

Dated: August 24, 2005.

Michelle Shortt,

*Director, Regulations Development Group,
Office of Strategic Operations and Regulatory
Affairs.*

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-1486-N]

Medicare Program; Announcement of New Members of the Advisory Panel on Ambulatory Payment Classification (APC) Groups

AGENCY: Centers for Medicare &
Medicaid Services (CMS), HHS.

ACTION: Notice.

SUMMARY: The purpose of the Advisory Panel on Ambulatory Payment Classification (APC) Groups (the Panel) is to review the APC groups and their associated weights and to advise the Secretary of the Department of Health and Human Services (HHS) and the Administrator of the Centers for Medicare and Medicaid Services (CMS) concerning the clinical integrity of the APC groups and their associated weights. The advice provided by the Panel will be considered as CMS prepares its annual updates of the hospital Outpatient Prospective Payment System (OPPS) through rulemaking. This notice announces the new members selected to serve on the Panel.

FOR FURTHER INFORMATION CONTACT: For inquiries about the Panel, please contact the Designated Federal Officer (DFO): Shirl Ackerman-Ross, DFO, CMS, CMM, HAPG, DOC, 7500 Security Boulevard, Mail Stop C4-05-17, Baltimore, MD 21244-1850. Phone (410) 786-4474.

E-mail Address for comments is: APCPanel@cms.hhs.gov. News media representatives must contact our Public Affairs Office at (202) 690-6145.

Advisory Committees' Information Lines: The CMS Advisory Committees' Information Line is 1-877-449-5659 (toll free) and (410) 786-9379 (local).

Web Sites: For additional information on APC meeting agendas and updates to the Panel's activities, search our Web site at: <http://www.cms.hhs.gov/faca/apc/default.asp>. To obtain Charter copies, search our Web site at <http://www.cms.hhs.gov/faca> or e-mail the Panel DFO.

SUPPLEMENTARY INFORMATION:

I. Background

The Secretary of the Department of Health and Human Services (HHS) (the Secretary) is required by section 1833(t)(9)(A) of the Social Security Act, as amended and redesignated by sections 201(h) and 202(a)(2) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (Pub. L. 106-113), respectively, to establish and consult with an expert, outside advisory panel on APC groups. The APC Panel meets up to three times annually to review the APC groups and to provide technical advice to the Secretary and the Administrator of the Centers for Medicare and Medicaid Services (CMS) (the Administrator) concerning the clinical integrity of the groups and their associated weights. All members must have technical expertise that will enable them to participate fully in the work of the Panel. The expertise encompasses hospital payment systems, hospital medical-care delivery systems, outpatient payment requirements, APCs, Physicians' Current Procedural Terminology Codes (CPTs), the use and payment of drugs and medical devices in the outpatient setting, and other forms of relevant expertise. It is not necessary that any one member be an expert in all areas.

We will consider the technical advice provided by the Panel as we prepare the final rule that updates the OPPS payment rates for the next calendar year. The Secretary re-chartered the Panel on November 1, 2004.

II. Announcement of New Members

The Panel may consist of a Chair and up to 15 representatives who are full-time employees (not consultants) of Medicare providers, which are subject to the OPPS. Panel members serve without compensation, according to an advance written agreement; however, travel, meals, lodging, and related expenses are reimbursed in accordance with standard Government travel regulations. CMS has a special interest for ensuring that women, minorities, and the physically challenged are adequately represented on the Panel.

The Secretary, or his designee, appoints new members to the Panel from among those candidates determined to have the required expertise. New appointments are made in a manner that ensures a balanced membership.

The Panel presently consists of the following members and a Chair:

- Edith Hambrick, M.D., J.D., Chair.
- Marilyn Bedell, M.S., R.N., O.C.N.
- Albert Brooks Einstein, Jr., M.D.
- Sandra J. Metzler, M.B.A., R.H.I.A., C.P.H.Q.

- Frank G. Opelka, M.D., F.A.C.S.
- Louis Potters, M.D., F.A.C.R.
- Lou Ann Schraffenberger, M.B.A., R.H.I.A., C.C.S.-P.
- Judie S. Snipes, R.N., M.B.A., F.A.C.H.E.
- Lynn R. Tomascik, R.N., M.S.N., C.N.A.A.

- Timothy Gene Tyler, Pharm.D.

On February 25, 2005, we published a notice in the **Federal Register** (70 FR 9336) requesting nominations to the Panel to replace the six Panel members whose terms expired on March 31, 2005. In order to obtain additional nominees whose expertise matched the needs of the Panel, we published a second notice in the **Federal Register** on April 8, 2005 (70 FR 18028) extending the deadline. As a result of these two notices, the six new 4-year appointments to the APC Panel effective August 17, 2005, and ending August 16, 2009, are as follows:

- Glorienne Bryant, B.S., R.H.I.A., R.H.I.T., C.C.S.
- Hazel Kimmel, R.N., C.C.S., C.P.C.
- Thomas M. Munger, M.D., F.A.C.C.
- James V. Rawson, M.D.
- Kim Allan Williams, M.D., F.A.C.C., F.A.B.C.
- Robert Matthew Zwolak, M.D., Ph.D., F.A.C.S.

Authority: Section 1833(t) of the Act (42 U.S.C. 1395(t)). The Panel is governed by the provisions of Pub. L. 92-463, as amended (5 U.S.C. Appendix 2).

(Catalog of Federal Domestic Assistance Program No. 93.773, Medicare—Hospital Insurance; and Program No. 93.774, Medicare—Supplementary Medical Insurance Program).

Dated: August 9, 2005.

Mark B. McClellan,

*Administrator, Centers for Medicare &
Medicaid Services.*

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-2209-N]

RIN 0938-AJ74

Medicaid Program; Fiscal Year Disproportionate Share Hospital Allotments and Disproportionate Share Hospital Institutions for Mental Disease Limits

AGENCY: Notice.

SUMMARY: This notice announces the final Federal share disproportionate share hospital (DSH) allotments for Federal fiscal years (FFYs) 2003 and

2004, and the preliminary Federal share DSH allotments for FFY 2005. It also announces the final FFYs 2003 and 2004, and the preliminary FFY 2005, limitations on aggregate DSH payments that States may make to institutions for mental disease (IMDs) and other mental health facilities. This notice also includes a background describing the methodology for determining the amounts of States' FFY DSH allotments for FFY 1998 and thereafter.

FOR FURTHER INFORMATION CONTACT:
Richard Strauss, (410) 786-2019.

SUPPLEMENTARY INFORMATION:

I. Background

A. Disproportionate Share Hospital (DSH) Allotments and Institutions for Mental Disease (IMD) DSH Limits Published in the Federal Register on October 8, 1998

We published a notice in the October 8, 1998 **Federal Register** (63 FR 54142) that announced the Federal share DSH allotments for FFYs 1998 through 2002 and the IMD DSH limits for FFYs 1998 and 1999. The DSH allotments and IMD DSH limits published in that notice specified and were determined in accordance with sections 1923(f) and 1923(h) of the Social Security Act (the Act), as amended by the Balanced Budget Act of 1997 (BBA), Pub. L. 105-33 (enacted on August 5, 1997). The notice also reflected the FFY 1998 DSH allotment for one State, specified in accordance with section 601 of Pub. L. 105-78 (enacted on November 13, 1997).

