CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-08 Medicare Program Integrity	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 233	**Date: January 18, 2008**
	Change Request 5862

Subject: Update to Chapter 10

I. SUMMARY OF CHANGES: This change request updates certain sections of Pub. 100-08, chapter 10 (hereinafter referred to as chapter 10). The principal changes involve: (1) the consolidation and reorganization of instructions related to the processing of CMS-855A applications; and (2) enhanced guidance on the processing of CMS-855B change of ownership (CHOW) applications submitted by ambulatory surgical centers (ASCs) and portable x-ray suppliers (PXRS).

New / Revised Material
Effective Date: February 20, 2008
Implementation Date: February 20, 2008

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	10/Table of Contents
R	10/5.5/Special Verification Procedures for CMS-855A Applications
N	10/5.5.1/Jurisdictional Issues
N	10/5.5.2/Changes of Ownership (CHOWs)
N	10/5.5.2.1/Definitions
N	10/5.5.2.2/Determining Whether a CHOW Has Occurred
N	10/5.5.2.3/Processing CHOW Applications
N	10/5.5.2.4/Intervening CHOWs
N	10/5.5.2.5/EFT Payments and CHOWs
N	10/5.5.3/Tie-In Notices
N	10/5.5.4/Out-of-State Practice Locations for Certified Providers
N	10/5.5.5/State Surveys and the CMS-855A

N	10/5.5.6/Sole Proprietorships
N	10/5.5.7/Additional CMS-855A Processing Instructions
R	10/5.6/Special Verification Procedures for Enrolling Independent CLIA Labs, Ambulatory Surgical Centers (ASCs) and Portable X-ray Suppliers
N	10/5.6.1/CLIA Labs
N	10/5.6.2/ASCs and Portable X-Ray Suppliers (PXRS)
N	10/5.6.2.1/ASC/PXRS Changes of Ownership (CHOWs)
N	10/5.6.2.1.1/Determining Whether a CHOW Has Occurred
N	10/5.6.2.1.2/EFT Payments and CHOWs
N	10/5.6.3/ASC/PXRS Tie-in Notices
N	10/5.6.4/Out-of-State Practice Locations for Certified Suppliers
N	10/5.6.5/State Surveys and the CMS-855B
D	10/5.7/Special Procedures for Processing Complete CMS-855 Applications Submitted by Enrolled Providers
R	10/6.1.1/Non-Certified Suppliers and Individual Practitioners
R	10/6.1.2/Certified Providers and Certified Suppliers
N	10/6.1.3/Approval of DMEPOS Suppliers
R	10/11.1/Non-CMS-855 Enrollment Activities
R	10/11.2/Contractor Communications
R	10/11.4/Reserved for Future Use
N	10/13.4/External Reporting Requirements
R	10/15/Reserved for Future Use
D	10/15.1/PECOS Communication and Coordination

III. FUNDING:
SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

Unless otherwise specified, the effective date is the date of service.

Attachment - Business Requirements

Pub. 100-08	Transmittal: 233	Date: January 18, 2008	Change Request: 5862

SUBJECT: Update to Chapter 10

Effective Date: February 20, 2008

Implementation Date: February 20, 2008

I. GENERAL INFORMATION

A. Background: This change request updates certain sections of Pub. 100-08, chapter 10 (hereinafter referred to as chapter 10). The principal changes involve: (1) the consolidation and reorganization of instructions related to the processing of CMS-855A applications; and (2) enhanced guidance on the processing of CMS-855B change of ownership (CHOW) applications submitted by ambulatory surgical centers (ASCs) and portable x-ray suppliers (PXRSs). Note that the content of the CMS-855A instructions, unless otherwise indicated below, has not changed.

B. Policy: The purpose of this change request is to reorganize certain sections of chapter 10 and to incorporate therein recent policy changes developed by the Division of Provider and Supplier Enrollment (DPSE).

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
5862.1	Per section 5.5.5 of chapter 10, if there is a delay in the provider's State survey and: (1) the contractor becomes aware of the delay; (2) the delay is the fault of the provider, and (3) at least 6 months have passed since the contractor sent its recommendation for approval to the State, the contractor shall send a letter to the provider requesting an updated CMS-855A.	X		X		X					
5862.2	Per section 5.5.2.3 of chapter 10, in situations where the new owner in a CHOW wishes to relocate the provider to a site in a different geographic area serving different clients than previously served and employing different personnel to serve those clients, the contractor shall notify the RO immediately. (Unless the RO dictates otherwise, the contractor shall treat the transaction as an initial enrollment and the provider as a new applicant.)	X		X		X					
5862.3	In situations where: (1) the provider submits a CMS-855A initial or CHOW application and (2) a CMS-	X		X		X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	855A CHOW application is later submitted but before the contractor has finished processing the first application, the contractor shall notify its DPSE liaison immediately.										
5862.4	If the "Change of Ownership" box in section 1B of the CMS-855B is checked, the contractor shall review the sales agreement in accordance with section 5.6.2.1.1 of chapter 10.	X			X						
5862.5	Pursuant to sections 3.2 and 5.6.2.1.1 of chapter 10, the contractor shall return to the supplier any CHOW application received more than 3 months in advance of the projected sale date.	X			X						
5862.6	Per section 5.6.2.1.1 of chapter 10, if the contractor believes that a CHOW has occurred but the new owner is not accepting the assets and liabilities of the old owner, it shall: (1) treat the entity as a brand new supplier and (2) notify the supplier that it must submit a CMS-855B voluntary termination to terminate the "old" facility and a CMS-855B initial enrollment for the "new" facility.	X			X						
5862.7	Per section 5.6.2.1.1 of chapter 10, if the contractor believes that a CHOW has occurred and that the new owner is accepting the assets and liabilities of the old owner, it shall not forward a copy of the CHOW application to the State agency until it has received and reviewed the final sales agreement; if said agreement is not submitted within 90 days after the contractor's receipt of the CHOW application, the contractor shall reject the application.	X			X						
5862.8	Per section 5.6.2.1.1 of chapter 10, in situations where the new owner in a CHOW wishes to relocate the supplier to a site in a different geographic area serving different clients than previously served and employing different personnel to serve those clients, the contractor shall notify the RO immediately. (Unless the RO dictates otherwise, the contractor shall treat the transaction as an initial enrollment and the supplier as a new applicant.)	X			X						
5862.9	Per section 5.6.2.1.2, in a CHOW the contractor shall continue to pay the old owner until it receives the tie-in/approval notice from the RO.	X			X						
5862.10	Per section 5.6.3 of chapter 10, when the contractor receives a tie-in notice from the RO, it shall review its contents to ensure that the data on the notice/letter is consistent with that on the CMS-855B.	X			X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
5862.11	Per section 5.6.3 of chapter 10, if the contractor receives a tie-in notice from the RO but the supplier never completed the necessary CMS-855B paperwork, the contractor shall have the supplier complete and submit said paperwork.	X			X						
5862.12	Per section 5.6.3 of chapter 10, if there is a delay in the supplier's State survey and: (1) the contractor becomes aware of the delay; (2) the delay is the fault of the supplier, and (3) at least 6 months have passed since the contractor sent its recommendation for approval to the State, the contractor shall send a letter to the supplier requesting an updated CMS-855B.	X			X						
5862.13	No later than the last day of January, April, July and October of each year, the contractor shall furnish to its DPSE liaison via e-mail the information described in section 13.4 of chapter 10.	X		X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	None.										

