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.

```
Paxton Drug Store
Inc. Store # 123
```

```
Paxton Drug Store
Inc.
```

```
Owner – Andy Paxton (25%)
```

```
Owner – Drug Stores Care Inc. (26%)
```

```
Owner – Janice Paxton (49%)
```

```
Drug Stores Care Inc.
Owner – Robert Thomas (100%)
```

```
Paxton Drug Store
Inc. Board Members
```

```
Samantha Jordan
Alex Pong
George Maple
Brianne Smith
```

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.
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
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.

<table>
<thead>
<tr>
<th>#</th>
<th>Corporation/Owner/Agent/Managing Employee Name</th>
<th>Relationship</th>
<th>Corporation/Owner/Agent/Managing Employee Name</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andy Paxton</td>
<td>Is The Owner Of</td>
<td>Paxton Drug Store</td>
<td>Remove</td>
</tr>
<tr>
<td>2</td>
<td>Janice Paxton</td>
<td>Is The Owner Of</td>
<td>Paxton Drug Store</td>
<td>Remove</td>
</tr>
<tr>
<td>3</td>
<td>Andy Paxton</td>
<td>Is The Spouse Of</td>
<td>Janice Paxton</td>
<td>Remove</td>
</tr>
<tr>
<td>4</td>
<td>Drug Stores Care</td>
<td>Is The Owner Of</td>
<td>Paxton Drug Store</td>
<td>Remove</td>
</tr>
<tr>
<td>5</td>
<td>Robert Thomas</td>
<td>Is The Owner Of</td>
<td>Drug Stores Care</td>
<td>Remove</td>
</tr>
</tbody>
</table>

*Explanation if total ownership is less than 100%

There are two people who own 4% each.