

OMB Approval No. 0938-0685

EXAMPLES OF "INDIRECT" LEVELS OF OWNERSHIP FOR ENROLLMENT PURPOSES**Example 1 (Ownership)**

LEVEL 3	<i>Individual X</i> 5%	<i>Individual Y</i> 30%
LEVEL 2	<i>Company C</i> 60%	<i>Company B</i> 40%
LEVEL 1	<i>Company A</i> 100%	

- Company A owns 100% of the Enrolling Provider
- Company B owns 40% of Company A
- Company C owns 60% of Company A
- Individual X owns 5% of Company C
- Individual Y owns 30% of Company B

In this example, Company A (Level 1) is the direct owner of the Enrolling Provider. Companies B and C as well as Individuals X and Y are indirect owners of the Enrolling Provider. To calculate ownership shares using the above-cited example, utilize the following steps:

LEVEL 1

The diagram above indicates that Company A owns 100% of the Enrolling Provider. Company A must therefore be reported in Section 5.

LEVEL 2

To calculate the percentage of ownership held by Company C of the Enrolling Provider, multiply:

$$\begin{array}{l} \text{The percentage of ownership the LEVEL 1 owner has in the Enrolling Provider} \\ \textbf{MULTIPLIED BY} \\ \text{The percentage of ownership the LEVEL 2 owner has in that LEVEL 1 owner} \end{array}$$

It is known that Company A, the LEVEL 1 (or direct) owner, owns 100% of the Enrolling Provider. The diagram also indicates that Company C, a LEVEL 2 owner, owns 60% of Company A. As such, multiply 100% (or 1.0) by 60% (.60). The result is .60. Therefore, Company C indirectly owns 60% of the Enrolling Provider, and must be reported in Section 5.

Repeat the same procedure for Company B, the other LEVEL 2 owner. Because Company B owns 40% of Company A, multiply this figure by 100% (again, the ownership stake Company A has in the Enrolling Provider). Therefore, 1.0 multiplied by .40 equals .40, so Company B owns 40% of the Enrolling Provider, and must be reported in Section 5.

This process is continued until all LEVEL 2 owners have been accounted for.