

## **110 - Infrequently Purchased Provider Services**

**(Rev. 4, 10-01-01)**

If a provider infrequently furnishes services to cost-based HMO/CMP enrollees, it may be paid more than reasonable cost or the amount determined under §1886 of the Act for that provider service, if the organization can prove that a real and tangible benefit was received.

For example, if the HMO/CMP has an arrangement with a provider (who is not related to the organization by common ownership and control) located outside the organization's service area, payment for the provider's charges to the organization for covered services (rather than the provider's reasonable costs or the amount determined payable under §1886 of the Act) could be justified if:

- The provider furnished services to the Medicare HMO/CMP enrollees on an infrequent basis;
- The charges represent an insignificant amount of payment to the HMO/CMP by Medicare; and
- The charges do not exceed the customary charges by the provider to other patients for similar services.

The advantages gained in this example include a more timely final settlement with the HMO/CMP and the elimination of administrative costs necessary to determine the provider's reasonable cost for these services.