Additional legislative changes relating to the amounts or methodologies for calculating the States' DSH allotments or IMD DSH limits were made to the Act since the publication of the October 8, 1998 notice. In this section and in section II of this notice, we describe subsequent legislative changes related to the DSH calculation of the DSH allotments and IMD DSH limits for fiscal years.

B. Disproportionate Share Hospital Allotments for Federal Fiscal Years (FFYs) 1998 Through 2000

Section 4721(a) of the BBA amended section 1923(f) of the Act to require that Federal Medicaid DSH expenditures be limited by the statutorily defined Federal share DSH allotments for FFYs 1998 through 2002 specified in a chart in section 1923(f)(2) of the Act. Section 601 of Pub. L. 105-78 amended the DSH allotment contained in this chart for the State of Minnesota for FFY 1998. On October 8, 1998, we published a notice of the statutorily prescribed DSH allotments for all States for FFYs 1998

through 2002, in accordance with the amounts specified in the chart at section 1923(f)(2) of the Act, as established by the BBA and as amended by Pub. L. 105-78. Subsequent to the publication of the DSH allotments for these years, a number of legislative actions revised the DSH allotments specified in the chart at section 1923(f)(2) of the Act, for certain States. Specifically, sections 702, 703, and 704 of Pub. L. 105-277 (enacted on October 21, 1998) amended the FFY 1999 DSH allotments for Minnesota, New Mexico, and Wyoming, respectively, and section 601(a) of the Medicare, Medicaid, SCHIP Balanced Budget Refinement Act of 1999 (BBRA) (Pub. L. 106-113, enacted on November 29, 1999) amended the FFYs 2000, 2001, and 2002 DSH allotments for the District of Columbia, Minnesota, New Mexico, and Wyoming.

C. DSH Allotments for FFYs 2001 and 2002

Section 701(a) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA) (Pub. L. 106-554, enacted on December 21, 2000) added a new section 1923(f)(4) of the Act that provided for a "Special Rule for Fiscal Years 2001 and 2002," under which States' DSH allotments for FFY 2001 and 2002 would be determined through the application of a methodology. The DSH allotments for FFYs 2001 and 2002 as calculated under this methodology superseded the DSH allotments for those years specified in the chart at section 1923(f)(2) of the Act.

Under section 1923(f)(4) of the Act, the DSH allotments for FFY 2001 and FFY 2002 were determined by increasing the States' prior FFY DSH allotments by the Consumer Price Index for all Urban Consumers (CPI-U) for the prior fiscal year, subject to the limitation that an increase to a State's DSH allotment for a fiscal year could not result in the DSH allotment exceeding the greater of the State's DSH allotment for the previous fiscal year or 12 percent of the State's total medical assistance expenditures for the allotment year (referred to as the 12 percent limit). For example, if increasing a State's FY 2001 DSH allotment by the CPI-U for FY 2001 resulted in an amount that was higher than 12 percent of the State's total medical assistance expenditures for FY 2002, and the 12 percent limit was higher than the States' FY 2001 DSH allotment, the State's FY 2002 DSH allotment would be limited to the 12 percent limit. The application of this special rule for FFY 2001 and FFY 2002 had the effect of increasing States' DSH

allotments for those years, as compared to the allotments they would have received under the chart at section 1923(f)(2) of the Act. In fact, the chart contained at section 1923(f)(2) of the Act generally would have provided for a decrease or no change in States' DSH allotments over the fiscal years 1998 through 2002.

BIPA also added a new section 1923(f)(5) of the Act (Pub. L. 106-554 section 701(a)(2)), which established a "Special Rule for Extremely Low DSH States." Under this rule, States with FFY 1999 DSH expenditures that were greater than zero percent and less than 1 percent of the States' FFY 1999 total medical assistance expenditures were considered to be "low-DSH States." Under section 1923(f)(5) of the Act, the Low-DSH States' FFY 2001 DSH allotments were increased to 1 percent of the States' total FFY 2001 medical assistance expenditures. The Low-DSH States' increased FFY 2001 DSH allotments were the basis for calculating the States' FFY 2002 DSH allotments. That is, similar to the methodology applied for determining the other (non-Low-DSH) States' allotments, the Low-DSH States' FFY 2002 allotments were determined by increasing their FFY 2001 allotment (as determined under the Low-DSH provision at section 1923(f)(5) of the Act) by the CPI-U for the prior fiscal year, subject to the 12 percent limit.

D. DSH Allotments for FFY 2003

Section 1923(f)(3) of the Act, as established by the BBA and amended by the BIPA, provided for States' FFY 2003 DSH allotments to be calculated by increasing their FFY 2002 allotments (as specified in the chart in section 1923(f)(2) of the Act) by the CPI-U for the prior fiscal year, subject to the 12 percent limit. That is, the FFY 2003 allotments were not based on the FFY 2002 DSH allotments as were determined under section 1923(f)(4) of the Act. Since the FFY 2002 DSH allotments specified in the chart in section 1923(f)(2) of the Act were lower than the actual FFY 2002 DSH allotments (determined under section 1923(f)(4) of the Act), in general, States' FFY 2003 DSH allotments were lower than their FFY 2002 allotments. The exception to this were the FFY 2003 DSH allotments for the Low-DSH States. Under the Low-DSH State provision, the Low-DSH States' FFY 2003 allotments were determined by increasing their actual FFY 2002 DSH allotments (not their FFY 2002 allotments specified in the chart in section 1923(f)(2) of the Act) by the CPI-U for the previous fiscal year. Therefore, Low-DSH States' DSH

allotments increased (in general by the CPI-U) from FFY 2002 to FFY 2003.

E. DSH Allotments for FFY 2004

Section 1001(a) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) (Pub. L. 108-173, enacted on December 8, 2003) amended section 1923(f)(3) of the Act to provide for a "Special, Temporary Increase In Allotments On A One-Time, Non-Cumulative Basis." Under this provision, States' FFY 2004 DSH allotments were determined by increasing their FFY 2003 allotments by 16 percent, and the fiscal year DSH allotment amounts so determined were not subject to the 12 percent limit.

F. DSH Allotments for Non-Low DSH States for FFY 2005, and Fiscal Years Thereafter

Under the methodology contained in section 1923(f)(3)(C) of the Act, as amended by the MMA, the non-Low-DSH States' DSH allotments for FFY 2005 and subsequent fiscal years continues at the same level as the States' DSH allotments for FFY 2004 until a "fiscal year specified" occurs. The "fiscal year specified" is the first fiscal year for which the Secretary estimates that a State's DSH allotment equals (or no longer exceeds) the DSH allotment as would have been determined under the statute in effect before the enactment of the MMA. We determine whether the fiscal year specified has occurred under a special parallel process. Specifically, under this process, a DSH allotment is determined for FFYs after 2003 by increasing the State's DSH allotment for the previous fiscal year by the CPI-U for the prior fiscal year, subject to the 12 percent limit. The fiscal year specified will be the fiscal year when the DSH allotment calculated under this special parallel process finally equals or exceeds the FY 2004 DSH allotment, as determined under the MMA provisions. Once the fiscal year specified occurs for a State, that State's fiscal year DSH allotment will be calculated by increasing the State's previous actual fiscal year DSH allotment (which would be equal to the FY 2004 DSH allotment) by the CPI-U, subject to the 12 percent limit. The following example illustrates how the fiscal year DSH allotment would be calculated for fiscal years after FFY 2004.

