

organizations not scheduled to speak may also submit written comments to the DFO for distribution no later than 12 noon, e.d.t., August 11, 2006. The meeting is open to the public, but attendance is limited to the space available.

**Special Accommodations:** Individuals requiring sign language interpretation or other special accommodation must contact the DFO by e-mail at [PPAC@cms.hhs.gov](mailto:PPAC@cms.hhs.gov) or by telephone at (410) 786-6132 at least 10 days before the meeting.

**Authority:** (Section 1868 of the Social Security Act (42 U.S.C. 1395ee) and section 10(a) of Pub. L. 92-463 (5 U.S.C. App. 2, section 10(a)).)

Dated: July 14, 2006.

**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-2251-N]

RIN 0938-ZA17

#### State Children's Health Insurance Program; Final Allotments to States, the District of Columbia, and U.S. Territories and Commonwealths for Fiscal Year 2007

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

**ACTION:** Notice.

**SUMMARY:** Title XXI of the Social Security Act (the Act) authorizes payment of Federal matching funds to States, the District of Columbia, and U.S. Territories and Commonwealths to initiate and expand health insurance coverage to uninsured, low-income children under the State Children's Health Insurance Program (SCHIP). This notice sets forth the final allotments of Federal funding available to each State, the District of Columbia, and each U.S. Territory and Commonwealth for fiscal year 2007. States may implement SCHIP through a separate State program under title XXI of the Act, an expansion of a State Medicaid program under title XIX of the Act, or a combination of both.

**EFFECTIVE DATE:** This notice is effective on August 28, 2006. Final allotments are available for expenditures after October 1, 2006.

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

## SUPPLEMENTARY INFORMATION:

### I. Purpose of This Notice

This notice sets forth the allotments available to each State, the District of Columbia, and each U.S. Territory and Commonwealth for fiscal year (FY) 2007 under title XXI of the Social Security Act (the Act). Final allotments for a fiscal year are available to match expenditures under an approved State child health plan for 3 fiscal years, including the year for which the final allotment was provided. The FY 2007 allotments will be available to States for FY 2007, and unexpended amounts may be carried over to 2008 and 2009. Federal funds appropriated for title XXI are limited, and the law specifies a formula to divide the total annual appropriation into individual allotments available for each State, the District of Columbia, and each U.S. Territory and Commonwealth with an approved child health plan.

Section 2104(b) of the Act requires States, the District of Columbia, and U.S. Territories and Commonwealths to have an approved child health plan for the fiscal year in order for the Secretary to provide an allotment for that fiscal year. All States, the District of Columbia, and U.S. Territories and Commonwealths have approved plans for FY 2007. Therefore, the FY 2007 allotments contained in this notice pertain to all States, the District of Columbia, and U.S. Territories and Commonwealths.

### II. Methodology for Determining Final Allotments for States, the District of Columbia, and U.S. Territories and Commonwealths

This notice specifies, in the table under section III, the final FY 2007 allotments available to individual States, the District of Columbia, and U.S. Territories and Commonwealths for either child health assistance expenditures under approved State child health plans or for claiming an enhanced Federal medical assistance percentage rate for certain SCHIP-related Medicaid expenditures. As discussed below, the FY 2007 final allotments have been calculated to reflect the methodology for determining an allotment amount for each State, the District of Columbia, and each U.S. Territory and Commonwealth as prescribed by section 2104(b) of the Act.

Section 2104(a) of the Act provides that, for purposes of providing allotments to the 50 States and the District of Columbia, the following amounts are appropriated: \$4,295,000,000 for FY 1998; \$4,275,000,000 for each FY 1999

through FY 2001; \$3,150,000,000 for each FY 2002 through FY 2004; \$4,050,000,000 for each FY 2005 through FY 2006; and \$5,000,000,000 for FY 2007. However, under section 2104(c) of the Act, 0.25 percent of the total amount appropriated each year is available for allotment to the U.S. Territories and Commonwealths of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands. The total amounts are allotted to the U.S. Territories and Commonwealths according to the following percentages: Puerto Rico, 91.6 percent; Guam, 3.5 percent; the Virgin Islands, 2.6 percent; American Samoa, 1.2 percent; and the Northern Mariana Islands, 1.1 percent.

Section 2104(c)(4)(B) of the Act provides for additional amounts for allotment to the Territories and Commonwealths: \$34,200,000 for each FY 2000 through FY 2001; \$25,200,000 for each FY 2002 through FY 2004; \$32,400,000 for each FY 2005 through FY 2006; and \$40,000,000 for FY 2007. Since, for FY 2007, title XXI of the Act provides an additional \$40,000,000 for allotment to the U.S. Territories and Commonwealths, the total amount available for allotment to the U.S. Territories and Commonwealths in FY 2007 is \$52,500,000; that is, \$40,000,000 plus \$12,500,000 (0.25 percent of the FY 2007 appropriation of \$5,000,000,000).

