

30.3 - Acceptable Novation Agreements

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The purpose of CMS' review of a novation agreement is to ascertain that the arrangements in place under the proposed new ownership ensure continued compliance with legal, regulatory, and contractual requirements.

In general, CMS considers a proposed novation agreement acceptable if:

- The MA organization submits to CMS:
 - The materials specified in §20.2 above in accordance with CMS requirements;
 - At least 30 days before the proposed change of ownership date, three(3) signed copies of the novation agreement containing all required provisions specified above in §30.1, and one copy of other relevant documents required by CMS, as specified in §30.1 above.
- CMS review results in a determination that:
 - The proposed new owner is in fact, the successor in interest or title of the transferor's entire Medicare book of business and there is recognition that the new owner, as successor in interest, is in the best interests of the Medicare program;
 - The successor in interest qualifies as an eligible entity and maintains arrangements to comply with the legal, regulatory, and other requirements necessary to perform the contract; and
 - Any performance bond posted is found acceptable.