Example—A State's FFY 2003 DSH allotment is \$100 million. Under the MMA, the State's FFY 2004 DSH allotment would be \$116 million (\$100 million increased by 16 percent). The State's DSH allotment for subsequent fiscal years would continue at \$116 million for fiscal years following FFY 2004 until the "fiscal year specified" occurs.

In a separate parallel process, we determine whether the fiscal year specified has occurred by calculating the State's DSH allotments in accordance with the statute in effect before the enactment of the MMA. Under this special process, we determine the State's DSH allotment each fiscal year by increasing the State's DSH allotment for the previous fiscal year (as also determined under the special parallel process) by the CPI-U for the previous fiscal year, and subject to the 12 percent limit. Assume for purposes of this example that, in accordance with this special process, the State's FFY 2007 DSH allotment was determined to be \$115 million and the CPI-U for FFY 2007 was 2 percent. Therefore, under the special parallel process, the State's FFY 2008 DSH allotment would be \$117.3 million (that is, \$115 million increased by the 2 percent CPI-U for FFY 2007). Since \$117.3 is greater than \$116 million (the FFY 2004 DSH allotment calculated under the MMA), we would determine that FFY 2008 is the "fiscal year specified." We would then determine the State's FFY 2008 allotment as the FFY 2007 actual allotment (\$116 million) increased by the CPI-U for FFY 2007 (2 percent). Therefore, the State's FFY 2008 DSH allotment would be \$118.32 million (\$116 million increased by 2 percent); for purposes of this example, the application of the 12 percent limit has no effect. For FFY 2009 and thereafter, the State's DSH allotment would be calculated by increasing the previous fiscal year's DSH allotment by the CPI-U, subject to the 12 percent limit.

However, as amended by the MMA, section 1923(f)(5)(B) of the Act contains new criteria for determining whether a State is a Low-DSH State, beginning with FFY 2004. This provision is described in section I.G below.

G. DSH Allotments For Low-DSH States for FFYs 2004, and Fiscal Years Thereafter

The MMA amended section 1923(f)(5) of the Act regarding the calculation of the fiscal year DSH allotments for "Low-DSH" States for FFY 2004 and subsequent fiscal years. Specifically, under section 1923(f)(5)(B) of the Act, as amended by the MMA, a State is considered a Low-DSH State for FFY 2004 if its total DSH payments under its State plan for FFY 2000 (including Federal and State shares) as reported to us as of August 31, 2003, are greater than 0 percent and less than 3 percent of the State's total FFY 2000 expenditures under its State plan for medical assistance. For States that meet the new Low-DSH criteria, their FFY 2004 DSH allotments are calculated by increasing their FFY 2003 DSH allotments by 16 percent. Therefore, for FFY 2004, Low-DSH States' fiscal year DSH allotments are calculated in the same way as the DSH allotments for regular States, which under the Act

section 1923(f)(3) get the special temporary increase for FFY 2004.

Furthermore, for States meeting the new MMA Low-DSH definition, the DSH allotments for FFYs 2005 through 2008 will continue to be determined by increasing the previous fiscal year's DSH allotment by 16 percent. The Low-DSH States' DSH allotments for FFYs 2004 through 2008 are not subject to the 12 percent limit. The Low-DSH States' DSH allotments for FFYs 2009 and subsequent fiscal years are calculated by increasing those States' DSH allotments for the prior fiscal year by the CPI-U for that prior fiscal year. For FFYs 2009 and thereafter, the DSH allotments so determined would be subject to the 12 percent limit.

H. IMD DSH Limits for FFYs 1998 and Thereafter

Section 4721(b) of the BBA added section 1923(h) to the Act which provides that Federal financial participation (FFP) is not available for DSH payments to IMDs and other mental health facilities that are in excess of State-specific aggregate limits.

In implementing the IMD DSH limit under the BBA in the October 8, 1998 **Federal Register** notice as codified in section 1923(h)(1) of the Act, we indicated that the aggregate limit of IMD and other mental health facilities to be the lesser of a State's FFY 1995 total computable (State and Federal share) IMD and other mental health facility DSH expenditures applicable to the State's FFY 1995 DSH allotment (as reported on the Form CMS-64 as of January 1, 1997), or the amount equal to the product of the State's current year total computable DSH allotment and the applicable percentage.

Each State's IMD limit on DSH payments to IMDs and other mental health facilities is calculated by first determining the State's total computable DSH expenditures attributable to the FFY 1995 DSH allotment for mental health facilities and inpatient hospitals. This was based on the total computable DSH expenditures reported by the State on the Form CMS-64 as mental health DSH and inpatient hospital as of January 1, 1997.

Once we determine the total computable amount of DSH expenditures applicable to the FFY 1995 DSH allotment, we then calculate an "applicable percentage." The applicable percentage for FFY 1998 through FFY 2000 (1995 IMD DSH percentage) is calculated by dividing the total computable amount of IMD and mental health DSH expenditures applicable to the State's FFY 1995 DSH allotment by the total computable amount of all DSH

expenditures (mental health facility plus inpatient hospital) applicable to the FFY 1995 DSH allotment. For FFY 2001 and thereafter, the applicable percentage is defined as the lesser of the applicable percentage as calculated above (for FFYs 1998 through 2001) or 50 percent for FFY 2001; 40 percent for FFY 2002; and 33 percent for each subsequent FFY.

The applicable percentage is then applied to each State's total computable FFY DSH allotment for the current FFY. The State's total computable FFY DSH allotment is calculated by dividing the State's Federal share DSH allotment for the FFY by the State's Federal medical assistance percentage (FMAP) for that FFY.

In the final step of the calculation, the State's total computable IMD DSH limit for the FFY is set at the lesser of the product of a State's current fiscal year total computable DSH allotment and the applicable percentage for that fiscal year, or the State's FFY 1995 total computable IMD and other mental health facility DSH expenditures applicable to the State's FFY 1995 DSH allotment as reported on the Form CMS-64.

The MMA legislation did not amend the Medicaid statute with respect to the calculation of the IMD DSH limit.

I. DSH Allotments and IMD DSH Limits Published in the Federal Register on March 26, 2004

On March 26, 2004, we published in the **Federal Register** (69 FR 15850) the final Federal share DSH allotments for FFYs 2001 and 2002, and the preliminary Federal share DSH allotments for FFY 2003 (as determined under the Medicaid statute in effect before the enactment of the MMA). The March 26, 2004 notice also announced the preliminary FFY 2004 Federal share DSH allotments (as determined under the MMA provisions).

The March 26, 2004 **Federal Register** notice also announced the final FFYs 2000, 2001, and 2002, and the preliminary FFYs 2003 and 2004, limitations on aggregate DSH payments that States may make to IMDs and other mental health facilities.

