

30.2 - The Novation Agreement Provisions

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Exhibit 1 contains a Model novation agreement. This agreement is intended to serve only as a guide in preparing a draft novation agreement. MA organizations may need to revise the model, as necessary or appropriate, to conform to the circumstances of a particular transaction involving a change of ownership.

Any novation agreement shall contain the following provisions:

- Assumption of contract obligations. The new owner must assume the transferor's entire Medicare book of business and all obligations under the contract.
- Waiver of right to reimbursement. The previous owner must waive its rights to reimbursement for covered services furnished during the rest of the current contract period.
- Guarantee of performance. The previous owner must guarantee for the remainder of the current contract year and, if the bid has already been submitted by the original owner entity, for the upcoming contract year, that the new owner will carry out all terms of the contract.
- Records access. The previous owner must agree to make its books and records and other necessary information available to the new owner and to CMS to permit an accurate determination of costs for the final settlement of the contract period.