20.1 - Reasonable Cost Payments

(Rev. 4, 10-01-01)

If CMS reduces the frequency for submitting interim reports, the HMO/CMP will, nevertheless, be required to submit an interim cost report within 60 days of the end of its fiscal year detailing cost, utilization, and enrollment data for the entire fiscal year. This report, unless it contains obvious errors or inconsistencies, will be the basis for interim settlement with the HMO/CMP. (See section 20.1.2.)

20.1.1 - Adjustment of Payments

(Rev. 4, 10-01-01)

In order to maintain the interim payments at the level of current reasonable costs, CMS will adjust the interim per capita rate on the basis of adequate data supplied by the HMO/CMP in the interim estimated cost and enrollment reports or such other evidence that CMS may have which indicates that the rate based on actual costs is more or less than the current rate. Adjustments may also be made when there is:

- A material variation from the costs estimated when the annual operating budget was prepared;
- A significant change in the use of covered services by the HMO/CMP's Medicare enrollees; or
- A change in the number of Medicare enrollees in the HMO/CMP, and the per capita cost rate is affected.

The interim per capita rate is flexible and may be adjusted if the HMO/CMP submits a revised budget or enrollment forecast indicating that an adjustment is needed to maintain payments at the level of current costs.

20.1.2 - Interim Settlement Procedures for Medicare Cost-Based HMO/CMPs

(Rev. 4, 10-01-01)

Within 30 days of receipt of the HMO/CMP's final interim cost report and enrollment data or, in the case in which the HMO/CMP is not submitting quarterly reports, within 30 days of receipt of the interim cost report, CMS will attempt to make a determination of the HMO/CMP's estimated reimbursable costs. Obvious errors and inconsistencies will cause delays in CMS’s determination. This interim determination will be made on the basis of the interim cost report for the HMO/CMP referred to in sections 20 and 20.1. For this purpose, costs are accepted as reported except for obvious errors or inconsistencies, subject to later audit or review.

An interim settlement payment will be made amounting to the total difference between the amount found payable in the interim settlement determination, and the total capitation payments made to the HMO/CMP throughout the contract period. If the HMO/CMP has been underpaid, CMS will pay the difference within 30 days of the determination. If the HMO/CMP has been overpaid, a refund is due CMS within 30 days of the determination

or the due date of the report. The HMO/CMP may negotiate a repayment schedule with CMS if it is unable to pay the required amount by the 30-day deadline.