The March 26, 2004 **Federal Register** notice also described the methodologies for determining the amounts of States' FFY DSH allotments for FFY 2001 and thereafter, and it republished the Federal share DSH allotments for FFYs 1998 through 2000, and the final FFYs 1998 and 1999 limitations on aggregate DSH payments that States may make to IMDs and other mental health facilities.

J. Publication in the Federal Register of Preliminary and Final Notice for DSH Allotments and IMD DSH Limits

In general, we initially determine States' DSH allotments and IMD DSH limits for a fiscal year using estimates of medical assistance expenditures, including DSH expenditures in their Medicaid programs. These estimates are provided by States each year on the August quarterly Medicaid budget reports (Form CMS-37) before the Federal fiscal year for which the DSH allotments and IMD DSH limits are being determined. The DSH allotments and IMD DSH limits determined using these estimates are referred to as "preliminary." Only after we receive States' reports of the actual related medical assistance expenditures through the quarterly expenditure report (Form CMS-64), are the "final" DSH Allotments and IMD DSH limits determined. In this regard, the DSH allotments for FFY 1998 through FFY 2000, as published in the October 8, 1998 **Federal Register** notice were considered as final since these allotments were prescribed in the chart in section 1923(f)(2) of the Act. Similarly, the FFY 1998 and FFY 1999 IMD DSH limits published in the October 8, 1998 **Federal Register** were also considered as final, since these limits were based on the actual expenditures from FFY 1995 and the final FFY 1998 and FFY 1999 DSH allotments.

As indicated in the previous paragraph I, the notice published in the **Federal Register** on March 26, 2004 announced the *final* FFY 2001 and 2002 DSH allotments (since they were based on the actual related expenditures), the *preliminary* FFY 2003 and 2004 DSH allotments (since they were based on estimated expenditures), the *final* FFY 2000 through 2002 IMD DSH limits (based on the final DSH allotments for those fiscal years), and the *preliminary* FFY 2003 and 2004 IMD DSH limits (since they were based on the preliminary DSH allotments for those years).

This notice announces the *final* FFYs 2003 and 2004 DSH allotments and the *final* FFYs 2003 and 2004 IMD DSH limits (since they are based on the actual related expenditures), the *preliminary* FFY 2005 DSH allotments (based on estimates), and the *preliminary* IMD DSH limits (since they are based on the preliminary DSH allotments for FFY 2005).

II. Calculation of the Final FFY 2003 Federal Share State DSH Allotments, the Final FFY 2004 Federal Share State DSH Allotments, and the Preliminary FFY 2005 Federal Share State DSH Allotments

Charts 1 and 2 of the Addendum to this notice provide the States' "final" FFY 2003 and FFY 2004 DSH allotments. The final FFY 2003 DSH allotments for each State were computed using the States' expenditure reports (Form CMS-64) for FFY 2003. As required by the provisions of the MMA, the final FFY 2004 DSH allotments for the "Low-DSH" States and all the other States were calculated by increasing the FFY 2003 DSH allotments by 16 percent. The definition and determination of the "Low-DSH" States under the MMA provisions were explained and published in the March 26, 2004 **Federal Register** notice.

Chart 3 of the Addendum to this notice provides the States' "preliminary" FFY 2005 DSH allotments. These preliminary allotments were determined using the States' August 2004 expenditure estimates submitted by the States on the Form CMS-37. We will publish the final FFY 2005 DSH allotments for each State following receipt of the States' four quarterly Medicaid expenditure reports (Form CMS-64) for FFY 2005. As discussed earlier in this notice, the criteria and determination of the "Low-DSH" States were also explained and published in the March 26, 2004 **Federal Register** notice.

III. Calculation of the FFYs 2000 Through 2005 IMD DSH Limits

Section 1923(h) of the Act specifies the methodology to be used to establish the limits on the amount of DSH payments that a State can make to IMDs and other mental health facilities. FFP is not available for IMD/DSH payments that exceed the lesser of the State's FFY 1995 total computable mental health DSH expenditures applicable to the State's FFY 1995 DSH allotment as reported to us on the Form CMS-64 as of January 1, 1997; or the amount equal to the product of the State's current FFY total computable DSH allotment and the applicable percentage. The amounts of the limits on IMD DSH expenditures were made available to the States as part of their CMS-64 report. We are publishing the final FFY 2003 and FFY 2004 IMD DSH limit limits, and the preliminary FFY 2005 IMD DSH limit along with an explanation of the calculation of these limits.

For FFY 2000, the applicable percentage was computed as the ratio of—

(1) The State's FFY 1995 total computable (Federal and State share) mental health DSH payments applicable to the State's FFY 1995 DSH allotment and as reported on the Form CMS-64 as of January 1, 1997; compared to

(2) The State's FFY 1995 total computable amount of all DSH expenditures (mental health facility and inpatient hospital) applicable to the State's FFY 1995 DSH allotment as reported on the Form CMS-64 as of January 1, 1997.

For FFY 2000, the applicable percentage was calculated and applied to the State's FFY 2000 total computable DSH allotment. States' total computable FFY 2000 DSH allotment was calculated by dividing each State's Federal share DSH allotment for FFY 2000 by the State's Federal medical assistance percentage (FMAP) for FFY 2000. This result was then compared to the State's FFY 1995 total computable mental health DSH expenditures applicable to the State's FFY 1995 DSH allotment as reported on the Form CMS-64 as of January 1, 1997. The lesser of these two amounts was the State's limitation on total computable IMD/DSH expenditures for FFY 2000.

For FFY 2001, the applicable percentage was the lesser of 50 percent or the 1995 DSH IMD percentage of the amount computed for FFY 2000.

This percentage was applied to the State's FFY 2001 total computable DSH allotment. This result was then compared to the State's FFY 1995 total computable mental health DSH expenditures applicable to the State's FFY 1995 DSH allotment as reported on the Form CMS-64 as of January 1, 1997. The lesser of these two amounts was the State's limitation on total computable IMD/DSH expenditures for FFY 2001.

For FFY 2002, the applicable percentage was the lesser of 40 percent or the 1995 DSH IMD percentage of the amount computed for FFY 2000. This percentage was applied to the State's FFY 2002 total computable DSH allotment. This result was then compared to the State's FFY 1995 total computable mental health DSH expenditures applicable to the State's FFY 1995 DSH allotment as reported on the Form CMS-64 as of January 1, 1997. The lesser of these two amounts was the State's limitation on total computable IMD/DSH expenditures for FFY 2002.

For FFY 2003 and following fiscal years, the applicable percentage was the

lesser of 33 percent or the 1995 DSH IMD percentage of the amount computed for FFY 2000. This percentage was applied to the State's fiscal year total computable DSH allotment. This result was then compared to the State's FFY 1995 total computable mental health DSH expenditures applicable to the State's FFY 1995 DSH allotment as reported on the Form CMS-64 as of January 1, 1997. The lesser of these two amounts was the State's limitation on total computable IMD/DSH expenditures for FFY 2003 and following fiscal years.

