

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Region VI
1301 Young Street, Room 833
Dallas, Texas 75202

April 27, 1998

REGIONAL SURVEY AND CERTIFICATION LETTER NO: 98-06

To: All State Survey Agencies
All Title XIX Single State Agencies

Subject: Provider Change in Location and the Selling of Medicare Provider Numbers

During the time that the home health agency moratorium was in effect, we started encountering a great deal of interest in the selling and/or purchasing of existing Medicare home health agency provider numbers. A Medicare provider number is just a means of identifying facilities which participate in the Medicare program. When there is a change of ownership for Medicare purposes, we anticipate that there is a transfer of ownership in a business entity and that the entity continues to provide services to the community. However, now we are being asked by the individuals wanting to purchase a "provider number" about discharging the current provider's patients and then moving that provider to a new location, which in some cases may be several hundred miles from the providers current location.

The purchasing entity is not buying a Medicare number it is obtaining an agency which is in full operation and meets the Medicare regulations. The Medicare number is an identification for Medicare purposes. If a change in location is requested by the facility, the facility should continue to serve the same patients, continue to employ the same staff, and not be moving out of the geographic area for which it was approved. If so, the move will be processed as a cessation of business. Also, a HHA must provide home health services principally to individuals who reside in a defined geographic area which is usually determined to be no further than one to one and a half hour driving distance from the parent agency. This ensures safe and timely treatment of the HHA patients.

In the situation described above, it is likely that there has been or will be a cessation of business on the part of the provider, effective with the date on which the provider ceased providing services to the community (refer to 42 CFR 489.52 (b)(3)). If your agency learns of a situation in which a change of ownership and/or a change of address would involve the discharge of the providers current patients and the re-location of the entity to a another community or geographic area of the state, please alert this office, so we can discuss the situation with you and determine whether or not the matter may constitute a cessation of business.

If you have any questions about this issue or want to discuss it in more detail, please call Jann Caldwell at (214) 767-4401 or Mitchell Chunn at (214) 767-4446.

Sincerely,

{Signature on File}

Calvin Cline, Branch Chief
Survey and Certification Operations
Division of Medicaid and State Operations