

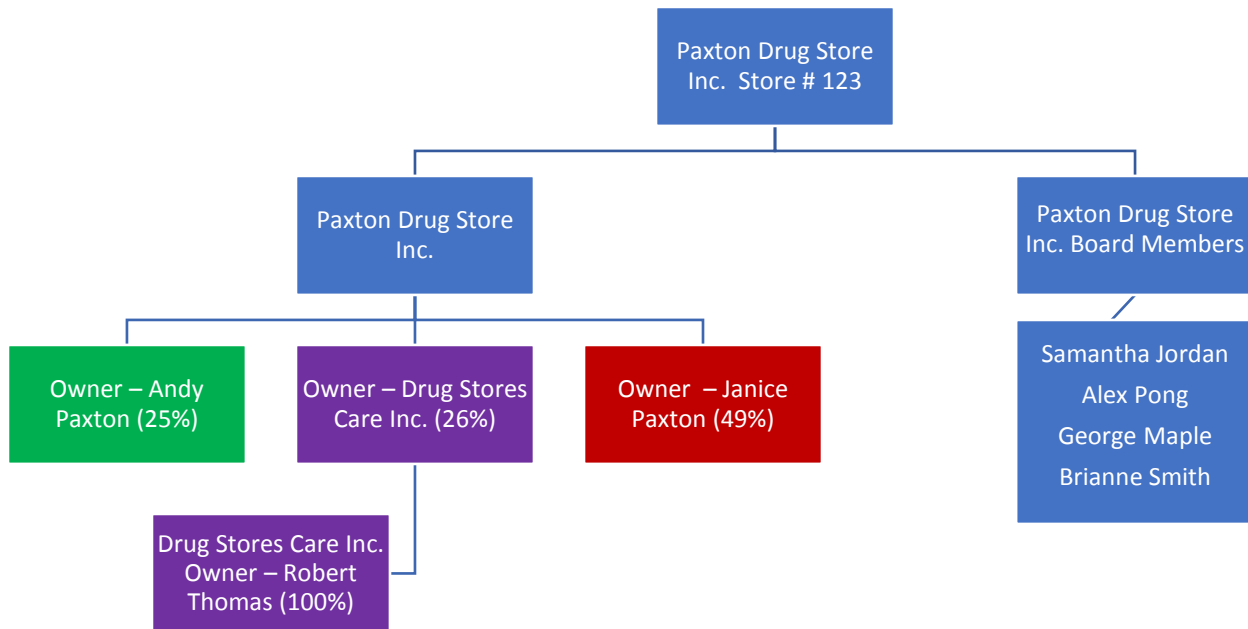
Chapter 2 Addendum. Ownership & Relationships Example

As part of the modernized Medicaid Management Information System (MMIS) update on February 1, 2019, providers are now required to identify all ownership in their company and outline the relationships that exist as outlined in Chapter 2 of the Online Provider Enrollment User Manual.

This process can be complex, so the purpose of this addendum is to provide an example.

2.1 Storyline

Paxton Drug Store #123 is completing their initial provider enrollment application. They are owned by Paxton Drug Store Inc. The parent company has four board members: Samantha, Alex, George and Brianne. Paxton Drug Store Inc. is owned by Andy Paxton, Janice Paxton and Drug Stores Care Inc. This company is owned by Robert Thomas.



2.2 Completing the Ownership Information Section

The provider must input all details regarding information:

- Paxton Drug Store owns 100% of Paxton Drug Store #123.
- Samantha Jordan, Alex Pong, George Maple and Brianne Smith are board members, but do not own any shares of the company.
- Andy Paxton owns 25% of Paxton Drug Store, Janice Paxton owns 49% and Drug Stores Care owns 26%.
- Robert Thomas owns 100% of Drug Stores Care.

Provider Enrollment: Ownership & Disclosure ?

[Welcome](#) * Indicates a required field.

[Request Information](#)

[Specialties](#)

[Addresses](#)

[Provider Identification](#)

[EFT Enrollment](#)

[Other Information](#)

Ownership & Disclosure

[Agreement](#)

[Attachments](#)

[Summary](#)

Ownership Information

Completion of this section is a condition of participation in the Nevada Medicaid program and is mandated by 42CFR 7455.100 ? 106. Click [here](#) to view the full regulation

Ownership is defined as all individuals and corporations having direct or indirect ownership interest, or controlling interest in the disclosing entity (this includes relatives) and for any subcontracting company in which the disclosing entity has direct or indirect ownership of 5 percent or more. Agent is defined as any person who has been delegated the authority to obligate or act on behalf of a provider. Managing Employee is defined as a general manager, business manager, administrator, officer, 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. Board Member is defined as anyone who sits on a board of directors for any entity.