Charts 4 through 6 of the Addendum to this notice detail each State's final IMD/DSH limitation for FFYs 2003 and 2004, and the preliminary IMD/DSH limitation for FFY 2005, respectively, in accordance with section 1923(h) of the Act.

IV. Collection of Information Requirements

This document does not impose information collection and recordkeeping requirements. Consequently, it need not be reviewed by the Office of Management and Budget under the authority of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501).

V. Regulatory Impact Statement

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601 through 612, requires a regulatory flexibility analysis for every rule subject to proposed rulemaking procedures under the Administrative Procedure Act, 5 U.S.C. 553, unless we certify that the rule will not have a significant economic impact on a substantial number of small entities. For purposes of the RFA, States and individuals are not considered small entities. However, providers with receipts ranging from less than \$6 million to less than \$29 million depending on their provider type are considered small entities (65 FR 69432, November 17, 2000). Due to the various controlling statutes, the effects on providers are not a result of any independent regulatory impact and not this notice. The purpose of the notice is to simply announce the latest distributions as required by the statute.

Additionally, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a notice may have a significant impact on the operations of a substantial number of small rural hospitals. Such an analysis must conform to the provisions of section 604 of the RFA. For purposes of section

1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Metropolitan Statistical Area and has fewer than 100 beds.

The BBA and the BBRA set statutorily defined limits on the amount of Federal share DSH expenditures available for FFYs 1998 through 2002.

The BIPA amended sections of the Act that set forth these statutorily defined Federal DSH allotments.

Based on these amendments to the DSH allotment provisions of the Medicaid statute, the limits initially imposed by the BBA and the BBRA had a negative impact on the availability of FFP to States by reducing the DSH allotments available to States, thus potentially negatively impacting the availability of Medicaid expenditures to hospitals, especially IMDs. However, the BIPA reduced the Federal savings, thus increasing the amount of Federal funding available to States under the DSH program. Finally, section 1001 of the MMA increased the DSH allotment for States beginning with fiscal year 2004. While overall the statute mandated some reduction in DSH payments, we do not believe that this notice will have a significant economic impact on a substantial number of small entities because it reflects no new policies or procedures.

In section 202, the Unfunded Mandates Reform Act requires that agencies prepare an assessment of anticipated costs and benefits for any rule that may result in an annual expenditure by State, local, or tribal governments, in the aggregate, or by the private sector, of \$110 million or more. This notice has no consequential effect on State, local, or tribal governments, or the private sector, and will not create an unfunded mandate.

We have reviewed this notice under the threshold criteria of Executive Order 13132, Federalism. We have determined that it does not significantly affect the rights, roles, and responsibilities of States.

In accordance with the provisions of Executive Order 12866, this notice was reviewed by the Office of Management and Budget.

Addendum

This addendum contains the charts 1 through 6 (including associated keys) that are referred to in the preamble of this notice.

CHART 1.—FINAL 2003 DSH ALLOTMENTS

[Key to the chart of the final FFY 2003 DSH Allotments]

Column	Description
Column A	State
Column B	FY 2003 FMAPS—FFY 2003 Federal Medical Assistance Percentage (FMAP).
Column C	FY 2002 Federal Share DSH Allotment—This column contains the final FFY 2002 DSH allotments from section 1923(f)(2) of the Act.
Column D	FY 2002 DSH Allotment INCR. By CPIU. This column contains the FFY 2002 DSH allotments in Column C increased by the CPIU for that fiscal year.
Column E	FY 2003 TC MAP EXP including DSH. This column contains the total computable medical assistance expenditures including DSH for FFY 2003.
Column F	FY 2003 TC DSH Expenditures. This column contains the actual total computable DSH expenditures for FFY 2003.
Column G	FY 2003 TC MAP EXP. Net of DSH. This column contains the total computable medical assistance expenditures, net of DSH expenditures, for FFY 2003.
Column H	12 Percent Limit (IN FS). This column contains the 12 Percent Limit; this is a Federal share amount.
Column I	Greater of COL H OR COL C. This column contains an amount which is the greater of Column H (the 12 percent limit) or Column C (the Federal share FFY 2002 DSH allotment).
Column J	FY 2003 DSH Allotments Federal Share. This column contains the lesser of Column I or Column D This is the final Federal share DSH Allotment for FY 2003.

CHART 2.—FINAL DSH ALLOTMENTS FOR FISCAL YEAR 2004

[Key to the chart of the final FFY 2004 DSH Allotments. The final FFY 2004 DSH allotments for the regular States are presented in the top section of this chart and the final FFY 2004 DSH allotments for the Low-DSH States are presented in the bottom section of the chart.]

Column	Description
Column A	State.
Column B	FY 2003 Final Federal Share DSH Allotment. This column contains the final FFY 2003 DSH allotments.
Column C	FY 2004 FS DSH Allotment = COL B × 116. This column contains the FFY 2003 DSH allotments in Column C increased by 16 percent.
Column D	MMA Low DSH Status. This column indicates the LOW DSH Status of each State.

CHART 3.—PRELIMINARY DSH ALLOTMENTS FOR FY 2005

[Key to the Chart of the Preliminary FFY 2005 DSH Allotments. The preliminary FFY 2005 DSH Allotments for the regular States are presented in the top section of this chart and the preliminary FFY 2005 DSH Allotments for the Low-DSH States are presented in the bottom section of the chart.]

Column	Description
For Non-Low-DSH States:	
Column A	State.
Column B	Final FY 2004 DSH Allotment Federal Share—This column contains the final FFY 2004 DSH Allotments.
Column C	FY 2005 DSH Allotment Federal Share—This column contains the preliminary FFY 2005 DSH Allotments.
Column D	MMA Low-DSH Status—This column indicates the MMA Low-DSH Status of each State.
For Low-DSH States:	
Column A	State.
Column B	Prior FY DSH Allotment—This column contains the final FFY 2004 DSH Allotments.
Column C	FY 2005 DSH Allotments Federal Share—This column contains the preliminary FFY 2005 DSH Allotments = Column B multiplied by 1.16.
Column D	MMA Low-DSH Status—This column indicates the MMA Low-DSH Status of each State.

CHART 4.—FINAL FFY 2003 IMD DSH LIMITS

[Key to the Chart of the FFY 2003 IMD Limitations]

Column	Description
Column A	State.
Column B	Inpatient Hospital Services FY 95 DSH Total Computable. This column contains the States' total computable FFY 1995 inpatient hospital DSH expenditures as reported on the Form CMS-64.
Column C	IMD and Mental Health Services FY 95 DSH Total Computable. This column contains the total computable FFY 1995 mental health facility DSH expenditures as reported on the Form CMS-64 as of January 1, 1997.
Column D	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable, Col. B + C. This column contains the total computation of all inpatient hospital DSH expenditures and mental health facility DSH expenditures for FFY 1995 as reported on the Form CMS-64 as of January 1, 1997 (representing the sum of Column B and Column C).

