

## § 417.480

(j) *Sanctions against the HMO or CMP.* CMS may apply intermediate sanctions, or the Office of Inspector General may apply civil money penalties described at §417.500, if CMS determines that an HMO or CMP fails to comply with the requirements of this section.

[61 FR 13446, Mar. 27, 1996; 61 FR 46385, Sept. 3, 1996, as amended at 61 FR 69049, Dec. 31, 1996; 68 FR 50855, Aug. 22, 2003]

### § 417.480 Maintenance of records: Cost HMOs and CMPs.

A reasonable cost contract must provide that the HMO or CMP agrees to maintain books, records, documents, and other evidence of accounting procedures and practices that—

- (a) Are sufficient to—
  - (1) Ensure an audit trail; and
  - (2) Properly reflect all direct and indirect costs claimed to have been incurred under the contract; and
- (b) Include at least records of the following:
  - (1) Ownership, HMO or CMP, and operation of the HMO's or CMP's financial, medical, and other recordkeeping systems.
  - (2) Financial statements for the current contract period and three prior periods.
  - (3) Federal income tax or information returns for the current contract period and three prior periods.
  - (4) Asset acquisition, lease, sale, or other action.
  - (5) Agreements, contracts, and sub-contracts.
  - (6) Franchise, marketing, and management agreements.
  - (7) Schedules of charges for the HMO's or CMP's fee-for-service patients.
  - (8) Matters pertaining to costs of operations.
  - (9) Amounts of income received by source and payment.
  - (10) Cash flow statements.
  - (11) Any financial reports filed with other Federal programs or State authorities.

[50 FR 1346, Jan. 10, 1985, as amended at 58 FR 38082, July 15, 1993; 60 FR 45680, Sept. 1, 1995]

## 42 CFR Ch. IV (10–1–23 Edition)

### § 417.481 Maintenance of records: Risk HMOs and CMPs.

A risk contract must provide that the HMO or CMP agrees to maintain and make available to CMS upon request, books, records, documents, and other evidence of accounting procedures and practices that—

- (a) Are sufficient to—
  - (1) Establish component rates of the ACR for determining additional and supplementary benefits; and
  - (2) Determine the rates utilized in setting premiums for State insurance agency purposes; and
- (b) Include at least any records or financial reports filed with other Federal agencies or State authorities.

[50 FR 1346, Jan. 10, 1985, as amended at 58 FR 38082, July 15, 1993; 60 FR 45680, Sept. 1, 1995]

### § 417.482 Access to facilities and records.

The contract must provide that the HMO or CMP agrees to the following:

- (a) HHS may evaluate, through inspection or other means, the quality, appropriateness, and timeliness of services furnished under the contract to its Medicare enrollees.
- (b) HHS may evaluate, through inspection or other means, the facilities of the HMO or CMP when there is reasonable evidence of some need for that inspection.
- (c) HHS, the Comptroller General, or their designees may audit or inspect any books and records of the HMO or CMP or its transferee that pertain to any aspect of services performed, reconciliation of benefit liabilities, and determination of amounts payable under the contract.
- (d) HHS may evaluate, through inspection or other means, the enrollment and disenrollment records for the current contract period and three prior periods, when there is reasonable evidence of some need for that inspection.
- (e) In the case of a reasonable cost HMO or CMP to make available for the purposes specified in paragraphs (a), (b), (c), and (d) of this section, its premises, physical facilities, and equipment, its records relating to its Medicare enrollees, the records specified in §417.480 and any additional relevant information that CMS may require.