Therefore, the total amount available nationally for allotment for the 50 States and the District of Columbia for FY 2007 was determined in accordance with the following formula:

$$A_T = S_{2104(a)} - T_{2104(c)}$$

$A_T$  = Total amount available for allotment to the 50 States and the District of Columbia for the fiscal year.

$S_{2104(a)}$  = Total appropriation for the fiscal year indicated in section 2104(a) of the Act. For FY 2007, this is \$5,000,000,000.

$T_{2104(c)}$  = Total amount available for allotment for the U.S. Territories and Commonwealths; determined under section 2104(c) of the Act as 0.25 percent of the total appropriation for the 50 States and the District of Columbia. For FY 2007, this is:  $.0025 \times \$5,000,000,000 = \$12,500,000$ .

Therefore, for FY 2007, the total amount available for allotment to the 50 States and the District of Columbia is \$4,987,500,000. This was determined as follows:  $A_T$  (\$4,987,500,000) =  $S_{2104(a)}$  (\$5,000,000,000) -  $T_{2104(c)}$  (\$12,500,000).

For purposes of the following discussion, the term "State," as defined in section 2104(b)(1)(D)(ii) of the Act,

“means one of the 50 States or the District of Columbia.”

Under section 2104(b) of the Act, the determination of the number of children applied in determining the SCHIP allotment for a particular fiscal year is based on the three most recent March supplements to the Current Population Survey (CPS) of the Bureau of the Census officially available before the beginning of the calendar year in which the fiscal year begins. The determination of the State cost factor is based on the annual average wages per employee in the health services industry, which is determined using the most recent 3 years of such wage data as reported and determined as final by the Bureau of Labor Statistics (BLS) of the Department of Labor to be officially available before the beginning of the calendar year in which the fiscal year begins. Since FY 2007 begins on October 1, 2006 (that is, in calendar year 2006), in determining the FY 2007 SCHIP allotments, we are using the most recent official data from the Bureau of the Census and the BLS, respectively, available before January 1 of calendar year 2006 (that is, through the end of December 31, 2005).

#### *Number of Children*

For FY 2007, as specified by section 2104(b)(2)(A)(iii) of the Act, the number of children is calculated as the sum of 50 percent of the number of low-income, uninsured children in the State, and 50 percent of the number of low-income children in the State. The number of children factor for each State is developed from data provided by the Bureau of the Census based on the standard methodology used to determine official poverty status and uninsured status in the annual CPS on these topics. As part of a continuing formal process between the Centers for Medicare & Medicaid Services (CMS) and the Bureau of the Census, each fiscal year we obtain the number of children data officially from the Bureau of the Census.

Under section 2104(b)(2)(B) of the Act, the number of children for each State (provided in thousands) was determined and provided by the Bureau of the Census based on the arithmetic average of the number of low-income children and low-income children with no health insurance as calculated from the three most recent March supplements to the CPS officially available from the Bureau of the Census before the beginning of the 2006 calendar year. In particular, through December 31, 2005, the most recent official data available from the Bureau of the Census on the numbers of

children were data from the three March CPSs conducted in March 2003, 2004, and 2005 (representing data for years 2002, 2003, and 2004).

#### *State Cost Factor*

The State cost factor is based on annual average wages in the health services industry in the State. The State cost factor for a State is equal to the sum of: 0.15 and 0.85 multiplied by the ratio of the annual average wages in the health industry per employee for the State to the annual wages per employee in the health industry for the 50 States and the District of Columbia.

Under section 2104(b)(3)(B) of the Act, as amended by the Balanced Budget Refinement Act of 1999 (BBRA) Public Law 106-113, enacted on November 29, 1999, the State cost factor for each State for a fiscal year is calculated based on the average of the annual wages for employees in the health industry for each State using data for each of the most recent 3 years as reported and determined as final by the BLS in the Department of Labor and available before the beginning of the calendar year in which the fiscal year begins. Therefore, the State cost factor for FY 2007 is based on the most recent 3 years of BLS data officially available as final before January 1, 2006 (the beginning of the calendar year in which FY 2007 begins); that is, it is based on the BLS data available as final through December 31, 2005. In accordance with these requirements, we used the final State cost factor data available from BLS for 2002, 2003, and 2004 in calculating the FY 2007 final allotments.

