

APPENDIX B
MISSISSIPPI STATE DEPARTMENT OF HEALTH

NOTICE OF INTENT TO CHANGE OWNERSHIP
(Must be accompanied by \$500.00 processing fee)

Part I: Facility Information

| | | | | | |
|--|--|------------|--|-----------|--|
| Facility Name: | | | | | |
| Address: | | | | | |
| City: | | State: | | Zip Code: | |
| County: | | Telephone: | | | |
| Number/Type of Licensed Beds: | | | | | |
| Type of Organization: (County owned, non-profit, for profit, etc.) | | | | | |

Part II: Purchaser/Lessee Information

| | | | | | |
|---|--|--------------------|--|-----------|--|
| Name of Organization: | | | | | |
| Address: | | | | | |
| City: | | State: | | Zip Code: | |
| County: | | Telephone: | | | |
| Changes in Number/Type of Licensed Beds: | | | | | |
| Type of Organization (non-profit, for profit, etc.) | | | | | |
| Primary Contact Person | | | | | |
| Name: | | Title or Position: | | | |
| Firm: | | | | | |
| Address: | | | | | |
| City: | | State: | | Zip Code: | |
| Telephone: | | Fax: | | | |
| E-mail Address: | | | | | |

Part III: Seller/Lessor Information

| | | | | | |
|---|--|--------------|--|-----------|--|
| Name of Organization: | | | | | |
| Address: | | | | | |
| City: | | State: | | Zip Code: | |
| Owner(s): | | Operator(s): | | | |
| Type of Organization (non-profit, for profit, etc.) | | | | | |

| Primary Contact Person | | | | |
|------------------------|--------|--|--------------------|--|
| Name: | | | Title or Position: | |
| Address: | | | | |
| City: | State: | | Zip Code: | |
| Telephone: | | | Fax: | |
| E-mail Address: | | | | |

Part IV: Type/Value of Consideration

| | | | |
|-----------------------------|--------------|-----------|-----------|
| Type Transaction: | Purchase () | Lease () | Other () |
| Describe other transaction: | | | |
| Purchase/Lease Cost: | | \$ | |
| Fair Market Value: | | \$ | |

Part V: Expected Date of Transaction: _____

Part VI: Provide the following:

- (a) The proposed (agreed upon) sales contract/lease agreement executed by the principals.
- (b) **NURSING HOMES ONLY.** Certification, from the Division of Medicaid, that no increase in allowable costs to Medicaid will result from revaluation of the assets or from increased interest and depreciation as a result of the proposed change of ownership.

Part VII: Complete and sign the attached Certification page.

Submitted by: _____
Name (Print or type)

Title

Date

Address (if different than page 1)

CERTIFICATION

I (we) do solemnly swear or affirm on behalf of _____ and _____, after diligent research, inquiry and study, that the information and material, contained in this foregoing Notice of Intent to Change Ownership is true, accurate, and correct, to the best of my (our) knowledge and belief. It is understood that the Mississippi State Department of Health and the Division of Medicaid, Office of the Governor, will rely on this information and material in making their decision as to the exemption from Certificate of Need Review, and if it is found that the application contains distorted facts or misrepresentation or does not reveal truth and accuracy, the Department may require Certificate of Need review.

I (we) solemnly swear or affirm that no revision or alteration of the Notice submitted will be made without notifying the Mississippi State Department of Health.

| | |
|--------------------------------|-----------------------------|
| _____ Signature (Purchaser) | _____ Signature (Seller) |
| _____ Title | _____ Title |

Name of Facility

Sworn to and subscribed before me, this the _____ day of _____, 20 ____.

Notary Public

My Commission Expires

APPENDIX C
CHANGES OF OWNERSHIP OR CONTROL OF HEALTH CARE
FACILITIES UNDER MISSISSIPPI STATE BOARD OF HEALTH
LICENSURE REGULATIONS

This regulation defines what constitutes a change of ownership or control necessitating notification of the Health Planning and Resource Development Division, Mississippi State Department of Health, and for purposes of issuing licenses to new owners/controllers by the Division of Licensure and Certification, Mississippi State Department of Health.

Definitions: The following definitions shall apply to this regulation:

A. Ownership:

- 1) That person, persons or entity ultimately responsible for the control of the day-to-day operations of the facility, as well as long-range planning and control; also
- 2) That person, persons or entity legally responsible for the liabilities which accrue by virtue of operation of a facility.

