

30.5 - Non-Allowable Interest Cost

(Rev. 4, 10-01-01)

Interest accrued on overpayments and interest on funds borrowed specifically to repay overpayments are not considered allowable costs to the HMO/CMP, up to the amount of the overpayment, unless the HMO/CMP had made a prior commitment to borrow funds for other purposes (e.g., capital improvements). However, when an overpayment determination is ultimately reversed in favor of the HMO/CMP, interest paid on funds borrowed to repay the overpayment and interest paid on funds borrowed to pay required interest on the overpayment will be considered an allowable cost.