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## Title 42 – Public Health

### Chapter IV – Centers for Medicare & Medicaid Services, Department of Health and Human Services

#### Subchapter B – Medicare Program

#### Part 424 – Conditions for Medicare Payment

#### Subpart P – Requirements for Establishing and Maintaining Medicare Billing Privileges

**Source:** 71 FR 20776, Apr. 21, 2006, unless otherwise noted.

**Authority:** 42 U.S.C. 1302 and 1395hh.

**Source:** 53 FR 6634, Mar. 2, 1988, unless otherwise noted.

#### § 424.550 Prohibitions on the sale or transfer of billing privileges.

- (a) **General rule.** A provider or supplier is prohibited from selling its Medicare billing number or privileges to any individual or entity, or allowing another individual or entity to use its Medicare billing number.
- (b) **Change of ownership.** In the case of a provider undergoing a change of ownership in accordance with part 489, subpart A of this chapter, the current owner and the prospective new owner must complete and submit enrollment applications before completion of the change of ownership. If the current owner fails to complete and submit an enrollment application to report the change, the current owner may be sanctioned or penalized, even after the date of ownership change, in accordance with §§ 424.520, 424.540, and 489.53 of this chapter. If the prospective new owner fails to submit a new enrollment application containing information concerning the new owner within 30 days of the change of ownership, CMS may deactivate the Medicare billing number. If an incomplete enrollment application is submitted, CMS may also deactivate the Medicare billing number based upon material omissions on the submitted enrollment application, or based on preliminary information received or determined by CMS that makes CMS question whether the new owner is ultimately granted a final transference of the provider agreement.
  - (1) Unless an exception in paragraph (b)(2) of this section applies, if there is a change in majority ownership of a home health agency (HHA) or hospice by sale (including asset sales, stock transfers, mergers, and consolidations) within 36 months after the effective date of the HHA's or hospice's initial enrollment in Medicare or within 36 months after the HHA's or hospice's most recent change in majority ownership, the provider agreement and Medicare billing privileges do not convey to the new owner. The prospective provider/owner of the HHA or hospice must instead do both of the following:
    - (i) Enroll in the Medicare program as a new (initial) HHA or hospice under the provisions of § 424.510 of this subpart.
    - (ii) Obtain a State survey or an accreditation from an approved accreditation organization.
  - (2)
    - (i) The HHA or hospice submitted 2 consecutive years of full cost reports since initial enrollment or the last change in majority ownership, whichever is later. For purposes of the exception in this paragraph (b)(2)(i), low utilization or no utilization cost reports do not qualify as full cost reports.
    - (ii) An HHA's or hospice's parent company is undergoing an internal corporate restructuring, such as a merger or consolidation.

(iii) The owners of an existing HHA or hospice are changing the HHA's or hospice's existing business structure (for example, from a corporation to a partnership (general or limited); from an LLC to a corporation; from a partnership (general or limited) to an LLC) and the owners remain the same.

(iv) An individual owner of an HHA or hospice dies.

(c) ***Suppliers not covered by part 489 of this chapter.*** For those suppliers not covered by part 489 of this chapter, any change in the ownership or control of that supplier must be reported on the enrollment application within 30 days of the change as noted in § 424.540(a)(2). Generally, a change of ownership that also changes the tax identification number requires the completion and submission of a new enrollment application from the new owner.

[71 FR 20776, Apr. 21, 2006, as amended at 74 FR 58134, Nov. 10, 2009; 75 FR 70465, Nov. 17, 2010; 75 FR 76293, Dec. 8, 2010; 86 FR 62421, Nov. 9, 2021; 88 FR 77878, Nov. 13, 2023]