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements:

X-Ref Requirement Number	Recommendations or other supporting information:

B. For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact: Frank Whelan, (410) 786-1302, frank.whelan@cms.hhs.gov

Post-Implementation Contact: Frank Whelan, (410) 786-1302, frank.whelan@cms.hhs.gov

VI. FUNDING

A. For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

B. *For Medicare Administrative Contractors (MACs)*:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

Medicare Program Integrity Manual
Chapter 10 - Healthcare Provider/Supplier Enrollment

Table of Contents
(Rev. 233, 01-18-08)

5.5 - Special Verification Procedures for CMS-855A Applications

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Unless otherwise stated:

- *All references to the "RO" in sections 5.5.1 through 5.5.4 of this manual refer to the RO's survey & certification staff.*

- *For purposes of sections 5.5.1 through 5.5.7 of this manual, the term "intermediary" includes Medicare Administrative Contractors (MACs).*

5.5.1 - Jurisdictional Issues

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

A. Audit and Claims Intermediaries

For purposes of enrollment, there are generally two categories of intermediaries: audit intermediaries and claims intermediaries. The audit intermediary enrolls the provider, conducts audits, etc. The claims intermediary pays the provider's claims. In most cases, the provider's audit intermediary and claims intermediary will be the same. On occasion, however, they will be different; this often happens with provider-based entities, whereby the provider's enrollment application will be processed by the parent provider's intermediary (audit intermediary) and its claims will be paid by a different intermediary (claims intermediary).

In situations where the audit and claims intermediaries differ, the audit intermediary shall process all changes of information, including all EFT changes. The audit intermediary shall notify the applicant during the initial enrollment process that all future changes of information must be sent to the audit intermediary, not the claims intermediary. (Quite often, a provider will submit an EFT change request to the claims intermediary because the latter processes the provider's claims.) If the provider inadvertently sends a change of information request (or, for that matter, an initial enrollment) to the claims intermediary, the latter shall return the application per section 3.2 of this manual.

Once the audit intermediary finishes processing the initial enrollment application, it shall fax a copy of the application to the claims intermediary. It shall also fax copies of any future changes of information involving payment issues (e.g., EFT) to the claims intermediary once it has finished processing said change.

Moreover, in situations where the audit intermediary is different from the claims intermediary, the audit intermediary shall fax a copy of all tie-in and tie-out notices it receives to the claims intermediary. For instance, if the audit intermediary receives a tie-in notice signifying that a provider's request for Medicare participation has been approved, the audit intermediary shall send a copy to the claims intermediary. This is to ensure that the claims intermediary is fully aware of the RO's action, as some ROs may only send copies of tie-in and tie-out notices to the audit intermediary. If the audit intermediary chooses, it can

simply contact the claims intermediary by phone or e-mail and ask if the latter received the tie-in notice.

Again, it is imperative that audit and claims intermediaries effectively communicate and coordinate with each other in all payment-related and program integrity matters involving the provider.

B. Provider Nomination

With respect to issues regarding provider nomination and changes of intermediaries, the contractor shall adhere to the instructions in Publication 100-04, chapter 1, sections 20 through 20.5.1, and CMS change request 5720.

If an intermediary receives a request from a provider to change its existing intermediary, it shall refer the provider to the RO contact person responsible for intermediary assignments.

5.5.2 - Changes of Ownership (CHOWs)

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Unless specified otherwise, the term "CHOW" - as used in sections 5.5.2 through 5.5.2.5 of this manual - includes CHOWs, acquisitions/mergers and consolidations.

Changes of ownership (CHOWs) are officially defined and governed by 42 CFR §489.18 and Publication 100-07, chapter 3, sections 3210 through 3210.5(C). The ROs make the final determination as to whether a CHOW has occurred (unless this function has been delegated).

5.5.2.1 - Definitions

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

For purposes of provider enrollment only, there are three main categories of CHOWs captured on the CMS-855A application:

- ***"Standard" CHOW** – This occurs when the CCN number and provider agreement of a provider are transferred to another entity as a result of the latter's purchase of the provider. To illustrate, suppose Entity A is enrolled in Medicare, but Entity B is not. B acquires A. Assuming all regulatory requirements are met, A's provider agreement and CCN number will transfer to B.*

  This is the most frequently encountered change of ownership scenario. Even though it is technically an acquisition (i.e., B bought/acquired A) under §489.18, this situation falls under the "CHOW" category – as opposed to the "Acquisition/Merger" category – on the CMS-855A.

- ***Acquisition/Merger** - In general, this occurs when two or more Medicare-enrolled entities combine, leaving only one remaining CCN number and provider agreement. For instance, Entity A and Entity B are both enrolled in Medicare, each with its own*

CCN number and provider agreement. The two entities decide to merge. Since Entity B's CCN number and provider agreement will be eliminated (leaving only Entity A's CCN number and provider agreement), a §489.18 merger has occurred.

If the acquisition results in an existing provider having new owners but keeping its existing provider number, the applicant should check the CHOW box in section 1A of the CMS-855A.

Unlike the new owner in a CHOW or consolidation, the new owner in an acquisition/merger need not complete the entire CMS-855A. This is because the new owner is already enrolled in Medicare; as such, the provider being acquired should simply be reported as a practice location in section 4 of the new owner's CMS-855A.