The State cost factor is determined based on the calculation of the ratio of each State's average annual wages in the health industry to the national average annual wages in the health care industry. Since BLS is required to suppress certain State-specific data in providing us with the State-specific average wages per health services industry employee due to the Privacy Act, we calculated the national average wages directly from the State-specific data provided by BLS. As part of a continuing formal process between CMS and the BLS, each fiscal year CMS obtains these wage data officially from the BLS.

Section 2104(b)(3)(B) of the Act, as amended by the BBRA, refers to wage data as reported by BLS under the “Standard Industrial Classification” (SIC) system. However, in calendar year 2002, BLS phased-out the SIC wage and employment reporting system and replaced it with the “North American Industry Classification System” (NAICS). In accordance with section

2104(b)(3)(B) of the Act, for purposes of calculating the FY 2007 allotments, BLS provided wage data for the 3 most recent years as available through December 31, 2005; in this case, the 3 years of wage data are 2002, 2003, and 2004. Because of the wage and employment classification change at BLS, the BLS wage data used in calculating the FY 2007 SCHIP allotments necessarily reflect NAICS data, rather than SIC data, to obtain the 3-year average required for the allotments.

Under the SIC system, BLS provided CMS with wage data for each State under the SIC Code. However, the wage data codes under the SIC system do not map exactly to the wage data codes under the NAICS. As a result, BLS provided us with wage data using three NAICS wage data codes that represent approximately 98 percent of the wage data that would have been provided under the related SIC Code 80. Specifically, in lieu of SIC Code 80 data, BLS provided CMS data that are based on the following three NAICS codes: NAICS Code 621 (Ambulatory health care services), Code 622 (Hospitals), and Code 623 (Nursing and residential care facilities).

Under section 2104(b)(4) of the Act, each State and the District of Columbia is allotted a “proportion” of the total amount available nationally for allotment to the States. The term “proportion” is defined in section 2104(b)(4)(D)(i) of the Act and refers to a State's share of the total amount available for allotment for any given fiscal year. In order for the entire total amount available to be allotted to the States, the sum of the proportions for all States must exactly equal one. Under the statutory definition, a State's proportion for a fiscal year is equal to the State's allotment for the fiscal year divided by the total amount available nationally for allotment for the fiscal year. In general, a State's allotment for a fiscal year is calculated by multiplying the State's proportion for the fiscal year by the national total amount available for allotment for that fiscal year in accordance with the following formula:

$$SA_i = P_i \times A_T$$

$SA_i$  = Allotment for a State or District of Columbia for a fiscal year.

$P_i$  = Proportion for a State or District of Columbia for a fiscal year.

$A_T$  = Total amount available for allotment to the 50 States and the District of Columbia for the fiscal year. For FY 2007, this is \$4,987,500,000.

In accordance with the statutory formula for determining allotments, the

State proportions are determined under two steps, which are described below in further detail.

Under the first step, each State's proportion is calculated by multiplying the State's Number of Children and the State Cost Factor to determine a "product" for each State. The products for all States are then summed. Finally, the product for a State is divided by the sum of the products for all States, thereby yielding the State's preadjusted proportion.

#### *Application of Floors and Ceiling*

Under the second step, the preadjusted proportions are subject to the application of proportion floors, ceiling, and a reconciliation process, as appropriate. The SCHIP statute specifies three proportion floors, or minimum proportions, that apply in determining States' allotments. The first proportion floor is equal to \$2,000,000 divided by the total of the amount available nationally for the fiscal year. This proportion ensures that a State's minimum allotment would be \$2,000,000. For FY 2007, no State's preadjusted proportion is below this floor. The second proportion floor is equal to 90 percent of the allotment proportion for the State for the previous fiscal year; that is, a State's proportion for a fiscal year must not be lower than 10 percent below the previous fiscal year's proportion. The third proportion floor is equal to 70 percent of the allotment proportion for the State for FY 1999; that is, the proportion for a fiscal year must not be lower than 30 percent below the FY 1999 proportion.

Each State's allotment proportion for a fiscal year is also limited by a maximum ceiling amount, equal to 145 percent of the State's proportion for FY 1999; that is, a State's proportion for a fiscal year must be no higher than 45 percent above the State's proportion for FY 1999. The floors and ceiling are intended to minimize the fluctuation of State allotments from year to year and over the life of the program as compared to FY 1999. The floors and ceiling on proportions are not applicable in determining the allotments of the U.S. Territories and Commonwealths; they receive a fixed percentage specified in the statute of the total allotment available to the U.S. Territories and Commonwealths.

