

## **10.1 - Reasonable Cost Payments**

**(Rev. 30, 09-05-03)**

An HCPP is paid the reasonable cost of the covered nonprovider Part B services it furnishes directly to or arranges for its Medicare enrollees. The determination of reasonable cost is based on the Medicare reimbursement principles which are used to calculate the reasonable cost of hospitals, Skilled Nursing Facilities (SNFs), Home Health Agencies (HHAs), and other entities paid by the Medicare program on a cost basis and also on principles contained in this manual. In addition to the costs directly related to the provision of health services, the costs incurred by the HCPP such as marketing, enrollment, and membership expenses are also taken into account in determining reasonable costs.

The cost payment principles for HCPPs are discussed in detail in Chapter 18, Subchapter B.