- ***Consolidations*** *- This occurs when the merger of two or more Medicare-enrolled entities results in the creation of a brand new entity. To illustrate, if Entities A and B decide to combine and, in the process, create a new entity (Entity C), the CCN numbers and provider agreements of both A and B will be eliminated; Entity C will have its own CCN number and provider agreement.*

  Note the difference between acquisitions/mergers and consolidations. In an acquisition/merger, when A and B combine there is one surviving entity. In a consolidation, however, when A and B combine there are no surviving entities; rather, a new entity is created – Entity C.

5.5.2.2 - Determining Whether a CHOW Has Occurred

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

In examining whether: (1) a CHOW has occurred, and/or (2) the new owner will be accepting assignment of the Medicare assets and liabilities of the old owner, the intermediary shall perform all necessary research – including reviewing the sales agreement, contacting the provider(s) to request clarification of the sales agreement, etc. – before referring the matter to the RO for guidance. Such referrals to the RO should only be made if the intermediary is truly unsure as to whether a CHOW has taken place and should not be made as a matter of course. (An RO CHOW determination is usually not required prior to the intermediary making its recommendation.) Note that a provider may undergo a financial or administrative change that it considers to be a CHOW, but does not meet the regulatory definition identified in §489.18.

While a CHOW is usually accompanied by a TIN change, this is not always the case. There may be a few instances where the TIN will remain the same. Conversely, there may be some cases where a provider is changing its TIN but not its ownership. In short, while a change of TIN (or lack thereof) is evidence that a CHOW has or has not occurred, it is not the most important factor; rather, the change in the provider's ownership arrangement is. Hence, it is imperative that the intermediary review the sales agreement closely, as this will give the best indication as to whether a CHOW has occurred.

If the provider claims that the transaction in question is a stock transfer and not a CHOW, the intermediary reserves the right to request any information from the provider to verify this (e.g., copy of the stock transfer agreement).

With respect to PECOS, suppose a request for a CHOW comes in and the intermediary enters the data into PECOS as a CHOW. It turns out, after additional research, that the transaction was not a CHOW (e.g., was a stock transfer; was an initial enrollment because the new owner refused to accept the Medicare liabilities). If the intermediary cannot change the transaction type in PECOS, it can leave the record in CHOW status but should note in the provider's file that the transaction was not a CHOW.

5.5.2.3 - Processing CHOW Applications

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Unless stated otherwise in this manual, the intermediary shall ensure that all applicable sections of the CMS-855A for both the old and new owners are completed in accordance with the instructions on the CMS-855A.

A. Old Owners

The old owner's CMS-855A CHOW application does not require a recommendation for approval or denial; any recommendations will be based upon the CHOW application received from the new owner.

If the old owner's CMS-855A is available at the time of review, the intermediary shall examine the information thereon against the new owner's CMS-855A to ensure consistency (e.g., same names). If the old owner's CMS-855A has not been received, the intermediary shall contact the old owner and request it. However, the intermediary may begin processing the new owner's application without waiting for the arrival of the old owner's application; it may also make its recommendation to the State agency without having received the old owner's CMS-855A. The intermediary, of course, shall not make a recommendation for approval unless the new owner has checked on the form that it will assume the provider agreement and that the terms of the sales agreement indicate as such.

If a certification statement is not on file for the old owner, the intermediary shall request that section 6 be completed for the individual who is signing the certification statement. The intermediary shall review this individual against all applicable databases, including Qualifier.net.

B. New Owners

If a CMS-855A is not received from the new owner within 14 calendar days of receipt of the old owner's CMS-855A, the intermediary shall contact the new owner. If the new owner fails to: (1) submit a CMS-855A and (2) indicate that it accepts assignment of the provider agreement, within 30 calendar days after the intermediary contacted it, the latter shall stop payments unless the sale has not yet taken place per the terms of the sales agreement.

Payments to the provider can resume once this information is received and the intermediary ascertains that the provider accepts assignment.

C. Order of Processing

To the maximum extent practicable, CMS-855A applications from the old and new owners in a CHOW should be processed as they come in. The intermediary should not wait for applications from both the old and new owner to arrive before processing them. However, unless the instructions in this manual indicate otherwise, the intermediary should attempt to send the old and new applications to the State simultaneously, rather than as soon as they are processed. For instance, suppose the old owner submits an application on March 1. The intermediary should begin processing the application immediately, without waiting for the arrival of the new owner's application. Yet it should avoid sending the old owner's application to the State until the new owner's application comes in. (For acquisition/mergers and consolidations, the intermediary may send in the applications separately, since one number is going away.)

D. Sales Agreements

The intermediary shall abide by the following:

- ***Verification of Terms*** *- The intermediary shall determine: (1) whether the information contained in the sales agreement is consistent with that reported on the new owner's CMS-855A (e.g., same names), and (2) whether the terms of the contract indicate that the new owner will assume the provider agreement. In many cases, the sales agreement will not specifically refer to the Medicare provider agreement. Clearly, if the box in section 2F is checked "yes" and the sales agreement either confirms that the new owner will assume the agreement or is relatively silent on the matter, the intermediary can proceed as normal. (The RO will obviously make the final decision.) Conversely, if the agreement indicates that the assets and liabilities will not be accepted, the contractor should recommend denial. As discussed above, such matters can be referred to the RO if needed.*

- ***Form of Sales Agreement*** *- There may be instances where the parties in a CHOW did not sign a "sales agreement" in the conventional sense of the term; the parties, for example, may have documented their agreement via a "bill of sale." The contractor may accept this alternative documentation in lieu of a sales agreement so long as the document furnishes clear verification of the terms of the transaction.*

- ***Submission of Final Sales Agreement*** *- The intermediary shall not forward a copy of the application to the State agency until it has received and reviewed the final sales agreement. It need not revalidate the information on the CMS-855A even if the data therein may be somewhat outdated by the time the final sales agreement is received.*

  If a final sales agreement is not submitted within 90 days after the intermediary's receipt of the new owner's application, the intermediary shall reject the application.

Though the intermediary must wait until the 90th day to reject the application, the intermediary may do so regardless of how many times it contacted the new owner or what type of responses (short of the actual receipt of the sales agreement) were obtained.

Unless otherwise specified in this manual or other CMS directive, both the old and new owners must submit separate CMS-855A applications as well as copies of the interim and final sales agreements.

E. CHOWs Involving Subunits and Subtypes

Any subunit that has a separate provider agreement (e.g., HHA subunits) must report its CHOW on a separate CMS-855A. They cannot report the CHOW via the main provider's CMS-855A. If the subunit has a separate CCN number but not a separate provider agreement (e.g., hospital psychiatric unit, HHA branch), the CHOW can be disclosed on the main provider's CMS-855A. This is because the subunit is a practice location of the main provider and not a separately enrolled entity.