B. Change of Ownership:

Any mechanism which transfers actual or operational control from one or more persons or entities (owner) to another person, group of persons or entity (owner).

Examples:

- 1) The following illustrate, by way of example, the principle of changes of ownership. They are non-inclusive.
 - a. Transfers of title to the business enterprise. While this may include transfers of title to the real property constituting the facility, a transfer of title to the realty is not necessary to establish a change of ownership.
 - b. Changes in form of business enterprise, such as:
 - i) Formation of corporation or partnership by a sole proprietor.
 - ii) A proprietorship which elects to incorporate changes in ownership.
 - iii) A sale, gift or exchange of stock which results in a 50 percent or more change of stock ownership. For example, before a sale of stock, the ownership of A Corporation is as follows:

| <u>Shareholder</u> | <u>Percent Shares Owned</u> |
|--------------------|---------------------------------|
| Mr. X | 17 |
| Mr. Y | 22 |
| Ms. Z | 21 |
| Ms. C | 05 |
| Mr. D | <u>35</u> |
| Total | <u>100</u> |

After a stock sale, the proportion of ownership is as follows:

| <u>Shareholder</u> | <u>Percent Shares Owned</u> | <u>Percentage Change</u> |
|--------------------|---------------------------------|------------------------------|
| Mr. X | 17 | 0 |
| Mr. Y | 35 | 13 |
| Ms. C | 35 | 30 |
| Mr. M | 13 | <u>13</u> |
| | | <u>56</u> |

There has been a change of ownership of A Corp for licensure and certification purposes, for Certificate of Need purposes.

- iv) When two or more corporations merge, with the corporation holding the Mississippi health care facility surviving, no change of ownership has occurred. However, if the non-surviving corporations owned defined health care facilities, a change of ownership has occurred with respect to those facilities.
- v) Consolidation of two or more corporations resulting in a new corporate entity constitutes a change of ownership.
- vi) Under Mississippi law, the removal, addition, or substitution of one or more individuals as partners dissolves the old partnership and creates a new partnership. This constitutes a change of ownership.
- vii) Entering into a management agreement contract amounts to a change of ownership when it conveys a large measure of control. An example would be where the governing body of the management company or its agent has responsibility for developing and implementing policies and procedures, without the approval or concurrence of the former owner.

- viii) When a facility, once having achieved provider status, is leased in whole or in part, a change of ownership has occurred if the lessee will operate the business enterprise without substantial guidance or control from the lessor.
- ix) Transfers between departments of the same governmental entity are not changes of ownership.
- x) Transfers between different levels of government, such as city to county, state to county, etc., are changes of ownership.
- xi) Changes of ownership shall not result solely from the testamentary transfer of an interest in a facility, nor shall a transfer of any interest solely by descent and distribution under the laws of intestacy of Mississippi result in a change of ownership.

C. Licensing Agency:

The Mississippi State Department of Health, Division of Licensure and Certification.

There shall be full disclosure of facility ownership and control. In its initial application for licensure, the facility shall disclose:

- A. The ownership of the facility, including the names and addresses of the following: all stockholders, if the owner is a corporation; the partners, if the owner is a partnership; or the owner(s), if individually owned.
- B. The name, address, and capacity of each officer and each member of the governing body, as well as the individual(s) directly responsible for the operation of the facility.
- C. Owner's proof of financial ability for continuous operation.
- D. The name and address of the resident agent for service of process within the State of Mississippi if the owner shall not reside or be domiciled in the State of Mississippi.

In its Application for Renewal of License, the facility shall report annually:

- A. The name and address of the owner.
- B. The name and address of the operator.
- C. The name, address and capacity of each officer and each member of the governing body, as well as the individual(s) responsible for the operation of the facility.

When any changes shall be made in the constituency of the governing body, the officers or the individual(s) directly responsible for the operation of the facility, the facility shall notify the licensing agency in writing within 15 days of such changes, and shall also furnish to it a certified copy of that portion of the minutes of the governing body dealing with such change.

When change of ownership of a facility is contemplated, the facility shall notify the Division of Health Planning and Resource Development in writing at least 30 days prior to the proposed date of change of ownership, giving the name and address of the proposed new owner.

The facility shall notify the licensing agency in writing within 24 hours after any change of ownership, shall surrender its license therewith, and await issuance of its new license.