

10.3 - Principles of Payments

(Rev. 30, 09-05-03)

HCPPs are paid each month, in advance, an interim rate for each Medicare enrollee. Retroactive adjustments are made during the year and at the end of the contract period to reconcile the interim payments made to the HCPP with the amount determined payable to the HCPP for services rendered to the HCPP Medicare enrollees during that period. Total reimbursement is calculated on the HCPP's final cost report.

10.3.1 - Budget and Enrollment Forecast

(Rev. 30, 09-05-03)

The HCPPs must submit an annual operating budget and enrollment forecast at least 60 days before the start of each reporting period. The operating budget uses estimated costs. The budget and enrollment forecast must reflect the HCPP's past experience and present the HCPP's anticipated enrollment and costs (both total and Medicare) for the coming reporting period. The reports are then used to compute the interim per capita rate. Its other purpose is to establish Medicare deductible and coinsurance premiums, including determining past over or under collections of such premiums and the budget period's voluntary under collection of premium. If the budget and enrollment forecast is not submitted on a timely basis, CMS may:

- Establish an interim per capita rate of payment on the basis of the best available data and adjust payments based on such a rate until such time as the required reports are submitted and the new interim per capita rate can be established, or

- Advise the HCPP if there is not enough data on which to base an interim rate, then interim payments will not be made until the required reports are submitted.

The CMS reserves the right to examine all records and statistical data used by the HCPP in completing these reports. To the extent the annual operating budget and enrollment forecast is accurate, interim payments will approximate the total CMS obligation.

10.3.2 - Interim Per Capita Rate

(Rev. 30, 09-05-03)

The interim per capita rate for an HCPP is determined by dividing estimated reimbursable costs of providing Medicare-covered services to the HCPP's Medicare enrollees by projected Medicare enrollee months for the reporting period. Estimated reimbursable costs and the projected number of Medicare enrollee months are derived from the HCPP's annual operating budget and enrollment forecast. The number of Medicare enrollees may be compared to CMS' latest updated records of enrollment for reasonableness. These records will identify the number of Medicare beneficiaries CMS has identified as enrollees of the HCPP.

10.3.3 - Interim Payment for HCPPs

(Rev. 30, 09-05-03)

At the beginning of each month, CMS will send the HCPP an interim payment. This payment is established by multiplying the interim per capita rate (see [§10.3.2](#)) by the number of the HCPP's Medicare members enrolled for that month. Each month CMS will determine the total number of Medicare beneficiaries enrolled in the HCPP to date. This number is increased or decreased by any changes in enrollment submitted by the HCPP or generated by CMS. In addition, certain retroactive adjustments will be made on an as needed basis.