On occasion, a CHOW may occur in conjunction with a change to the facility's provider subtype. This most frequently happens when a hospital undergoes a CHOW and changes from a general hospital to another type of hospital, such as a psychiatric hospital. Although a change in hospital type is considered a change of information, it is not necessary for the provider to submit separate applications – one for the COI and one for the CHOW. Instead, all information (including the change of hospital type) should be reported on the CHOW application; the entire application should then be processed as a CHOW. However, if the facility is changing from one main provider type to another (e.g., hospital converting to a SNF) and also undergoing a CHOW, the provider must submit its application as an initial enrollment. ***(NOTE:*** *For Medicare purposes, a critical access hospital (CAH) is a separately-recognized provider type. Thus, a general hospital that undergoes a CHOW while converting to a CAH must submit its CMS-855A as an initial enrollment, not as a CHOW.)*

F. Early Submission of CHOW Application

CMS-855A CHOW applications may be accepted by the intermediary up to 90 calendar days prior to the anticipated date of the proposed ownership change. Any application received more than 3 months in advance of the projected sale date can be returned under section 3.2 of this manual.

G. Unreported CHOW

If the intermediary ascertains by any means that an enrolled provider has: (1) been purchased by another entity or (2) purchased another Medicare enrolled provider, the intermediary shall immediately request CMS-855A applications from both the old and new owners. If the new owner fails to submit the CMS-855A within the latter of: (1) the date of acquisition or (2) thirty (30) days after the request, the intermediary shall stop payments to the provider. Payments may be resumed upon receipt of the completed CMS-855A.

If the contractor learns of the transaction via the receipt of a tie-in notice from the RO, it shall follow the instructions under the "Receipt of Tie-In When CMS-855A Not Completed" bullet in section 5.5.3 of this manual.

H. Relocation of Entity

A new owner may propose to relocate the provider concurrent with the CHOW. If the relocation is to a site in a different geographic area serving different clients than previously served and employing different personnel to serve those clients, the contractor shall notify the RO immediately. Unless the RO dictates otherwise, the provider shall - per Pub. 100-7, chapter 3, section 3210.1(B)(5) - treat the transaction as an initial enrollment (and the provider as a new applicant), rather than as an address change of the existing provider.

5.5.2.4 - Intervening CHOWs

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

In situations where: (1) the provider submits a CMS-855A initial application or CHOW application and (2) a CMS-855A CHOW application is later submitted but before the contractor has finished processing the first application, the contractor shall notify its DPSE liaison immediately. To illustrate, suppose that the seller (X) and the buyer (Y) in a CHOW submit their respective CMS-855A applications on March 1. On March 30, Y and Z submit CHOW applications as the old and new owners, respectively, in a subsequent CHOW. Assuming that it has not yet finished processing the March 1 applications, the contractor shall immediately refer the matter to its DPSE liaison.

5.5.2.5 - EFT Payments and CHOWs

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

In a CHOW, the intermediary shall continue to pay the old owner until it receives the tie-in notice from the RO. Hence, any request from the old or new owner to change the EFT account to that of the new owner shall be denied. It is ultimately the responsibility of the old and new owners to work out any payment arrangements between themselves while the CHOW is being processed by the intermediary and the RO.

5.5.3 - Tie-In Notices

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Although it may vary by RO, tie-in and tie-out notices are generally issued in the following circumstances:

- *Initial enrollment;*
- *CHOW;*
- *Acquisition/Merger;*

- *Consolidation;*

- *Addition or deletion of HHA branch, hospital unit, or OPT extension site;*

- *Voluntary and involuntary termination of billing numbers*

As each RO may have different practices for issuing tie-in and tie-out notices, the intermediary should contact its RO to find out the specific circumstances in which such notices are issued. This also applies to instances when the RO delegates the task of issuing tie-in or tie-out notices to the State agency. The intermediary may accept such notices from the State in lieu of those from the RO. However, the intermediary should first contact the applicable RO to confirm: (1) that the latter has indeed delegated this function to the State, and (2) the specific transactions (e.g., CHOWs, HHA branch additions) for which this function has been delegated.

In addition:

- ***Review for Consistency** - When the contractor receives a tie-in notice or approval letter from the RO, it shall review its contents to ensure that the data on the notice/letter matches that on the CMS-855. If there are discrepancies (e.g., different legal business name, address), the contractor shall notify its DPSE liaison. It shall also contact the applicable RO to determine why the data is different.*

- ***Receipt of Tie-In When CMS-855A Not Completed** - If the contractor receives a tie-in notice from the RO but the provider never completed the necessary CMS-855A paperwork, the contractor shall have the provider complete and submit said paperwork. (This applies to initial applications, CHOWs, practice location additions, etc.)*

- ***Creation of New L & T Record Unnecessary** - The intermediary is not required to create a new L & T record in PECOS when the tie-in notice comes in, as the existing record should not be in a final status and can therefore be modified. Simply changing the L & T status is sufficient.*

5.5.4 - Out-of-State Practice Locations for Certified Providers

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

As a general rule, the question of whether a CMS-855A needs to be completed for each State in which the provider performs services depends on three things: (1) State law, (2) the fiscal intermediary jurisdictions involved, and (3) how the RO(s) wants to handle the situation. Consider the following scenario:

A provider is enrolled in State X and now wants to perform services in State Y.

1. *Assume that X & Y are in the same intermediary jurisdiction. If State Y requires an entity performing services in Y to be surveyed or the RO says that the provider must sign a separate provider agreement and obtain a separate CCN for its State Y services, the provider must submit an initial CMS-855A application for State Y in order to be a provider in that state. If a separate enrollment is not required, the provider would simply submit a CMS-855A change of information request that adds the out-of-state location.*

2. *Assume that X & Y are not in the same intermediary jurisdiction. In this case, the provider must submit an initial CMS-855A application to the State Y intermediary - regardless of whether a separate survey, agreement, or CCN number is needed.*

In short, if a provider in one State wishes to perform services in another State and the latter State is serviced by a different intermediary, a new enrollment is required with that intermediary. If both States are in the same intermediary jurisdiction, a CMS-855 initial application or a CMS-855 change of information is necessary; whether an initial application or a change request is required will depend on State law and what the RO says. In either case, the intermediary must create a new enrollment record in PECOS – one for each State. (See section 7.2 of this manual for additional guidance.)