CHART 4.—FINAL FFY 2003 IMD DSH LIMITS—Continued
 [Key to the Chart of the FFY 2003 IMD Limitations]

Column	Description
Column E	Applicable Percentage Col. C/D. This column contains the “applicable percentage” representing the total computable FFY 1995 mental health facility DSH expenditures divided by total computable all inpatient hospital and mental health facility DSH expenditures for FFY 1995 (the amount in Column C divided by the amount in Column D). Per section 1923(h)(2)(A)(ii)(II) of the Act, for FFYs after FY 2002, the applicable percentage can be no greater than 33 percent.
Column F	FFY 2003 Federal Share DSH Allotment. This column contains the States’ final FFY 2003 DSH Allotments.
Column G	FFY 2003 FMAP.
Column H	FFY 2003 DSH Allotment Total Computable Col. F/G. This column contains FFY 2003 total computable DSH Allotment (determined as Column F/Column G).
Column I	Applicable Percent of FY 2003 DSH Allotment. Col. E x H. This column contains the applicable percent of FFY 2003 total computable DSH Allotment (calculated as Column E x Column H).
Column J	FFY 2003 IMD DSH Limit Total Computable Lesser of Col. C or I. The column contains the lesser of the lesser of Column I or C.
Column K	FFY 2003 IMD DSH Limit Federal Share, Col. G x J. This column contains the total computable IMD DSH Limit from Col. J and converts that amount into a Federal share (calculated as Col. G x Col. J).

CHART 5.—FINAL FFY 2004 IMD DSH LIMITS

[Key to the Chart of the FFY 2004 IMD Limitations.—The final FFY 2004 IMD DSH Limits for the regular States are presented in the top section of this chart and the final FFY IMD DSH Limits for the Low-DSH States are presented in the bottom section of the chart.]

Column	Description
Column A	State.
Column B	Inpatient Hospital Services FY 95 DSH Total Computable. This column contains the States’ total computable FFY 1995 inpatient hospital DSH expenditures as reported on the Form CMS–64.
Column C	IMD and Mental Health Services FY 95 DSH Total Computable. This column contains the total computable FFY 1995 mental health facility DSH expenditures as reported on the Form CMS–64 as of January 1, 1997.
Column D	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable, Col B + C. This column contains the total computation of all inpatient hospital DSH expenditures and mental health facility DSH expenditures for FFY 1995 as reported on the Form CMS–64 as of January 1, 1997 (representing the sum of Column B and Column C).
Column E	Applicable Percentage Col C/D. This column contains the “applicable percentage” representing the total computable FFY 1995 mental health facility DSH expenditures divided by total computable all inpatient hospital and mental health facility DSH expenditures for FFY 1995 (the amount in Column C divided by the amount in Column D) Per section 1923(h)(2)(A)(ii)(II) of the Act, for FFYs after FY 2002, the applicable percentage can be no greater than 33 percent.
Column F	FFY 2004 Federal Share DSH Allotment. This column contains the States’ final FFY 2004 DSH allotments.
Column G	FFY 2004 FMAP.
Column H	FFY 2004 DSH Allotment Total Computable. Col. F/G. This column contains FFY 2004 total computable DSH allotment (determined as Column F/Column G).
Column I	Applicable Percent of FY 2004 DSH Allotment. Col. E x H. This column contains the applicable percent of FFY 2004 total computable DSH allotment (calculated as Column E x Column H).
Column J	FFY 2004 IMD DSH Limit Total Computable. Lesser of Col. C or I. The column contains the lesser of the lesser of Column I or C.
Column K	FFY 2004 IMD DSH Limit Federal Share, Col. G x J. This column contains the total computable IMD DSH Limit from Col. J and converts that amount into a Federal share (calculated as Col. G x Col. J).
Column L	LOW DSH Status. This column contains Low DSH status for each State.

CHART 6.—PRELIMINARY FFY 2005 IMD DSH LIMITS

[Key to the Chart of the FFY 2005 IMD Limitations.—The preliminary FFY 2005 IMD DSH Limits for the regular States are presented in the top section of this chart and the preliminary FFY 2005 IMD DSH Limits for the Low-DSH States are presented in the bottom section of the chart.]

Column	Description
Column A	State.
Column B	Inpatient Hospital Services FY 95 DSH Total Computable. This column contains the States’ total computable FFY 1995 inpatient hospital DSH expenditures as reported on the Form CMS–64.
Column C	IMD and Mental Health Services FY 95 DSH Total Computable. This column contains the total computable FFY 1995 mental health facility DSH expenditures as reported on the Form CMS–64 as of January 1, 1997.
Column D	Total Inpatient & IMD & Mental Health FY 95 DSH Total Computable, Col. B + C. This column contains the total computation of all inpatient hospital DSH expenditures and mental health facility DSH expenditures for FFY 1995 as reported on the Form CMS–64 as of January 1, 1997 (representing the sum of Column B and Column C).

CHART 6.—PRELIMINARY FFY 2005 IMD DSH LIMITS—Continued

[Key to the Chart of the FFY 2005 IMD Limitations.—The preliminary FFY 2005 IMD DSH Limits for the regular States are presented in the top section of this chart and the preliminary FFY 2005 IMD DSH Limits for the Low-DSH States are presented in the bottom section of the chart.]

Column	Description
Column E	Applicable Percentage Col. C/D. This column contains the “applicable percentage” representing the total computable FFY 1995 mental health facility DSH expenditures divided by total computable all inpatient hospital and mental health facility DSH expenditures for FFY 1995 (the amount in Column C divided by the amount in Column D) Per section 1923(h)(2)(A)(ii)(II) of the Act, for FFYs after FY 2002, the applicable percentage can be no greater than 33 percent.
Column F	FY 2005 Federal Share DSH Allotment. This column contains the States’ final FFY 2005 DSH allotments.
Column G	FFY 2005 FMAP.
Column H	FY 2005 DSH Allotment Total Computable Col. F/G. This column contains FFY 2005 total computable DSH allotment (determined as Column F/Column G).
Column I	Applicable Percent of FY 2005 DSH Allotment Col. E × H. This column contains the applicable percent of FFY 2004 total computable DSH allotment (calculated as Column E × Column H)
Column J	FY 2005 IMD DSH Limit Total Computable. Lesser of Col. C or I. The column contains the lesser of the lesser of Column I or C.
Column K	FY 2005 IMD DSH Limit Federal Share, Col. G × J. This column contains the total computable IMD DSH Limit from Col. J and converts that amount into a Federal share (calculated as Col. G × Col. J).
Column L	Low DSH Status. This column contains Low DSH status for each State.

