

## **Appendix 6**

# **Merger, Acquisition and Consolidation Policy for Recognition Programs**



## APPENDIX 6

### MERGER, ACQUISITION AND CONSOLIDATION POLICY FOR RECOGNITION PROGRAMS

#### The MAC Policy

This Merger, Acquisition and Consolidation Policy (“MAC Policy”) applies to all entities (practices, specialties, eligible providers and clinicians) Recognized by NCQA under an NCQA Recognition program. Mergers, acquisitions, consolidations and corporate reorganizations are treated the same under NCQA’s MAC Policy. The terms *merge*, *merged* and *merger* also refer to acquisitions, consolidations and reorganizations. Submit questions about this NCQA MAC Policy at My NCQA (<http://my.ncqa.org>).

At its sole discretion, NCQA may amend this or any other NCQA Recognition program policy with 30 calendar days' notice before implementation.

#### Definitions

<b>acquisition</b>	The purchase or transfer of ownership or control of a practice or clinician to another practice or entity; for example: <ul style="list-style-type: none"> <li>• Purchase of a practice by a hospital or health system.</li> <li>• Sale of assets, including sale of equipment and records, to a management practice association.</li> <li>• Sale of stock.</li> <li>• Transfer of a controlling interest on the governing board.</li> </ul>
<b>anniversary date</b>	For the PCMH/PCSP programs, the practice or specialty is Recognized until its next anniversary date, which is based on 12 months from the Recognition decision. The practice or specialty may be eligible to sustain Recognition through the annual reporting process.
<b>annual reporting date</b>	One month prior to the Recognition anniversary date. For a multi-site group, all associated practices or specialties may share the same annual reporting date. If NCQA aligns reporting dates for associated practices or specialties, this may result in a change to the recognition period.
<b>attestation</b>	Written statement by the Recognized entity that there are no changes in the processes and/or functions assessed by the Recognition standards as a result of a merger, acquisition, consolidation and/or reorganization, and that the Recognized entity continues to satisfy its obligations under the NCQA Recognition Program policies and procedures.
<b>audit</b>	Validation of evidence, procedures, attestations and other responses submitted by a practice or clinician. May be completed by email, teleconference, webinar or other electronic means, or through onsite review.

<b>consolidation</b>	A combination of processes and/or functions addressed under NCQA standards (e.g., integration of medical record systems into a centralized system) by two or more Recognized entities, which may result in a change to Recognition status or number of Recognized entities.
<b>Discretionary Review</b>	Review of a practice, specialty or clinician with a current Recognition status to assess continued compliance with standards in effect at the time of the most recent Recognition decision.
<b>duration</b>	<p>For the Patient-Centered Connected Care (PCCC), Diabetes Recognition Program (DRP) and Heart/Stroke Recognition Program (HSRP), Recognition remains in effect for three years from the date of the award.</p> <p>For PCMH/PCSP programs, Recognition status continues indefinitely, contingent on continued adherence to program standards, submission of annual reporting requirements and payment of annual fees.</p>
<b>MAC Review</b>	A review of a subset of the Recognition standards following notice of merger, acquisition, consolidation or reorganization.
<b>merger</b>	<p>Combining two or more formerly separate legal entities (e.g., professional corporations) into one legal entity. Clinic A merges with Clinic B, where Clinic B is the surviving entity, or Clinic X merges with Clinic Y to create Clinic Z, a new entity.</p> <p>If the transaction does not involve discontinuation of a legal entity, it should be reported as an acquisition or consolidation; for example, the parent company of Clinic 123 merges with another entity; Clinic 123 continues operations as a separate legal entity under the surviving entity of the merger. This is a transfer of ownership of Clinic 123 and is reported to NCQA as an acquisition.</p>
<b>new entity</b>	The new or surviving entity following a merger, consolidation or reorganization.
<b>Recognized entity</b>	<p>The practice, specialty, clinician or eligible provider that has demonstrated that it meets specific standards of care and has earned NCQA Recognition.</p> <p>The Recognition decision reflects the entity that is legally accountable for services offered to patients. NCQA considers the legal structure that is recognized and authorized under applicable federal or state law, and the degree of centralization of key functions assessed by the Recognition standards. If key functions are decentralized, NCQA may determine that there is more than one entity for a Recognition decision.</p>
<b>reorganization</b>	<p>The process of reorganizing or altering the corporate structure of an organization, including creating or dissolving an organization.</p> <p><b>Note:</b> Filing for petition for bankruptcy or the initiation of receivership, liquidation or state insurance supervision should be reported to NCQA as a Reportable Event under the NCQA Recognition Program, not under the MAC Policy.</p>

## Written Notice

### Timing of written notice

An NCQA-Recognized entity involved in a merger, acquisition, consolidation or corporate reorganization must notify NCQA within 30 calendar days following the merger, acquisition, consolidation or corporate reorganization, or earlier, if possible.