As determined under the first step for determining the States' preadjusted proportions, which is applied before the application of any floors or ceiling, the sum of the proportions for all the States and the District of Columbia will be equal to exactly one. However, the application of the floors and ceiling

under the second step may change the proportions for certain States; that is, some States' proportions may need to be raised to the floors, while other States' proportions may need to be lowered to the maximum ceiling. If this occurs, the sum of the proportions for all States and the District of Columbia may not exactly equal one. In that case, the statute requires the proportions to be adjusted, under a method that is determined by whether the sum of the proportions is greater or less than one.

The sum of the proportions would be greater than one if the application of the floors and ceiling resulted in raising the proportions of some States (due to the application of the floors) to a greater degree than the proportions of other States were lowered (due to the application of the ceiling). If, after application of the floors and ceiling, the sum of the proportions is greater than one, the statute requires the Secretary to determine a maximum percentage increase limit, which, when applied to the State proportions, would result in the sum of the proportions being exactly one.

If, after the application of the floors and ceiling, the sum of the proportions is less than one, the statute requires the States' proportions to be increased in a "pro rata" manner so that the sum of the proportions again equals one. Finally, it is also possible, although unlikely, that the sum of the proportions (after the application of the floors and ceiling) will be exactly one; in that case, the proportions would require no further adjustment.

#### *Determination of Preadjusted Proportions*

The following is an explanation of how we applied the two State-related factors specified in the statute to determine the States' "preadjusted" proportions for FY 2007. The term "preadjusted," as used here, refers to the States' proportions before the application of the floors and ceiling and adjustments, as specified in the SCHIP statute. The determination of each State and the District of Columbia's preadjusted proportion for FY 2007 is in accordance with the following formula:

$$PP_i = (C_i \times SCF_i) / \sum (C_i \times SCF_i)$$

$PP_i$  = Preadjusted proportion for a State or District of Columbia for a fiscal year.  
 $C_i$  = Number of children in a State (section 2104(b)(1)(A)(i) of the Act) for a fiscal year. This number is based on the number of low-income children for a State for a fiscal year and the number of low-income uninsured children for a State for a fiscal year determined on the basis

of the arithmetic average of the number of such children as reported and defined in the three most recent March supplements to the CPS of the Bureau of the Census, officially available before the beginning of the calendar year in which the fiscal year begins. (See section 2104(b)(2)(B) of the Act.)

For fiscal year 2007, the number of children is equal to the sum of 50 percent of the number of low-income uninsured children in the State for the fiscal year and 50 percent of the number of low-income children in the State for the fiscal year. (See section 2104(b)(2)(A)(iii) of the Act.)

$SCF_i$  = State Cost Factor for a State (section 2104(b)(1)(A)(ii) of the Act). For a fiscal year, this is equal to:  $0.15 + 0.85 \times (W_i/W_N)$

$W_i$  = The annual average wages per employee for a State for such year (section 2104(b)(3)(A)(ii)(I) of the Act).

$W_N$  = The annual average wages per employee for the 50 States and the District of Columbia (section 2104(b)(3)(A)(ii)(II) of the Act).

The annual average wages per employee for a State or for all States and the District of Columbia for a fiscal year is equal to the average of such wages for employees in the health services industry, as reported and determined as final by the BLS of the Department of Labor for each of the most recent 3 years officially available before the beginning of the calendar year in which the fiscal year begins. (See section 2104(b)(3)(B) of the Act.)

$\sum (C_i \times SCF_i)$  = The sum of the products of  $(C_i \times SCF_i)$  for each State (section 2104(b)(1)(B) of the Act).

The resulting proportions would then be subject to the application of the floors and ceiling specified in the SCHIP statute and reconciled, as necessary, to eliminate any deficit or surplus of the allotments because the sum of the proportions was either greater than or less than one.

Section 2104(e) of the Act requires that the amounts allotted to a State for a fiscal year be available to the State for a total of 3 years; the fiscal year for which the amounts are allotted, and the 2 following fiscal years.

### **III. Table of State Children's Health Insurance Program Final Allotments for FY 2007**

#### *Key to Table*

#### *Column/Description*

Column A = State. Name of State, District of Columbia, U.S. Commonwealth or Territory.