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ADDENDUM - CHART 2: FINAL DSH ALLOTMENTS FOR FISCAL YEAR:			2004
A	B	C	D
STATE	FY 2003 FINAL FEDERAL SHARE DSH ALLOTMENT	FY 2004 FS DSH ALLOTMENT = COL B x	MMA LOW DSH STATUS
		1.16	
ALABAMA	\$249,690,000	\$289,640,400	N/A
ARIZONA	\$82,215,000	\$95,369,400	N/A
CALIFORNIA	\$890,155,000	\$1,032,579,800	N/A
COLORADO	\$75,110,000	\$87,127,600	N/A
CONNECTICUT	\$162,400,000	\$188,384,000	N/A
DISTRICT OF COLUMBIA	\$32,480,000	\$37,676,800	N/A
FLORIDA	\$162,400,000	\$188,384,000	N/A
GEORGIA	\$218,225,000	\$253,141,000	N/A
HAWAII	\$0	\$0	N/A
ILLINOIS	\$174,580,000	\$202,512,800	N/A
INDIANA	\$173,565,000	\$201,335,400	N/A
KANSAS	\$33,495,000	\$38,854,200	N/A
KENTUCKY	\$117,740,000	\$136,578,400	N/A
LOUISIANA	\$631,000,000	\$731,960,000	N/A
MAINE	\$85,260,000	\$98,901,600	N/A
MARYLAND	\$61,915,000	\$71,821,400	N/A
MASSACHUSETTS	\$247,660,000	\$287,285,600	N/A
MICHIGAN	\$215,180,000	\$249,608,800	N/A
MISSISSIPPI	\$123,830,000	\$143,642,800	N/A
MISSOURI	\$384,685,000	\$446,234,600	N/A
NEVADA	\$37,555,000	\$43,563,800	N/A
NEW HAMPSHIRE	\$130,000,000	\$150,800,000	N/A
NEW JERSEY	\$522,725,000	\$606,361,000	N/A
NEW YORK	\$1,304,275,000	\$1,512,959,000	N/A
NORTH CAROLINA	\$239,540,000	\$277,866,400	N/A
OHIO	\$329,875,000	\$382,655,000	N/A
PENNSYLVANIA	\$455,735,000	\$528,652,600	N/A
RHODE ISLAND	\$52,780,000	\$61,224,800	N/A
SOUTH CAROLINA	\$265,930,000	\$308,478,800	N/A
TENNESSEE	\$0	\$0	N/A
TEXAS	\$776,475,000	\$900,711,000	N/A
VERMONT	\$18,270,000	\$21,193,200	N/A
VIRGINIA	\$71,137,351	\$82,519,327	N/A
WASHINGTON	\$150,220,000	\$174,255,200	N/A
WEST VIRGINIA	\$54,810,000	\$63,579,600	N/A
TOTAL	\$8,530,912,351	\$9,895,858,327	
A	C	D	E
LOW DSH STATES	FY 2003 FINAL FEDERAL SHARE DSH ALLOTMENT	FY 2004 FS DSH ALLOTMENT = COL B x	MMA LOW DSH STATUS
		1.16	
ALASKA	\$9,135,000	\$10,596,600	LOW DSH
ARKANSAS	\$19,345,585	\$22,440,879	LOW DSH
DELAWARE	\$4,060,000	\$4,709,600	LOW DSH
IDAHO	\$7,371,568	\$8,551,019	LOW DSH
IOWA	\$17,660,880	\$20,486,621	LOW DSH
MINNESOTA	\$33,495,000	\$38,854,200	LOW DSH
MONTANA	\$5,090,373	\$5,904,833	LOW DSH
NEBRASKA	\$12,690,631	\$14,721,132	LOW DSH
NEW MEXICO	\$9,135,000	\$10,596,600	LOW DSH
NORTH DAKOTA	\$4,283,685	\$4,969,075	LOW DSH
OKLAHOMA	\$16,240,000	\$18,838,400	LOW DSH
OREGON	\$20,300,000	\$23,548,000	LOW DSH
SOUTH DAKOTA	\$4,953,086	\$5,745,580	LOW DSH
UTAH	\$8,797,889	\$10,205,551	LOW DSH
WISCONSIN	\$42,394,224	\$49,177,300	LOW DSH
WYOMING	\$101,500	\$117,740	LOW DSH
TOTAL	\$215,054,421	\$249,463,130	

ADDENDUM - CHART 3: PRELIMINARY DSH ALLOTMENTS FOR FY:		2005	
A	B	C	D
STATE	FINAL FY 2004 DSH ALLOTMENTS FEDERAL SHARE	FY 2005 DSH ALLOTMENTS FEDERAL SHARE	MMA LOW DSH STATUS
ALABAMA	\$289,640,400	\$289,640,400	N/A
ARIZONA	\$95,369,400	\$95,369,400	N/A
CALIFORNIA	\$1,032,579,800	\$1,032,579,800	N/A
COLORADO	\$87,127,600	\$87,127,600	N/A
CONNECTICUT	\$188,384,000	\$188,384,000	N/A
DISTRICT OF COLUMBIA	\$37,676,800	\$37,676,800	N/A
FLORIDA	\$188,384,000	\$188,384,000	N/A
GEORGIA	\$253,141,000	\$253,141,000	N/A
HAWAII	\$0	\$0	N/A
ILLINOIS	\$202,512,800	\$202,512,800	N/A
INDIANA	\$201,335,400	\$201,335,400	N/A
KANSAS	\$38,854,200	\$38,854,200	N/A
KENTUCKY	\$136,578,400	\$136,578,400	N/A
LOUISIANA	\$731,960,000	\$731,960,000	N/A
MAINE	\$98,901,600	\$98,901,600	N/A
MARYLAND	\$71,821,400	\$71,821,400	N/A
MASSACHUSETTS	\$287,285,600	\$287,285,600	N/A
MICHIGAN	\$249,608,800	\$249,608,800	N/A
MISSISSIPPI	\$143,642,800	\$143,642,800	N/A
MISSOURI	\$446,234,600	\$446,234,600	N/A
NEVADA	\$43,563,800	\$43,563,800	N/A
NEW HAMPSHIRE	\$150,800,000	\$150,800,000	N/A
NEW JERSEY	\$606,361,000	\$606,361,000	N/A
NEW YORK	\$1,512,959,000	\$1,512,959,000	N/A
NORTH CAROLINA	\$277,866,400	\$277,866,400	N/A
OHIO	\$382,655,000	\$382,655,000	N/A
PENNSYLVANIA	\$528,652,600	\$528,652,600	N/A
RHODE ISLAND	\$61,224,800	\$61,224,800	N/A
SOUTH CAROLINA	\$308,478,800	\$308,478,800	N/A
TENNESSEE	\$0	\$0	N/A
TEXAS	\$900,711,000	\$900,711,000	N/A
VERMONT	\$21,193,200	\$21,193,200	N/A
VIRGINIA	\$82,519,327	\$82,519,327	N/A
WASHINGTON	\$174,255,200	\$174,255,200	N/A
WEST VIRGINIA	\$63,579,600	\$63,579,600	N/A
SUBTOTAL	\$9,895,858,327	\$9,895,858,327	
LOW DSH STATES			
STATE	PRIOR FY ALLOTMENT (FY 2004)	PRIOR FY ALLOTMENT X FACTOR: 1.16	
ALASKA	\$10,596,600	\$12,292,056	LOW DSH
ARKANSAS	\$22,440,879	\$26,031,420	LOW DSH
DELAWARE	\$4,709,600	\$5,463,136	LOW DSH
IDAHO	\$8,551,019	\$9,919,182	LOW DSH
IOWA	\$20,486,621	\$23,764,480	LOW DSH
MINNESOTA	\$38,854,200	\$45,070,872	LOW DSH
MONTANA	\$5,904,833	\$6,849,606	LOW DSH
NEBRASKA	\$14,721,132	\$17,076,513	LOW DSH
NEW MEXICO	\$10,596,600	\$12,292,056	LOW DSH
NORTH DAKOTA	\$4,969,075	\$5,764,127	LOW DSH
OKLAHOMA	\$18,838,400	\$21,852,544	LOW DSH
OREGON	\$23,548,000	\$27,315,680	LOW DSH
SOUTH DAKOTA	\$5,745,580	\$6,664,873	LOW DSH
UTAH	\$10,205,551	\$11,838,439	LOW DSH
WISCONSIN	\$49,177,300	\$57,045,668	LOW DSH
WYOMING	\$117,740	\$136,578	LOW DSH
TOTAL LOW DSH STATES	\$249,463,130	\$289,377,230	
NATIONAL TOTAL	\$10,145,321,457	\$10,185,235,557	

