### 3.1.3 Reimbursable Agreements

### Reimbursable agreements are arrangements in which the state provides goods or services to another entity or authorized recipient in exchange for reimbursement of the costs actually incurred. It contains a description of the types of goods or services that will be provided, outlines the provider-beneficiary relationship and includes information concerning the purpose for requesting goods or services. The arrangement must outline the obligations of each party to the agreement. For example, each party must delegate responsibility for performing the work, advancing payment, canceling orders, collecting costs, modifying provisions and terminating the agreement. The agreement must also include the reimbursable amount.

### Government outreach programs often use reimbursement agreements with service providers in order to provide assistance to authorized recipients. For example, it is often considered impractical for the government to employ doctors and set up government hospitals when a thriving private industry already exists. Instead, a government may set up a program in which a physician takes on low-income patients at a reduced rate of cost to the patient, in return for a promise of reimbursement for the remaining costs by the government.