization, merges with its parent, Corporation B, an eligible MA organization, and Corporation A does not survive the merger, this constitutes a change in ownership for Corporation A.

The following example illustrates how the same transaction may have different effects of change of ownership on different corporations.

- If Corporation X maintains a contract with CMS and subsequently acquires Corporation Z, resulting in a merger then:
  - If Corporation X survives, the ownership of Corporation X has not changed.
  - If Corporation Z survives, this constitutes a change in ownership of Corporation X.