Buy-Side Healthcare Regulatory Due Diligence

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What to have ready

A buyer, or its counsel, can shorten the review by assembling these items from the data room:

- Every current accreditation decision letter, with program names and expiry dates.
- The most recent survey reports and any open corrective action plans for each accreditation.
- An ownership chart showing each percentage that changes at closing, measured against ACHC's 5% notice threshold where ACHC accredits the target (ACHC [325], revised 09/04/2024 [https://cc.achc.org/Admin/ACHCDocument?Docnum=325], page opened October 3, 2026).
- The planned closing date, so the 30-day notice periods under ACHC [325] and CHAP's CHOW policy, the Medicare reporting periods under 42 CFR 424.516, and the enrollment applications that 42 CFR 424.550(b) requires before a provider change of ownership is completed can be placed on the deal calendar (42 CFR 424.516 [https://www.law.cornell.edu/cfr/text/42/424.516]; 42 CFR 424.550 [https://www.law.cornell.edu/cfr/text/42/424.550]).
- For a home health agency or hospice, the effective date of initial Medicare enrollment and of the most recent change in majority ownership (42 CFR 424.550(b)(1) [https://www.law.cornell.edu/cfr/text/42/424.550]).
- Confirmation of how billing will work after closing, since a provider or supplier may not sell or let another entity use its Medicare billing number (42 CFR 424.550(a) [https://www.law.cornell.edu/cfr/text/42/424.550]).
- For a DMEPOS supplier, the enrollment application information that will change at closing (42 CFR 424.57(c)(2) [https://www.law.cornell.edu/cfr/text/42/424.57]).
- For a CHAP-accredited target, the planned effective date of the change of ownership (CHAP, Change of Ownership (CHOW) [https://chapinc.org/resources/change-of-ownership-chow/]).
- State licenses for each site, with expiry dates.
- The current policy and procedure set, with approval dates.
- Counsel's written questions and the deal timeline.