

## 42 C.F.R. § 417.534

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### Allowable costs.

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(a) *Definition*—*Allowable costs* means the direct and indirect costs, including normal standby costs incurred by the HMO or CMP, that are proper and necessary for efficient delivery of needed health care services. They include the costs of furnishing services to the HMO's or CMP's Medicare enrollees, other enrollees, and nonenrolled patients, which are typical “provider” costs, and costs (such as marketing, enrollment, membership, and operation of the HMO or CMP) that are peculiar to health care prepayment organizations.

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