
42 C.F.R. § 136.203

Payment for provider and supplier services purchased by Indian health programs.

(a) Payment to providers and suppliers not covered by 42 CFR part 136 subpart D, for any level of care authorized under part 136, subpart C by a Purchased/Referred Care (PRC) program of the IHS; or authorized by a Tribe or Tribal organization carrying out a PRC program of the IHS under the Indian Self-Determination and Education Assistance Act, as amended, Public Law 93-638, 25 U.S.C. 450 *et seq.*; or authorized for purchase under § 136.31 by an urban Indian organization (as that term is defined in 25 U.S.C. 1603(h)) (hereafter collectively "I/T/U"), shall be determined based on the applicable method in this section:

(1) If a specific amount has been negotiated with a specific provider or supplier or its agent by the I/T/U, the I/T/U will pay that amount, provided that such amount is equal to or better than the provider or supplier's Most Favored Customer (MFC) rate, as evidenced by commercial price lists or paid invoices and other related pricing and discount data to ensure that the I/T/U is receiving a fair and reasonable price. The MFC rate limitation shall not apply if:

(i) The prices offered to the I/T/U are fair and reasonable, as determined by the I/T/U, even though comparable discounts were not negotiated; and

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