

CBIC / Round 2021

Round 2021

Contract Suppliers

CHANGE OF OWNERSHIP (CHOW) GUIDELINES AND RESPONSIBILITIES FACT SHEET



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Generally, under the terms of the DMEPOS Competitive Bidding Program contract, a contract supplier may not sell, assign, or transfer a contract. However, the Centers for Medicare & Medicaid Services (CMS) may transfer a contract to a successor entity that merges with, or acquires, a contract supplier if a change of ownership (CHOW) has taken place within the meaning of [42 CFR §414.422\(d\)](#). CMS may also transfer a portion of a contract in the case of a CHOW where a contract supplier sells a distinct company (for example, a subsidiary) that furnishes a specific product category or services in a specific competitive bidding area (CBA). The following table provides examples of when CMS considers a CHOW to have occurred for purposes of transferring a portion of or the entire competitive bidding contract:

Examples when a CHOW occurs:	Examples when a CHOW does not occur:
<ul style="list-style-type: none"> Contract supplier merges with or is acquired by another entity Sole proprietorship or partnership incorporates Contract supplier sells all of the assets involved in contract performance Contract supplier sells a distinct company, including all of the assets associated with furnishing a specific product category and/or servicing a specific CBA (transfer of a portion of a contract) 	<ul style="list-style-type: none"> Entity converts from an S corporation to a C corporation Stock purchases where the contract supplier remains in control of the assets involved in performance of its competitive bidding contract¹

A CHOW does not automatically grant contract supplier status to the successor entity. Consistent with 42 CFR §414.422(d) and [section 1847\(b\)\(6\)](#) of the Social Security Act, CMS may permit the full transfer or transfer of a portion of a competitive bidding contract if, among other requirements, the successor entity assumes all rights, obligations, and liabilities of the competitive bidding contract. Contract suppliers who seek to have their entire contract transferred or a portion of their contract transferred to the successor entity should refer to the applicable fact sheet:

- [Transfer of Entire Contract](#) fact sheet
- [Transfer a Portion of a Contract](#) fact sheet

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Contract suppliers are also reminded of the mandatory disclosure of [subcontracting](#) arrangements set forth in 42 CFR §414.422(f). Disclosures must be completed in Connexion, the program's secure portal. Please follow the steps in the [Uploading Documents in Connexion Quick Reference](#) guide.

¹ Per Article VI of the R2021 DMEPOS Competitive Bidding Program Contract: To ensure proper claim payments and to maintain accurate records, contract suppliers shall comply with all CMS enrollment requirements, and also notify the Competitive Bidding Implementation Contractor (CBIC) when any CHOW or stock transfer occurs. If a stock purchase results in an ownership interest totaling at least 5 percent of the contract supplier, the contract supplier must notify the National Supplier Clearinghouse (NSC) per existing NSC requirements, with a courtesy copy of the documentation to the CBIC.

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