

§ 434.1

434.67 Sanctions against HMOs with risk comprehensive contracts.

Subpart F—Federal Financial Participation

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AUTHORITY: Sec. 1102 of the Social Security Act (42 U.S.C. 1302).

SOURCE: 48 FR 54020, Nov. 30, 1983, unless otherwise noted.

Subpart A—General Provisions**§ 434.1 Basis and scope.**

(a) *Basis*. This part is based on sections 1902(a)(4) and 1903(m) of the Act. Section 1902(a)(4) requires that the State plan provide for methods of administration that the Secretary finds necessary for proper and efficient operation of the plan. Section 1903(m)(1)(A) of the Act defines an HMO as an entity that meets the requirements of the Public Health Service (PHS) Act to be a Federally qualified HMO, or meets two specified requirements pertaining to accessibility of services and fiscal solvency. Section 1903(m)(2)(A) limits risk-basis contracts for specified health services to entities that meet the HMO definition of section 1903(m)(1)(A) and sets forth certain enrollment and other requirements that these contracts must meet as a condition for FFP. Section 1903(m)(2)(B) exempts, from the limitations of section 1903(m)(2)(A), certain specified prepayment plans that are not HMOs.

(b) *Scope*. This part sets forth the requirements for contracts with certain organizations for furnishing Medicaid services or processing or paying Medicaid claims, or enhancing the agency's capability for effective administration of the program.

[48 FR 54020, Nov. 30, 1983; 48 FR 55128, Dec. 9, 1983]

§ 434.2 Definitions.

As used in this part, unless the context indicates otherwise—

Capitation fee means the fee the agency pays periodically to a contractor for each recipient enrolled under a contract for the provision of medical services under the State plan, whether or not the recipient receives the services during the period covered by the fee.

Clinical laboratory means a facility that examines materials derived from the human body, for the purpose of providing information for the diagnosis, prevention or treatment of a disease or the assessment of a medical condition.

Contractor means any of the following entities that contract with the Medicaid agency under a State plan and in return for a payment, to process claims, to pay for or provide medical services, or to enhance the agency's capability for effective administration of the program:

- (a) A fiscal agent.
- (b) A health care project grant center.
- (c) A private nonmedical institution.
- (d) A health insuring organization.
- (e) A health maintenance organization.
- (f) A prepaid health plan.
- (g) A clinical laboratory.
- (h) A professional management service or consultant firm.

Enrolled recipient means an individual who is eligible for Medicaid and who enters into an agreement to receive services from a health maintenance organization or prepaid health plan that contracts with the agency under this part.

Federally qualified HMO means an HMO that has been determined by HCFA to be a qualified HMO under section 1310(d) of the PHS Act.

Fiscal agent means an entity that processes or pays vendor claims for the agency.

Health care projects grant center means an entity that—

- (a) Is supported in whole or in part by Federal project grant financial assistance; and
- (b) Provides or arranges for medical services to recipients.

Health insuring organization (HIO) means an entity that—