5.5.5 - State Surveys and the CMS-855A

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

In general, information on the CMS-855A is still considered to be valid (even if outdated) notwithstanding a delay in the State survey. However, the provider will be required to submit an updated CMS-855A application to the contractor if:

- *The contractor becomes aware of such a delay;*
- *The delay is the fault of the provider; and*
- *At least 6 months have passed since the contractor sent its recommendation for approval to the State.*

*If these criteria are met, the contractor shall send a letter to the provider requesting an updated CMS-855A. The application must contain, at a minimum, any information that is new or has changed since the recommendation for approval was made, as well as a newly-signed certification statement. If no information has changed, the provider may instead submit: (1) a letter on its business letterhead stating as such, and (2) a newly-signed CMS-855A certification statement. (**NOTE:** If the applicant is an HHA, it must resubmit capitalization data as required by section 12 of the CMS-855A irrespective of whether any of the provider's other CMS-855A information has changed. To illustrate, if no CMS-855A data has changed, the HHA must submit the letter, capitalization data and the signed certification statement.)*

If the provider fails to furnish the requested information within 60 days, the contractor shall submit a revised letter to the State that recommends denial of the provider's application.

5.5.6 - Sole Proprietorships
(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

If the provider indicates in section 2B1 of the CMS-855A that he/she is a sole proprietor, the contractor shall note the following:

- *The LBN in section 2B1 should list the person's (the sole proprietor's) legal name;*
- *The TIN in section 2B1 should list the person's SSN;*
- *Section 3 of the CMS-855A must be completed with information about the individual's adverse legal history;*
- *Section 5 of the CMS-855A will not apply unless the person has hired an entity to exercise managerial control over the business (i.e., no owners will be listed in section 5, as the sole owner has already reported his/her personal information in sections 2 and 3).*
- *No owners, partners, or directors/officers need be reported in section 6. However, all managing employees (whether W-2 or not) must be listed.*
- *The sole proprietor may list multiple authorized or delegated officials in section 15 and 16.*

Since most sole proprietorships that complete the CMS-855A will also have an EIN, the contractor shall request from the provider a copy of its CP-575.

5.5.7 - Additional CMS-855A Processing Instructions
(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

- ***Non-Enrollment Functions and Timeliness*** *– There may be instances where the contractor cannot forward an application to the State until it performs certain non-enrollment functions pertaining to that application (e.g., the reimbursement unit needs to examine patient listing data). The intermediary may flip the PECOS status to "approval recommended" prior to the conclusion of this non-enrollment activity, but only if this is the lone remaining activity to be completed. In other words, all enrollment tasks required to be performed under this chapter 10 must have been completed prior to the intermediary making its determination.*
- ***Multiple Providers under a Single TIN*** *- It is acceptable for multiple providers to have the same TIN. However, each provider must submit a separate CMS-855A application, and the intermediary must create a separate enrollment record for each.*
- ***Future Effective Dates*** *– In situations where the contractor cannot enter effective dates into PECOS because the provider, practice location, etc., is not yet established, the*

contractor may use the authorized official's date of signature as the temporary effective date. Once the actual effective date is established (e.g., the tie-in notice is received), the contractor shall go into PECOS and change the effective date.

5.6 - Special Verification Procedures for Enrolling Independent CLIA Labs, Ambulatory Surgical Centers (ASCs), and Portable X-ray Suppliers

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Unless otherwise stated, all references to the "RO" in sections 5.6.2 through 5.6.2.3 of this manual refer to the RO's survey & certification staff.

5.6.1 - CLIA Labs

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Labs that are "integrated" into an existing provider or supplier do not require a separate CMS-855B enrollment. "Integrated" labs are typically those that have exactly the same ownership and physical location as another enrolled supplier or provider. (Common examples include: (1) hospital labs and (2) a lab at a physician's office.) If a lab is deemed as "integrated," the parent provider shall identity the lab as a practice location in section 4 of its CMS-855.

If the lab is not "integrated," the lab must enroll as an independent CLIA lab via the CMS-855B application. The contractor shall advise the lab that it must contact the applicable CLIA office; the lab cannot be enrolled until it receives a CLIA number. The contractor shall also ensure that the lab has furnished a notarized or certified true copy of the CLIA certificate or State license.

Labs that do not plan to participate in the Medicare program must be directed to the applicable CLIA office.

For more information on the enrollment of CLIA labs, refer to section 12.2.3 of this manual.

5.6.2 - ASCs and Portable X-ray Suppliers (PXRS)

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Unlike other supplier types whose applications are processed by contractors, ASCs and PXRSs must receive a State survey and formal RO approval before they can be enrolled in Medicare. As such, once it finishes reviewing the supplier's application the contractor can only make a recommendation for approval or denial to the State. The contractor shall not enroll the supplier unless and until it receives a document or other notification from the RO stating that the supplier has met all of the qualifications needed to obtain Medicare billing privileges. (This document is usually an approval letter or "tie-in notice.") Upon receipt of the tie-in notice or approval letter from the RO, the contractor shall enroll the ASC or PXRS effective on the date shown on the notice. This is the date from which the supplier can bill for services.

5.6.2.1 - ASC/PXRS Changes of Ownership (CHOWs)
(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Though ASCs and PXRSs are not specifically mentioned in 42 CFR §489.18, CMS generally applies the change of ownership (CHOW) provisions of said regulation to these two supplier types. CHOWs involving ASCs and PXRSs are therefore handled in accordance with the principles of 42 CFR §489.18 and Publication 100-07, chapter 3, sections 3210 through 3210.5(C). Note that the ROs make the final determination as to whether a CHOW has occurred (unless this function has been delegated).

As discussed in more detail in sections 12.2.1 and 12.2.2 of this manual, an ASC must sign a supplier agreement with Medicare prior to enrollment; PXRSs have no such requirement. The ROs may therefore handle CHOWs involving ASCs and PXRSs differently. To alleviate confusion and to ensure consistency, however, contractors will – unless stated otherwise – handle the CMS-855B processing of ASC CHOWs in the same manner as PXRS CHOWs.

