meaning given the term in 48 CFR 19.101) through—
(A) Stock ownership;
(B) Stock options and convertible debentures;
(C) Voting trusts;
(D) Common management, including interlocking management; and
(E) Contractual relationships.
(ii) Deliver any health care services to Medicaid beneficiaries;
(iii) Conduct, on the State’s behalf, ongoing Medicaid managed care program operations related to oversight of the quality of MCO or PIHP services, except for the related activities specified in §438.358; or
(iv) Have a present, or known future, direct or indirect financial relationship with an MCO or PIHP that it will review as an EQRO.

§ 438.356 State contract options.
(a) The State—
(1) Must contract with one EQRO to conduct either EQR alone or EQR and other EQR-related activities; and
(2) May contract with additional EQROs to conduct EQR-related activities as set forth in §438.358.
(b) Each EQRO must meet the competence requirements as specified in §438.354(b).
(c) Each EQRO is permitted to use subcontractors. The EQRO is accountable for, and must oversee, all subcontractor functions.
(d) Each EQRO and its subcontractors performing EQR or EQR-related activities must meet the requirements for independence, as specified in §438.354(c).
(e) For each contract, the State must follow an open, competitive procurement process that is in accordance with State law and regulations and consistent with 45 CFR part 74 as it applies to State procurement of Medicaid services.

§ 438.358 Activities related to external quality review.
(a) General rule. The State, its agent that is not an MCO or PIHP, or an EQRO may perform the mandatory and optional EQR-related activities in this section.
(b) Mandatory activities. For each MCO and PIHP, the EQR must use information from the following activities:
   (1) Validation of performance improvement projects required by the State to comply with requirements set forth in §438.240(b)(1) and that were under way during the preceding 12 months.
   (2) Validation of MCO or PIHP performance measures reported (as required by the State) or MCO or PIHP performance measure calculated by the State during the preceding 12 months to comply with requirements set forth in §438.240(b)(2).
   (3) A review, conducted within the previous 3-year period, to determine the MCO’s or PIHP’s compliance with standards (except with respect to standards under §§438.240(b)(1) and (2), for the conduct of performance improvement projects and calculation of performance measures respectively) established by the State to comply with the requirements of §438.204(g).
   (c) Optional activities. The EQR may also use information derived during the preceding 12 months from the following optional activities:
      (1) Validation of encounter data reported by an MCO or PIHP.
      (2) Administration or validation of consumer or provider surveys of quality of care.
      (3) Calculation of performance measures in addition to those reported by an MCO or PIHP and validated by an EQRO.
      (4) Conduct of performance improvement projects in addition to those conducted by an MCO or PIHP and validated by an EQRO.
      (5) Conduct of studies on quality that focus on a particular aspect of clinical or nonclinical services at a point in time.
   (d) Technical assistance. The EQRO may, at the State’s direction, provide technical guidance to groups of MCOs or PIHPs to assist them in conducting activities related to the mandatory and optional activities that provide information for the EQR.

§ 438.360 Nonduplication of mandatory activities.
(a) General rule. To avoid duplication, the State may use, in place of a Medicaid review by the State, its agent, or