

60 - Prudent Buyer Principle

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The HMO/CMP is expected to minimize costs incurred in furnishing physicians' and other Part B supplier services to the HMO/CMP's Medicare enrollees so that actual costs:

- Do not exceed what a prudent and cost conscious buyer would incur; and
- Are comparable to costs incurred for similar services furnished by similar physicians or other suppliers in the same or similar geographic area

If costs are determined to exceed the level that such buyers incur, in the absence of clear evidence that the higher costs were unavoidable, the excess costs are not paid under the Medicare program.