5.6.2.1.1 - Determining Whether a CHOW Has Occurred
(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

A. Review of Sales Agreement

If the "Change of Ownership" box in section 1B of the CMS-855B is checked, the contractor shall ensure that the entire application is completed and that the supplier submits a copy of the sales agreement. The contractor shall review the sales agreement to determine whether:

1. *The ownership change qualifies as a CHOW under the principles of 42 CFR §489.18 and Pub. 100-07, chapter 3, section 3210.1D;*

2. *Its terms indicate that the new owner will be accepting assignment of the Medicare assets and liabilities of the old owner;*

3. *The information contained in the agreement is consistent with that reported on the new owner's CMS-855B (e.g., same names)*

If the sales agreement is unclear as to issues 1 and 2 above, the contractor shall request clarifying information from the supplier. (Note that some sales agreements may fail to specifically refer to Medicare supplier agreements, assets, and/or liabilities, therefore requiring a close review of the sales agreement in its totality.) The information shall be in the form of additional legal documentation or a letter. If the clarification – for whatever reason - requires an update to the supplier's CMS-855B application, the contractor shall request the submission of said update. In addition, if the contractor discovers discrepancies between the data in the sales agreement and that on the CMS-855B (issue 3 above), the contractor shall seek clarifying information and, if necessary, obtain an updated CMS-855B.

In reviewing the application and the sales agreement, the contractor shall keep in mind the following:

- *There may be instances where the parties in a CHOW did not sign a "sales agreement" in the conventional sense of the term; the parties, for example, may have documented their agreement in a "bill of sale." The contractor may accept this alternative documentation in lieu of a sales agreement so long as the document furnishes clear verification of the terms of the transaction.*

- *While a CHOW is usually accompanied by a TIN change, this is not always the case; there may be a few instances where the TIN remains the same. Conversely, there may be cases where a supplier is changing its TIN but not its ownership. So while a change of TIN (or lack thereof) is evidence that a CHOW has or has not occurred, it is not the most important factor; rather, the change in the provider's ownership structure is.*

- *CMS-855B CHOW applications may be accepted by the contractor up to 90 calendar days prior to the anticipated date of the proposed ownership change. Any application received more than 3 months in advance of the projected sale date shall be returned under section 3.2 of this manual.*

- *On occasion, an ASC or PXRS may submit a CMS-855B change of information to report a large-scale stock transfer or other significant ownership change that the supplier does not believe qualifies as a CHOW. If the contractor has any reason to suspect that the transaction in question may indeed be a CHOW, it shall request clarifying information (e.g., copy of the stock transfer agreement).*

If – after performing the necessary research – the contractor remains unsure as to whether a CHOW has occurred and/or whether the new owner is accepting assignment, the contractor may refer the matter to the RO for guidance. Such referrals to the RO should only be made if the contractor is truly uncertain as to whether a CHOW and/or acceptance of assignment has taken place and should not be made as a matter of course. A RO CHOW determination is usually not required prior to the contractor making its recommendation.

B. Processing Steps

After performing the steps identified in subsection (A) above, the contractor shall abide by the following:

1. *If the contractor believes that a CHOW has occurred but the new owner is not accepting the assets and liabilities of the old owner, the contractor shall treat the ASC/PXRS as a brand new supplier. It shall notify the ASC/PXRS that it must submit: (1) a CMS-855B voluntary termination to terminate the "old" facility, and (2) a CMS-855B initial enrollment for the "new" facility.*

2. *If the contractor believes that a CHOW has taken place and that the new owner is accepting the old owner's assets and liabilities, it shall process the application normally and make a recommendation for approval/denial to the State (with a cc: to the RO). If the*

valid CHOW/acceptance of assignment was accompanied by a change in TIN, the transaction must be treated as a CHOW notwithstanding the general rule that a TIN change constitutes an initial enrollment. In other words, the reporting rules regarding CHOWs/assignments in this particular situation take precedence over the "change of TIN" principle.

3. *If the contractor believes that a CHOW has not occurred and that the transaction merely represents an ownership change (e.g., minor stock transfer) that does not qualify as a 42 CFR §489.18-type CHOW, the transaction must be reported as a change of information. The only exception to this is if the change of information was accompanied by a change of TIN, in which case the supplier must enroll as a new entity.*

   Note that it is not uncommon for a supplier to undergo a financial or administrative change that it considers to be a CHOW but in actuality does not meet the regulatory definition identified in §489.18.

In scenario 2 above, the contractor shall not forward a copy of the CHOW application to the State agency until it has received and reviewed the final sales agreement. (In some cases, the supplier may submit an interim sales agreement with its application; this is acceptable, so long as it submits the final agreement in accordance with these instructions.) If the final sales agreement is not submitted within 90 days after the contractor's receipt of the new owner's application, the contractor shall reject the application. Though the contractor must wait until the 90th day to reject the application, the contractor may do so regardless of how many times it contacted the new owner or what type of responses (short of the actual receipt of the sales agreement) were obtained.

C. CHOWs and Address Changes

A new owner may propose to relocate the supplier concurrent with a CHOW. If the relocation is to a site in a different geographic area serving different clients than previously served and employing different personnel to serve those clients, the contractor shall notify the RO immediately. Unless the RO dictates otherwise, the supplier shall - per Pub. 100-7, chapter 3, section 3210.1(B)(5) - treat the transaction as an initial enrollment (and the supplier as a new applicant), rather than as an address change of the existing supplier.

5.6.2.1.2 - EFT Payments and CHOWs

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

In a CHOW, the contractor shall continue to pay the old owner until it receives the tie-in/approval notice from the RO. Hence, any request from the old or new owner to change the EFT account to that of the new owner shall be denied. It is ultimately the responsibility of the old and new owners to work out any payment arrangements between themselves while the CHOW is being processed by the contractor and the RO.

If – pursuant to the CHOW – the seller submits a CMS-855B voluntary termination, the contractor shall contact and explain to the seller that the ASC/PXRS will not receive any

payments until the RO approves the CHOW. (This is because, as explained above, payments must be sent to the seller until the tie-in/approval letter is sent). If the seller insists that its application be processed, the contractor shall process said termination; however, it shall first notify the facility/new owner and explain that payments will cease once the seller's termination is effective. In fact, it is highly recommended that, upon receipt of a CMS-855B CHOW application, the contractor contact the supplier to notify it of the payment rule identified in the previous paragraph.

5.6.3 - ASC/PXRS Tie-in Notices

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

(For purposes of this section 5.6.3, the terms "tie-in notices" and approval letters will be collectively referred to as tie-in notices. "Tie-out notices" are notices from the RO to the contractor that, in effect, state that the supplier's billing number, Medicare enrollment, practice location, etc., should be terminated.)

