

50 - Payment for Provider Services

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The HMO/CMP may furnish hospital and other provider services through facilities that are owned and operated by the HMO/CMP or through arrangements with other providers. In either case, the calculation of Medicare's payment for services furnished to its Medicare enrollees is based on the reasonable cost incurred by the provider, or Medicare's prospective payment, if applicable. In calculating the reasonable cost of provider services, the principles and procedures set forth in the Provider Reimbursement Manual (Pub. 15), Part I, are to be used.

For provider services furnished through facilities owned or operated by the HMO/CMP or related to the HMO/CMP through common ownership or control and also for provider services furnished through arrangements with other providers, the calculation of Medicare's payment for such providers is identical to that which would be used if the provider had no Medicare HMO/CMP involvement. The allowable cost of the HMO/CMP in purchasing provider services through arrangements is described in Chapter 17, Subchapter B. The allowable cost of the HMO/CMP in furnishing provider services through facilities owned or operated by the HMO/CMP or related to it through common ownership or control is also described in Chapter 17, [Subchapter B](#), of this manual.

