

Change of Ownership Frequently Asked Questions

Question: Do all Changes of Ownership (CHOWs) require a CMS approved novation?

Answer: No. Please refer to Chapter 12 on the types of transactions that would require a novation. Contact your account manager when your organization is contemplating a CHOW to determine whether a novation would be required.

Question: Can a Medicare Advantage Organization (MAO) novate its Medicare book of business to any type of entity?

Answer: Per our regulations at 42 CFR §422.552(a)(3)(iii), the acquiring entity must meet the requirements to qualify as an MA organization under subpart K of 42 CFR §422, governing the Medicare Advantage Program. (Please refer to the documents section for links to these specific regulations).

An organization that is not an approved MAO but is planning on acquiring another MAO's Medicare book of business through novation should contact their account manager for details on qualification as an MAO through our application process. [Medicare Advantage Application Materials](#) are also posted on CMS's website.

Question: Is a novation still required if the Medicare Book of Business is being novated to an affiliated entity (under the same parent organization)?

Answer: The same conditions apply to affiliated entities as non-affiliated entities for the purpose of novation.

Question: My organization holds both Medicare Advantage plans and Prescription Drug Plans (PDPs). Do I only need one novation approval?

Answer: For any questions related to the novation of Prescription Drug Plans (PDPs), please contact Arianne Spaccarelli at Arianne.Spaccarelli@cms.hhs.gov. An organization with both MA or MA-PD plans and PDP plans will need novation approvals from both the Medicare Drug & Health Plan Contract Administration Group (MCAG) and the Medicare Drug Benefit and C & D Group (MDBG).

Question: Does the MA service area covered by the MAO acquiring the contracts through novation need to match the service area of the contract being novated?

Answer: The acquiring MAO needs to operate in a service area that at a minimum covers the entire service area covered by the contract(s) being novated. If the acquiring entity's service area does not already cover the service area of the contract being novated, then the acquiring entity will have to apply for a service area expansion. Please contact your account manager for more details about this process.

Question: When can my organization expect approval for their novation request?

Answer: There is no specific timeframe in which a novation will be approved. CMS requires that an organization contemplating a CHOW notify CMS a minimum of 60 days prior to the desired date of novation. For notice requirements please refer to Chapter 12.

Question: I am a PACE Organization contemplating a CHOW, are the requirements in Chapter 12 applicable?

Answer: If you are a PACE Organization there are elements of Chapter 12 which are not applicable. Contact your account manager so that you can set up a meeting with CMS to discuss the PACE novation process.

Question: My organization operates a Dual Eligible Special Needs Plan (D-SNP). Is there anything additional that my organization should do if we are novating our Medicare book of business?

Answer: If your organization is operating a D-SNP you will need the State Medicaid Agency Contract novated with your MA-PD contract. This will require the State Medicaid Agency's approval.

Question: If my organization is undergoing a CHOW that does not require a novation but does require a name-change, who should we contact to have our name changed in CMS's systems?

Answer: Contact Arianne Spaccarelli at Arianne.Spaccarelli@cms.hhs.gov for questions about a name-change.

For additional information please refer to the documents section in this mailbox.