Although it may vary by RO, tie-in and tie-out notices are generally issued in the following circumstances:

- *Initial enrollment;*
- *CHOW;*
- *Addition or deletion of practice location;*
- *Voluntary or involuntary termination of billing number/enrollment.*

As each RO may have different practices for issuing tie-in and tie-out notices, it is suggested that the contractor contact its RO to find out the specific circumstances for which such notices are issued. This also applies to instances when the RO delegates the task of issuing tie-in or tie-out notices to the State agency. The contractor may accept such notices from the State in lieu of those from the RO. However, the contractor should first contact the applicable RO to confirm: (1) that the latter has indeed delegated this function to the State, and (2) the specific transactions (e.g., CHOWs, ASC site addition) for which this function has been delegated.

In addition:

- ***Review for Consistency** - When the contractor receives a tie-in notice from the RO, it shall review its contents to ensure that the data on the notice/letter matches that on the CMS-855B. If there are discrepancies (e.g., different legal business name, address), the contractor shall notify its DPSE liaison. It shall also contact the applicable RO to determine why the data is different.*

- ***Receipt of Tie-In When CMS-855B Not Completed** - If the contractor receives a tie-in notice from the RO but the supplier never completed the necessary CMS-855B paperwork, the contractor shall have the supplier complete and submit said*

paperwork. (This applies to initial applications, CHOWs, practice location additions, etc.)

- ***Creation of New L & T Record Unnecessary*** *- The contractor is not required to create a new L & T record in PECOS when the tie-in notice comes in, as the existing record should not be in a final status and can therefore be modified. Simply changing the L & T status is sufficient.*

5.6.4 - Out-of-State Practice Locations for Certified Suppliers

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

As a general rule, the question of whether a CMS-855B needs to be completed for each State in which the certified supplier performs services depends on three things: (1) State law, (2) the contractor jurisdictions involved, and (3) how the RO(s) wants to handle the situation. Consider the following scenario:

A supplier is enrolled in State X and now wants to perform services in State Y:

1. *Assume that X & Y are in the same contractor jurisdiction. If State Y requires an entity performing services in Y to be surveyed or if the RO says that the supplier must sign a separate supplier agreement, the supplier must submit an initial CMS-855B application for State Y in order to be a provider in that state. If a separate enrollment is not required, the supplier can simply submit a CMS-855B change of information request that adds the out-of-state location.*

2. *Assume that States X & Y are not in the same contractor jurisdiction. Here, the supplier must submit an initial CMS-855B application to the State Y contractor - irrespective of whether a separate survey or agreement is needed.*

In short, if a certified supplier wants to perform services in another State that is serviced by another contractor, a new enrollment with that contractor is required. If both States are in the same contractor jurisdiction, a CMS-855B initial application or a CMS-855B change of information will be necessary; whether an initial enrollment or a change request is required will depend on State law and what the RO says. In either case, the contractor must create a new enrollment record in PECOS – one for each State. (See section 7.2 of this manual for additional guidance.)

5.6.5 - State Surveys and the CMS-855B

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

A. Outdated Information

In general, information on the CMS-855B is still considered to be valid (even if outdated) notwithstanding a delay in the State survey. However, the supplier will be required to submit an updated CMS-855B application to the contractor if:

- *The contractor becomes aware of such a delay;*

- *The delay is the fault of the supplier; and*

- *At least 6 months have passed since the contractor sent its recommendation for approval to the State.*

If these criteria are met, the contractor shall send a letter to the supplier requesting an updated CMS-855B. The application must contain, at a minimum, any information that is new or has changed since the recommendation for approval was made, as well as a newly-signed certification statement. If no information has changed, the supplier may instead submit: (1) a letter on its business letterhead stating as such, and (2) a newly-signed CMS-855A certification statement.

If the supplier fails to furnish the requested information within 60 calendar days, the contractor shall submit a revised letter to the State that recommends denial of the supplier's application.

B. Future Effective Dates

In situations where the contractor cannot enter effective dates into PECOS because the supplier, its practice location, etc., is not yet established, the contractor may use the authorized official's date of signature as the temporary effective date. Once the provider and actual effective date is established (e.g., the tie-in notice is received), the contractor shall go into PECOS and change the effective date.

6.1.1 - Non-Certified Suppliers and Individual Practitioners

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Medicare carriers, including A/B *MACs* and the *NSC*, shall notify all suppliers regarding the disposition of their CMS-855 enrollment application. If the contractor approves a supplier's enrollment *(*except for *ASCs and PXRSs), it* shall notify the applicant *via* letter that *the* enrollment has been approved. The letter shall include *the NPI by which the supplier will* bill the Medicare program and the Provider Transaction Access Number (PTAN) that has been assigned to the supplier as an identifier for inquiries.

The approval letter should provide instructions on how suppliers should use the assigned PTAN whenever *they use* the contractor interactive voice response (IVR) system for inquires concerning claims status, beneficiary eligibility, check status or other supplier-related IVR transactions. CR 5061 and CR 5089 provide further guidance on the issuance and use of the PTAN.

In addition to instructing suppliers to use their NPI on electronic claim submissions, *the contractor* shall include language reminding suppliers to update *their NPPES record* whenever their information changes.

For claims submitted by physicians and non-physicians prior to the date of enrollment, the *contractor* shall follow the instructions in Pub. 100-04, chapter 1, section 70, with respect to the claim filing limit. Payments cannot be made for services furnished prior to the date the applicant is appropriately licensed. For initial enrollment, the *contractor* should use the date that the supplier started practicing at the practice location as the date it can begin submitting claims.

6.1.2 - Certified Providers and Certified Suppliers

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

(This section only applies to: (1) fiscal intermediaries when processing initial CMS-855A applications or CHOW, acquisition/merger, or consolidation applications submitted by the new owner; and (2) carriers when processing initial ASCs and PXRs applications.)

Once the contractor has completed its review of the provider or supplier's application and has decided to recommend approval, the contractor shall *send* a letter of recommendation for approval to the applicable State agency, with a copy going to the RO's survey and certification unit. (For those provider types that do not require a State survey, such as FQHCs, the letter can be sent directly to the RO.) The recommendation letter shall be written (not e-mailed) and, at a minimum, contain the following information:

- Supplier/Provider NPI Number;
- *CCN* Number (if available);
- Type of enrollment transaction (CHOW, initial enrollment, branch addition, etc.);
- *Contractor* Number;
- *Contractor* Contact Name;
- *Contractor* Contact Phone Number;
- Date Application Recommended for Approval;
- An explanation of any special circumstances, findings, or other information that either the State or the RO should know about.

