



1 Tex. Admin. Code § 353.1302

Quality Incentive Payment Program (QIPP): Change of Ownership (CHOW) and Program Eligibility

CHOW Requirements

1 Tex. Admin. Code § 353.1302(i) specifically describes the CHOW requirements applicable to nursing facilities that are applying for enrollment in, or are enrolled in, QIPP.

(i) Changes of ownership.

(1) A NF undergoing a CHOW from privately owned to non-state government-owned or from non-state government-owned to privately-owned will only be eligible to enroll as the new class of facility if HHSC received a completed CHOW application no later than 30 days prior to the first day of the enrollment period. All required documents pertaining to the CHOW (i.e., HHSC must have a complete application for a change of ownership license as described under 26 TAC §554.201 (relating to Criteria for Licensing) and 26 TAC §554.210 (relating to Change of Ownership and Notice of Changes) must be submitted in the timeframe required by HHSC.

(2) If an enrolled NF changes ownership, including to a new class of facility following the enrollment period or during the program period, the NF under the new ownership must meet the eligibility requirements described in this section for the new owner's facility class in order to continue QIPP participation during the program period.

(3) For program periods beginning on or after September 1, 2025, if an enrolled NF undergoes a CHOW that changes the class of the facility, from privately owned to non-state

government-owned or from non-state government-owned to privately owned, during the program period, the enrolled NF will be removed from the program for the remainder of the program period after the CHOW effective date.

(4) An enrolled NF must notify the MCOs it has contracts with of a potential CHOW at least 30 days before the anticipated date of the CHOW. Notification is considered to have occurred when the MCO receives the notice.

In state fiscal year 2025, a nursing facility that is enrolled in QIPP may, during the program period, undergo a CHOW regardless of whether the CHOW changes the nursing facility's class. This can include a non-state government-owned nursing facility undergoing a CHOW to another non-state governmental entity or a private facility or a private facility undergoing a CHOW to a non-state governmental entity or another private entity. The nursing facility, however, is still required to comply with 1 Tex. Admin. Code 353.1302(i)(2).

In state fiscal year 2026, in accordance with 1 Tex. Admin. Code 353.1302(i)(3), a nursing facility that is enrolled in QIPP may, during the program period, undergo only a CHOW that does not change the nursing facility's class if the nursing facility intends to continue participating in QIPP. If a nursing facility undergoes a CHOW that changes the facility's class during the program period, the nursing facility will be removed from QIPP for the remainder of the program period after the CHOW effective date.

HHSC is required to evaluate CHOWS that occur during the applicable QIPP program period, as well as CHOW applications that are received by HHSC no later than 30 days prior to the first day of the QIPP enrollment period, to determine if the nursing facility is eligible to enroll in, or to remain in, QIPP for the applicable program period.

Eligibility Criteria

The eligibility criteria for private nursing facilities seeking to enroll in, or enrolled in, QIPP has not changed and remains at a percentage of Medicaid nursing facility days of service that is greater than or equal to 65 percent, as outlined by 1 Tex. Admin Code 353.1302(c)(2).

According to 1 Tex. Admin. Code § 353.1302(c), for SFY 2025¹, to be eligible to participate in QIPP as a non-state government-owned nursing facility, the nursing facility must:

1. be located in the state of Texas in the same county as, or if separate counties, a contiguous county of, the non-state governmental entity taking ownership of the facility;
2. must be owned by the non-state governmental entity for no less than four years prior to the first day of the program period; or
3. must be able to provide documentation of activities that demonstrate an active partnership that have occurred in the prior two months before application as well as a detailed plan for maintaining the partnership in the months following the application date through the end of the program period.

While the recent amendment of 1 Tex. Admin. Code § 353.1302 moved the active partnership criteria from 1 Tex. Admin. Code § 353.1302(c)(1)(B) to 1 Tex. Admin. Code § 353.1302(c)(1)(E), the amendment did not change the content of the criteria. The criteria that demonstrate an active partnership have been in place since 1 Tex. Admin. Code § 353.1302 was adopted in December 2018.

According to 1 Tex. Admin. § 353.1302(c)(1)(E), the following criteria demonstrate an active partnership between the nursing facility and the NSGO that owns the nursing facility:

1. Monthly meetings (in-person or virtual) with NF administrative staff to review the NF's clinical and quality operations and identify areas for improvement. Meetings should include:

¹ For SFY 2026 and subsequent fiscal years, the same active partnership criteria apply, except the NSGO nursing facility must be able to provide documentation of activities that demonstrate an active partnership that have occurred in the **prior nine months before application** as well as a detailed plan for maintaining the partnership in the months following the application date through the end of the program period.

- a. patient observations;
 - b. regulatory findings;
 - c. review of Certification And Survey Provider Enhanced Reports (CASPER) reports, quality measures, grievances, staffing, risk, incidents, accidents, and infection control measures;
 - d. root cause analysis, if applicable; and
 - e. design of performance improvement plans.
2. Quarterly joint trainings on topics and trends in nursing home care best practices or on needed areas of improvement.
 3. Annual, on-site inspections of the NF by a non-state governmental entity sponsored Quality Assurance team.

Examples

In state fiscal year 2025, a private nursing facility enrolled in QIPP may undergo a CHOW to a non-state government-owned nursing facility during the state fiscal year 2025 program period; however, similar to prior years, the nursing facility under the new ownership is required to “meet the eligibility requirements described in this section for the new owner's facility class in order to continue QIPP participation during the program period.” Therefore, the newly classified non-state government-owned nursing facility would be required to either meet the same/contiguous county eligibility criteria. The eligibility requirements pertaining to ownership of four or more years or the demonstration of active partnership activities two months prior to the state fiscal year 2025 enrollment would not be applicable. The same scenario above would also apply to a non-state government-owned nursing facility undergoing a CHOW to a new non-state governmental entity. If the private nursing facility undergoes CHOW and maintains the private class, the eligibility criteria for a private nursing facility would still apply, “a percentage of Medicaid NF days of service that is greater than or equal to 65 percent,” in accordance with 1 Tex. Admin. Code § 353.1302(c)(2).

In state fiscal year 2026, under 1 Tex. Admin. Code § 353.1302(i)(3), a nursing facility enrolled in QIPP cannot undergo a CHOW that changes the

class of the facility during the state fiscal year 2026 program period if the facility intends to continue participating in QIPP. If a non-state governmental-owned nursing facility undergoes a CHOW to a new non-state governmental entity, the nursing facility will still be required to “meet the eligibility requirements described in this section for the new owner's facility class in order to continue QIPP participation during the program period.” Therefore, the newly classified non-state governmental-owned nursing facility will be required to meet the same/contiguous county eligibility criteria. The eligibility requirements pertaining to ownership of four or more years or the demonstration of active partnership activities nine months prior to the state fiscal year 2026 enrollment would not be applicable. If the private nursing facility undergoes CHOW and maintains the private class, the eligibility criteria for a private nursing facility would still apply, “a percentage of Medicaid NF days of service that is greater than or equal to 65 percent,” in accordance with 1 Tex. Admin. Code § 353.1302(c)(2).