

September 1, 2016
Announcement 1218

Provider Enrollment and Revalidation: Background, Ownership and Disclosure of Disclosing Entity

Provider Enrollment and Provider Revalidation requires providers to disclose information regarding background, ownership and controlling interest information for the entity they are enrolling. This is a significant step in the enrollment and revalidation process, because it fulfills the federal requirements as outlined in 42 CFR 455.100 – 455.106

A person with an ownership or controlling interest means a person or corporation that:

- Has an ownership interest totaling 5 percent or more in a disclosing entity;
- Has an indirect ownership interest equal to 5 percent or more in a disclosing entity;
- Has a combination of direct and indirect ownership interests equal to 5 percent or more in a disclosing entity;
- Owns an interest of 5 percent or more in any mortgage, deed of trust, note or other obligation secured by the disclosing entity if that interest equals at least 5 percent of the value of the property or assets of the disclosing entity;
- Is an officer or director of a disclosing entity that is organized as a corporation; or
- Is a partner in a disclosing entity that is organized as a partnership.

The enrollment/revalidation application requires that any person having direct or indirect ownership interest or controlling interest in the disclosing entity and any subcontracting company in which the disclosing entity has direct or indirect ownership interest of 5 percent or more are subject to disclosure. 42 CFR 455.101 defines “Disclosing Entity” as Medicaid providers (other than individual practitioners or groups of practitioners) and “Managing Employee” as a general manager, manager, administrator, director, or other individual who exercises operational or managerial control over, or who directly or indirectly conducts the day-to-day operation of an institution, organization or agency. 42 CFR 455.104 states all disclosing entities must provide the name, address, date of birth (DOB), and Social Security Number (SSN) of any managing employee of the disclosing entity.

Entities that are formed as a corporation are subject to additional disclosure requirements regarding ownership or control interest. Persons with ownership or control of a disclosing entity includes “officers” and “directors” including for-profit corporations, non-profit corporations, closely-held corporations, limited liability corporations, and any other type of corporation authorized under state law. All officers and directors must be disclosed, regardless of their number (e.g., 100 board members) and even if they serve in a voluntary (e.g., unpaid) capacity. Also, if a non-profit corporation has “trustees” instead of officers or directors, these trustees must be disclosed. **Therefore, if a corporation is owned by another entity, disclosure of individuals owning that entity is also required.**

If information is missing or disclosed incorrectly, it will result in a delay or denial of enrollment or revalidation with Nevada Medicaid.

To view the full regulation 42 CFR § 455 - Subpart B Disclosure of Information by Providers and Fiscal Agents, please visit: <http://www.ecfr.gov/cgi-bin/text-idx?rgn=div6&node=42:4.0.1.1.13.2>

Additionally, the Centers for Medicaid & Medicare Services (CMS) recently published the Medicaid Provider Enrollment Compendium (MPEC), which contains sub-regulatory guidance and clarifications on the federal regulations at 42 CFR 455. To view the Program Integrity provisions on the Medicaid.gov website, please visit: <https://www.medicaid.gov/affordablecareact/provisions/program-integrity.html>