The contractor shall also:

- Send a photocopy (not the original) of the final completed CMS-855 to the State agency, along with all updated CMS-855 pages, explanatory data, documentation, correspondence, final sales agreements, etc. The photocopied CMS-855 should be sent in the same package as the recommendation letter.

The contractor shall not send a copy of the CMS-855 to the RO unless the latter specifically requests it *or if the transaction in question is one for which State involvement is unnecessary.*

- Notify the applicant that the contractor has completed its initial review of the application. The notification can be furnished orally or in writing, and shall advise the applicant of the next steps in the enrollment process (e.g., site visit, survey). The *contractor* may, but is by no means required to, send a copy of its recommendation letter to the provider as a means of satisfying this requirement. However, the *contractor* should not send a copy to the provider if the recommendation letter contains sensitive information. In addition, when notifying the provider that the review is finished, the contractor is under no obligation to inform the provider as to the contents of the recommendation (i.e., approval or denial).

- Inform the applicant that it could take 6 to 9 months (or longer) for the provider or supplier to obtain its billing number. (In the case of a CHOW, the contractor shall specify that CMS cannot send payments to the new owner until the tie-in notice is issued.) This can be done at any time prior to, or in conjunction with, the notification to the provider of the completion of *its* review of the application. The contractor may notify the applicant of the phone numbers and e-mail addresses of the applicable State agency and RO that will be handling the survey and certification process from that point forward; the applicant *shall* also be *instructed* that all questions related to this process shall be directed to the State agency and/or RO.

6.1.3 - Approval of DMEPOS Suppliers

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

As stated in 42 CFR §424.57(b), a DMEPOS supplier must, among other things, meet the following conditions to be eligible to receive payment for a Medicare-covered item:

- *The supplier has submitted a completed CMS-855S, including all supporting documentation, to the NSC; and*

- *The item was furnished on or after the date the NSC issued to the supplier a DMEPOS supplier number conveying Medicare billing privileges.*

The date identified in the previous bullet represents the "date of approval."

11.1 - Non-CMS-855 Enrollment Activities

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

There are instances where the contractor processes non-CMS-855 forms and other documentation relating to provider enrollment. Such activities include:

- *EFT agreements (CMS-588) submitted alone;*

- *"Do Not Forward" issues;*
- *Par agreements (CMS-460);*
- *Returned remittance notices;*
- *Informational letters received from other contractors;*
- *Diabetes self-management notices;*
- *Verification of new billing services;*
- *Paramedic intercept contracts;*
- *1099 issues that need to be resolved.*

Unless specifically stated otherwise in this manual, the contractor shall not create an L & T record for any non-CMS-855 document or activity other than the processing of par agreements. The contractor should track and record all other activities internally.

11.2 - Contractor Communications

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

Medicare contractors (carriers and fiscal intermediaries) create Associate and Enrollment Records in the Provider Enrollment, Chain and Ownership System (PECOS). Ownership of an Associate or an Enrollment Record belongs to the contractor within whose jurisdiction the provider/supplier is located. PECOS permits only the contractor who created the Associate or the Enrollment Record (known as the owning contractor) to make any updates, changes, or corrections to those records. (In other words, the owning contractor is the only contractor that can make changes to the associate record.)

On occasion, the updates, changes, or corrections do not come to the attention of the owning contractor, but instead go to a different carrier or fiscal intermediary. In those situations, the contractor that has been notified of the update/change/correction (the "requesting" contractor) must convey the update/change/correction information to the owning contractor so that the latter can access the record in PECOS and make the update/change/correction.

The requesting contractor may notify the owning contractor via fax of the need to update/change/correct information in a provider's PECOS record. When the requesting contractor notifies the owning contractor of the needed update/change/correction, the following information must be furnished:

1. *The legal business name of the provider;*
2. *The provider's Medicare identification number;*
3. *The provider's NPI (by including a copy of the provider's NPI notification); and*

4. *The updated/changed/corrected data (by including a copy of the appropriate section of the CMS-855).*

The owning contractor, within 7 calendar days of receiving the requesting contractor's request for a change to a PECOS record, shall make the change in the PECOS record and notify the requesting contractor that the change has been made. Notification may occur by fax, e-mail, or telephone.

If the owning contractor – for whatever reason - feels uncomfortable about making the change, it shall contact its CO DPSE contractor liaison for guidance. Note that the owning contractor may ask the requesting contractor for any additional information about the provider it deems necessary (e.g., IRS documentation, licenses, Qualifier.net data). However, the former should not be overly obstructionist about the matter.

It is not necessary for the contractor to ask the provider for a CMS-855 change of information in associate profile situations. That is, if another intermediary asks the contractor/record holder to make a change to the record, the record holder need not ask the provider to submit a CMS-855 change request to it. It can simply work off of the CMS-855 copy that the requesting intermediary or carrier sent/faxed to the contractor. For instance, suppose Provider X is enrolled in two different intermediary jurisdictions – A and B. The provider enrolled with "A" first; its legal business name was listed as "John Brian Smith Hospital." It later enrolls with "B" as "John Bryan Smith Hospital." "B" has verified that "John Bryan Smith Hospital" is the correct name and sends a request to "A" to fix the name. "A" is not required to ask the provider to submit a CMS-855A change of information. It can simply use the CMS-855A copy that it received from "B."

11.4 - Reserved for Future Use

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

13.4 - External Reporting Requirements

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)

No later than the last day of January, April, July and October of each year, the contractor shall furnish to its DPSE liaison via e-mail the following information for the previous quarter:

A. Fiscal Intermediaries (includes A/B MACs)

- *Number of recommendations for denial of initial CMS-855A applications (including new owner CHOWs) and the three most frequent reasons for said recommendations;*

- *Number of revocations (or recommendations for revocations) and the three most frequent reasons for said actions.*

B. Carriers (includes A/B MACs)

- *Number of denials of initial CMS-855 applications (this includes denial recommendations for ASCs and PXRS) and the three most frequent reasons for said denials. (CMS-855B and CMS-855I denials shall be listed separately.)*

- *Number of revocations and the three most frequent reasons therefore. (CMS-855B and CMS-855I revocations shall be listed separately.)*

The contractor need not submit this data to CMS via any sort of spreadsheet. A simple e-mail is sufficient. The first report is due by January 31, 2008, and shall cover actions taken in October, November and December of 2007.

15 - Reserved for Future Use

(Rev. 233; Issued: 01-08-08; Effective/Implementation: 02-20-08)