Kansas Administrative Regulations

Kansas Department for Children and Families

Article 5.—Provider Participation, Scope of Services, and Reimbursements for the Medicaid (Medical Assistance) Program

30-5-81t. Hospital change of ownership.

(a) Agency notification and provider agreements.

(1) Each hospital shall notify the agency in writing at least 60 days prior to the effective date of the change of ownership. Failure to do so shall result in the forfeiture of rights to payment for covered services provided to recipients by the previous owner or owners in the 60-day period prior to the effective date of the change of ownership. Failure to notify the agency in writing at least 60 days prior to the effective date of the change of ownership shall result in the new owner or owners assuming responsibility for any overpayment made to the previous owner or owners before the effective date of the change of ownership. This shall not release the previous owner of responsibility for such overpayment. This notification requirement may be waived at the discretion of the secretary based upon the showing of good cause by a hospital changing ownership. The new owner or owners shall submit an application to be a provider of services in the program and shall not receive reimbursement for covered services provided to recipients from the effective date of the change of ownership until the date upon which all requirements for participation pursuant to K.A.R. 30-5-59 have been met or until the date upon which an application to be a provider of services in the program is received by the Kansas department of social and rehabilitation services, whichever is later.

(2) At least 60 days before the dissolution of the business entity, the change of ownership of the business entity, or the sale, exchange or gift of 5% or more of the depreciable assets of the business entity, the agency shall be notified in writing. If the business entity fails to provide 60 days written notice, no reimbursement shall be made. This notification requirement may be waived at the discretion of the secretary based upon the showing of good cause by a hospital changing ownership.

(3) If a sole proprietor not incorporated under applicable state law transfers title and property to another party, a change of ownership shall have occurred. An application to be a provider of service shall be submitted to the agency by the new owner and affiliated providers.

(4) Transfer of participating provider corporate stock shall not in itself constitute a change of ownership. Similarly, a merger of one or more corporations with the participating provider corporation surviving shall not constitute a change of ownership. A consolidation of two or more corporations which creates a new corporate entity shall constitute a change of ownership, and an application to be a provider of services shall be submitted to the agency by the new owner and affiliated providers.

(5) Each partnership that is dissolved shall not require a new provider agreement if at least one member of the original partnership remains as the owner of the facility. Each addition or substitution to a partnership or any change of ownership resulting in a completely new partnership shall require that an application to be a provider of services shall be submitted to the agency by the new owner and affiliated providers.

(6) The change of or a creation of a new lessee, acting as a provider of services, shall constitute a change of ownership. An application to be a provider of services shall be submitted to the agency by the new lessee and affiliated providers. If the lessee of the facility purchases the facility, the purchase shall not constitute a change in ownership.

(b) Certification surveys. Each new owner or owners shall be subject to a certification survey by the department of health and environment and, if certified, the period of certification shall be as established by the department of health and environment.

(c) Cost limitations.

(1) For each asset in existence on July 18, 1984, which is subsequently sold, the valuation of the asset for reimbursement purposes shall be the lesser of the allowable acquisition cost of the asset to the owner of record on July 18, 1984, or the acquisition cost of the asset to the new owner.

(2) For each asset not in existence on July 18, 1984, the valuation of the asset for reimbursement purposes shall be the lesser of the acquisition cost of the asset to the first owner of record or the acquisition cost of the asset to the new owner.

(3) Costs attributable to the negotiation or settlement of the sale or purchase of any capital asset on or after July 18, 1984, shall not be allowable. The effective date of this regulation shall be July 1, 1989.

(Authorized by and implementing K.S.A. 39-708c; effective, T-85-34, Dec. 19, 1984; effective May 1, 1985; amended May 1, 1986; amended May 1, 1988; amended July 1, 1989.)