ADDENDUM - CHART 6. Table with columns A through L: STATE, B (INFANT HOSPITAL SERVICES, IMB AND MENTAL HEALTH SERVICES, TOTAL COMPUTABLE), C (IMB AND MENTAL HEALTH SERVICES, TOTAL COMPUTABLE), D (TOTAL INPATIENT & IMB & MENTAL HEALTH FY 05 DSH, TOTAL COMPUTABLE), E (APPLICABLE PERCENT), F (FY 2005 ALLOTMENT IN F), G (FY 2005 FMAP), H (FY 2005 ALLOTMENTS IN TC), I (COL E COL H IN TC), J (FY 2005 TC MID LIMIT (Leasee of Col L or Col C)), K (FY 2005 IMB DSH LIMIT IN F), L (MMA LOW DSH STATUS). Rows include Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wyoming, and TOTAL LOW DSH STATES.

Authority: Section 1923(a)(2), (f), and (h) of the Social Security Act (42 U.S.C. 1396r-4(a)(2), (f), and (h), and Pub. L. 105-33).

(Catalog of Federal Domestic Assistance Program No. 93.778, Medical Assistance Program)

Dated: May 6, 2005.

Mark B. McClellan,

Administrator, Centers for Medicare & Medicaid Services.

Approved: May 20, 2005.

Michael O. Leavitt,

Secretary.

[FR Doc. 05-16997 Filed 8-25-05; 8:45 am]

BILLING CODE 4120-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-1309-NC]

Medicare and Medicaid Programs; Announcement of an Application From a Hospital Requesting Waiver for Organ Procurement Service Area

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice with comment period.

SUMMARY: This notice announces a hospital's request for a waiver from entering into an agreement with its designated organ procurement organization (OPO), in accordance with section 1138(a)(2) of the Social Security Act. This notice requests comments from OPOs and the general public for our consideration in determining whether we should grant the requested waiver.

DATES: To be assured consideration, comments must be received at one of the addresses provided below, no later than 5 p.m. on October 25, 2005.

ADDRESSES: In commenting, please refer to file code CMS-1309-NC. Because of staff and resource limitations, we cannot accept comments by facsimile (FAX) transmission.

You may submit comments in one of four ways (no duplicates, please):

1. *Electronically.* You may submit electronic comments on specific issues in this regulation to <http://www.cms.hhs.gov/regulations/ecomments>. (Attachments should be in Microsoft Word, WordPerfect, or Excel; however, we prefer Microsoft Word.)

2. *By regular mail.* You may mail written comments (one original and two copies) to the following address ONLY: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS-1309-

NC, P.O. Box 8015, Baltimore, MD 21244-8015.

Please allow sufficient time for mailed comments to be received before the close of the comment period.

3. *By express or overnight mail.* You may send written comments (one original and two copies) to the following address ONLY: Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS-1309-NC, Mail Stop C4-26-05, 7500 Security Boulevard, Baltimore, MD 21244-1850.

4. *By hand or courier.* If you prefer, you may deliver (by hand or courier) your written comments (one original and two copies) before the close of the comment period to one of the following addresses. If you intend to deliver your comments to the Baltimore address, please call telephone number (410) 786-9994 in advance to schedule your arrival with one of our staff members. Room 445-G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201; or 7500 Security Boulevard, Baltimore, MD 21244-1850.

(Because access to the interior of the HHH Building is not readily available to persons without Federal Government identification, commenters are encouraged to leave their comments in the CMS drop slots located in the main lobby of the building. A stamp-in clock is available for persons wishing to retain a proof of filing by stamping in and retaining an extra copy of the comments being filed.)

Comments mailed to the addresses indicated as appropriate for hand or courier delivery may be delayed and received after the comment period.

For information on viewing public comments, see the beginning of the **SUPPLEMENTARY INFORMATION** section.

FOR FURTHER INFORMATION CONTACT: Mark A. Horney, (410) 786-4554.

SUPPLEMENTARY INFORMATION:

Submitting Comments: We welcome comments from the public on all issues set forth in this notice with comment period to assist us in fully considering issues and developing policies. You can assist us by referencing the file code CMS-1309-NC and the specific "issue identifier" that precedes the section on which you choose to comment.

Inspection of Public Comments: All comments received before the close of the comment period are available for viewing by the public, including any personally identifiable or confidential business information that is included in a comment. CMS posts all electronic comments received before the close of the comment period on its public Web

site as soon as possible after they have been received. Hard copy comments received timely will be available for public inspection as they are received, generally beginning approximately 3 weeks after publication of a document, at the headquarters of the Centers for Medicare & Medicaid Services, 7500 Security Boulevard, Baltimore, Maryland 21244, Monday through Friday of each week from 8:30 a.m. to 4 p.m. To schedule an appointment to view public comments, phone 1-800-743-3951.

I. Background

[If you choose to comment on issues in this section, please include the caption "BACKGROUND" at the beginning of your comments.]

Organ Procurement Organizations (OPOs) are not-for-profit organizations that recover human organs from potential donors in hospitals and distribute them to transplant centers throughout the country. Qualified OPOs are designated by the Centers for Medicare & Medicaid Services (CMS) to recover organs in CMS-defined exclusive geographic service areas, according to section 371(b)(1)(F) of the Public Health Service Act (42 U.S.C. 273(b)(1)(F)) and our regulations at 42 CFR 486.307. Once an OPO has been designated for an area, hospitals in that area that participate in Medicare and Medicaid are required to work with that OPO in providing organs for transplant, according to section 1138(a) of the Social Security Act (the Act), and our regulations at 42 CFR 482.45. Section 1138(a)(1)(A)(iii) of the Act provides that a hospital must notify the designated OPO (for the service area in which it is located) of potential organ donors. Under section 1138(a)(1)(C) of the Act, every participating hospital must have an agreement to identify potential donors only with its designated OPO.

However, section 1138(a)(2) of the Act provides that a hospital may obtain a waiver of the above requirements from the Secretary under certain specified conditions. A waiver allows the hospital to have an agreement with an OPO other than the one initially designated by CMS, if the hospital meets certain conditions specified in section 1138(a)(2) of the Act. In addition, the Secretary may review additional criteria described in section 1138(a)(2)(B) of the Act to evaluate the hospital's request for a waiver.

Section 1138(a)(2)(A) of the Act states that in granting a waiver, the Secretary must determine that the waiver: (1) Is expected to increase organ donations; and (2) will ensure equitable treatment