Information is required on the following:

- ▶ Group and Individual Enrollment applicants are required to enter all individuals or entities that:
 - ▶ have a direct or indirect ownership interest or controlling interest in the disclosing entity of 5 percent or more;
 - ▶ have 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.
- ▶ Group and Individual Enrollment applications are required to indicate the chain of ownership between the direct and indirect owners. Use the Related Corporations, Owners, Agents or Managing Employees Information grid below to indicate the chain of ownership.
- ▶ Group and Individual Enrollment applications are required to enter all Agents and Managing Employees.
- ▶ Group applications are required to enter all board member(s) if they are formed as a corporation.
- ▶ Anyone listed in the above entities that own 5 percent or more of any other business (health care related or non-health care related) is required to disclose that information.

Note: Owners are generally the Corporation or Owner entity types, but can also be board members/trustees. The information on ownership, board member(s), managing employee(s), and agent(s) needs to be added in the Ownership (Direct & Indirect) / Managing Employee grid below. Ownership information sent as an attachment will not be accepted.

This is not required for:

- ▶ Individuals linking to group
- ▶ Provider Type 38
- ▶ Groups and individuals with a Special Ownership type value of Government or State Owned selected on the Provider Identification panel

Note: County owned organizations, Non-Profit organizations, and school districts are required to disclose all Board Members and Managing Employees/Agents.

Click "+" to view or update the details in a row. Click "-" to collapse the row. Click "Remove" link to remove the entire row.

| Ownership (Direct & Indirect) / Managing Employee | | | | | | |
|---|------------------------------|----------------------|-------------------|----------------|--------|------------------------|
| # | Type of Entity | Legal Name | Federal Tax ID | % of Ownership | Action | |
| + | 1 | Corporation | Paxton Drug Store | 684864644 | 100 | Remove |
| + | 2 | Board Member/Trustee | Samantha Jordan | 549227364 | 0 | Remove |
| + | 3 | Board Member/Trustee | Alex Pong | 281228574 | 0 | Remove |
| + | 4 | Board Member/Trustee | George Maple | 254681538 | 0 | Remove |
| + | 5 | Board Member/Trustee | Brianne Smith | 425116842 | 0 | Remove |
| + | 6 | Owner | Andy Paxton | 225683148 | 25 | Remove |
| + | 7 | Owner | Janice Paxton | 254169841 | 49 | Remove |
| + | 8 | Corporation | Drug Stores Care | 625479153 | 26 | Remove |
| + | 9 | Owner | Robert Thomas | 259741258 | 100 | Remove |
| + | Click to add Type of Entity. | | | | | |

2.3 Completing the Ownership or Controls Relationship Section

Now that all corporations, board members and owners have been input, the provider must link the people and/or corporations. This section does not include board members.

- Andy, Janice & Drug Stores Care are owners of Paxton Drug Store
- Andy is the spouse of Janice Paxton
- Robert Thomas owns Drug Stores Care

Ownership or Control Relationships

In the Related Corporations Owners, Agents or Managing Employees Information grid below, indicate if any person (individual or corporation) with an ownership or control interest in the disclosing entity is related to another person with ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling.

Group and Individual Enrollment applications are required to use this grid to indicate the chain of ownership between the direct and indirect owners.

Is any person (individual or corporation) with an ownership or control interest in the disclosing entity related to another person with ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling; or is any disclosed corporation an owner of any other disclosed corporation?

* Yes No

| Related Corporations, Owners, Agents, or Managing Employees Information | | | | |
|---|--|------------------|--|------------------------|
| # | Corporation/Owner/Agent/Managing Employee Name | Relationship | Corporation/Owner/Agent/Managing Employee Name | Action |
| | Andy Paxton | Is The Owner Of | Paxton Drug Store | Remove |
| | Janice Paxton | Is The Owner Of | Paxton Drug Store | Remove |
| | Andy Paxton | Is The Spouse Of | Janice Paxton | Remove |
| | Drug Stores Care | Is The Owner Of | Paxton Drug Store | Remove |
| | Robert Thomas | Is The Owner Of | Drug Stores Care | Remove |
| | Click to add Relationship information. | | | |

2.4 Note about Completing the Ownership Information Section

There may be times when ownership total does not equal 100%, as it did in Section 2.2, because some owners own less than 5% and would not be listed. When that happens, put detailed notes in the *Explanation if total ownership is less than* field.

There may also be times when the parent company is publicly traded and cannot provide people's names who own 5% or more of the company. In this situation, it is suggested to attach a letter explaining the circumstances to aid in processing the application more quickly.

Click "+" to view or update the details in a row. Click "-" to collapse the row. Click "Remove" link to remove the entire row.

| Type of Entity Information | | | | | | |
|----------------------------|------------------------------|-------------------|----------------|----------------|--------|------------------------|
| # | Type of Entity | Legal Name | Federal Tax ID | % of Ownership | Action | |
| | 1 | Owner | Mike Jones | 123456789 | 92 | Remove |
| | 2 | Managing Employee | Sandy Smith | 123456789 | N/A | Remove |
| | Click to add Type of Entity. | | | | | |

***Explanation if total ownership less than 100%**

There are two people who own 4% each.