Send the notification by mail or submit via <http://my.ncqa.org>.

If by mail, send to the following address:

**National Committee for Quality Assurance**  
**1100 13th Street NW, Third Floor**  
**Washington, DC 20005**  
**Attention: AVP, Recognition Programs Operations**

Although written notice is required after a transaction, NCQA and the Recognized entity may discuss in advance the potential impact a pending transaction may have on Recognition status, reporting requirements and reporting dates.

### Content of written notice

The Recognized entity must outline the nature of the transaction in the NCQA MAC notification (to the extent possible), including, but not limited to:

- Practices, specialties, clinicians and other entities affected.
- Effective or closing date of the merger or other transaction, or, if not complete, the effective date of the merger or transaction.
- Projected time frames for implementation of merger, acquisition, consolidation and corporate reorganization activities, such as implementation of new processes or systems.
- Practice sites, locations and clinicians affected.
- Changes in legal entities, ownership or control structures.
- Areas of consolidation and changes in scope of services and/or functions assessed by the Recognition standards.
- Significant changes in structural processes, capabilities, workflows or EHR/EMR systems.
- Changes in how the Recognized entity will be marketed.

For transaction details that are not final at the time of written notice to NCQA, the entity should provide preliminary expectations and a timeline indicating when each item will be final.

**MAC Evaluation and Outcomes**

<b>Initial assessment</b>	<p>When NCQA receives notice of a merger, acquisition, consolidation or corporate reorganization, it evaluates the transaction's impact on Recognition status and reporting. Evaluation considers the Recognized entity's description of the transaction in the MAC notification, the existing Recognition status, the duration of Recognition and the anniversary date of all of practices, clinicians and other entities involved in the transaction. Because some mergers or consolidations may occur in stages or over a period of months, NCQA examines these situations on a case-by-case basis. Depending on evaluation results, NCQA may require the Recognized entity to submit to a review, as described in this policy. In some cases, NCQA may require resubmission of all Recognition standards for review if it determines that the new entity is not Recognized as a result of the transaction.</p> <p>A Recognized entity will lose its Recognition status if it refuses to provide an attestation or participate in a review required by NCQA.</p>
<b>When review is required</b>	<p>NCQA may require an attestation, a MAC Review, an audit, an Accelerated Transform Evaluation or a Full Transform Evaluation if a Recognized entity merges with a non-recognized entity or if significant changes to processes and/or EHR/EMR systems occur as the result of a merger. If NCQA aligns reporting dates for associated practices or specialties, it may affect the duration of a Recognition status.</p> <p>A Recognized entity will lose its Recognition status if it refuses to provide an attestation or fails to pass a MAC Review, an audit, an Accelerated Transform Evaluation or a Full Transform Evaluation required by NCQA.</p>
<b>When review is not required</b>	<p>NCQA does not typically require a MAC Review, an audit, an Accelerated Transform Evaluation or a Full Transform Evaluation if the merger involves only Recognized entities of similar Recognition status with no change in functions.</p> <p>The Recognition status of the merged entity may be based on the status of either the surviving entity or the entity whose policies and processes will be implemented following the merger.</p>
<b>Scheduling and cost</b>	<p>NCQA may schedule a MAC Review of a subset of Recognition standards within six months after the merger or consolidation date, or within six months of notification to NCQA of the merger or consolidation. If NCQA determines that a MAC Review is necessary, the review may include all affected entities. The organization bears the cost of a MAC Review, in accordance with NCQA pricing policies in effect at the time of the review.</p>

**MAC Review Process**

<b>The MAC Review includes...</b>	<p>A review of the Recognition standards or requirements affected by the merger, acquisition, consolidation or reorganization, including changes to the practice or provider's structural processes, capabilities, workflows, QI program measures or efforts, or to its EHR/EMR, or changes to key staff such as medical director, QI chair or transformation leader.</p>
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The MAC Review reviews concepts or clinical measures in effect at the time of the merger.

**Relevant evidence**

NCQA may request submission or a virtual review of relevant evidence for the MAC Review, including, but not limited to:

- Evidence that relates to the scope of review for changes in the practice or provider’s structural processes, capabilities, workflows or EHR/EMR, or to the clinician group and implementation.
- New documents showing policies and processes for the new entity.
- Pre-merger documents still in effect.
- Evidence of implementation demonstrating consistent adoption of policies and processes across Recognized entities.
- Updated Record Review Workbooks or Quality Measure and Improvement Worksheets, if applicable.
- Organizational charts that show pre- and post- transaction control and governance structures of the practice or entities.
- Articles of merger or other federal or state corporate filings, if applicable.
- Acquisition agreement, corporate records or other summary documentation showing the legal entities involved, if applicable.
- Marketing and advertising materials demonstrating use of the NCQA Recognition seal.