Column B = *Number of Children*. The number of children for each State (provided in thousands) was determined and provided by the Bureau of the Census based on the arithmetic average of the number of low-income children and low-income uninsured children, and is based on the three most recent March supplements to the CPS of the Bureau of the Census officially available before the beginning of the calendar year in which the fiscal year begins. The FY 2007 allotments were based on the 2003, 2004, and 2005 March supplements to the CPS. These data represent the number of people in each State under 19 years of age whose family income is at or below 200 percent of the poverty threshold appropriate for that family, and who are reported to be without health insurance coverage. The number of children for each State was developed by the Bureau of the Census based on the standard methodology used to determine official poverty status and uninsured status in its annual March CPS on these topics.

For FY 2007, the number of children is equal to the sum of 50 percent of the number of low-income uninsured children in the State and 50 percent of the number of low-income children in the State.

Column C = *State Cost Factor*. The State cost factor for a State is equal to the sum of: 0.15, and 0.85 multiplied by the ratio of the annual average wages in the health industry per employee for the State to the annual wages per employee in the health industry for the 50 States and the District of Columbia. The State cost factor for each State was calculated

based on such wage data for each State as reported and determined as final by the BLS in the Department of Labor for each of the most recent 3 years and available before the beginning of the calendar year in which the fiscal year begins. The FY 2007 allotments were based on final BLS wage data for 2002, 2003, and 2004.

Column D = *Product*. The Product for each State was calculated by multiplying the Number of Children in Column B by the State Cost Factor in Column C. The sum of the Products for all 50 States and the District of Columbia is below the Products for each State in Column D. The Product for each State and the sum of the Products for all States provides the basis for allotment to States and the District of Columbia.

Column E = *Proportion of Total*. This is the calculated percentage share for each State of the total allotment available to the 50 States and the District of Columbia. The Percent Share of Total is calculated as the ratio of the Product for each State in Column D to the sum of the Products for all 50 States and the District of Columbia below the Products for each State in Column D.

Column F = *Adjusted Proportion of Total*. This is the calculated percentage share for each State of the total allotment available after the application of the floors and ceiling and after any further reconciliation needed to ensure that the sum of the State proportions is equal to one. The three floors specified in the statute are: (1) The percentage calculated by dividing \$2,000,000 by the total of the amount available for all allotments for the fiscal year; (2) an

annual floor of 90 percent of (that is, 10 percent below) the preceding fiscal year's allotment proportion; and (3) a cumulative floor of 70 percent of (that is, 30 percent below) the FY 1999 allotment proportion. There is also a cumulative ceiling of 145 percent of (that is, 45 percent above) the FY 1999 allotment proportion.

Column G = *Allotment*. This is the SCHIP allotment for each State, Commonwealth, or Territory for the fiscal year. For each of the 50 States and the District of Columbia, this is determined as the Adjusted Proportion of Total in Column F for the State multiplied by the total amount available for allotment for the 50 States and the District of Columbia for the fiscal year.

For each of the U.S. Territory and Commonwealths, the allotment is determined as the Proportion of Total in Column E multiplied by the total amount available for allotment to the U.S. Territories and Commonwealths. For the U.S. Territories and Commonwealths, the Proportion of Total in Column E is specified in section 2104(c) of the Act. The total amount is then allotted to the U.S. Territories and Commonwealths according to the percentages specified in section 2104 of the Act. There is no adjustment made to the allotments of the U.S. Territories and Commonwealths as they are not subject to the application of the floors and ceiling. As a result, Column F in the table, the Adjusted Proportion of Total, is empty for the U.S. Territories and Commonwealths.

BILLING CODE 4120-01-P

STATE CHILDREN'S HEALTH INSURANCE PROGRAM ALLOTMENTS FOR FEDERAL FISCAL YEAR:						2007
A	B	C	D	E	F	G
STATE	NUMBER OF CHILDREN (000)	STATE COST FACTOR	PRODUCT	PROPORTION OF TOTAL (3)	ADJUSTED PROPORTION OF TOTAL (3)	ALLOTMENT (1)
ALABAMA	277	0.9701	268.2199	1.4815%	1.4896%	\$74,295,313
ALASKA	40	1.0542	41.6420	0.2300%	0.2313%	\$11,534,589
ARIZONA	424	1.0887	461.5930	2.5496%	2.5636%	\$127,858,497
ARKANSAS	195	0.9129	178.0092	0.9832%	0.9886%	\$49,307,483
CALIFORNIA	2,533	1.1271	2,854.8962	15.7688%	15.8554%	\$790,789,213
COLORADO	255	1.0621	270.8420	1.4960%	1.4345%	\$71,544,798
CONNECTICUT	128	1.1251	144.0124	0.7954%	0.7998%	\$39,890,581
DELAWARE	39	1.0369	39.9198	0.2205%	0.2217%	\$11,057,552
DISTRICT OF COLUMBIA	34	1.2432	42.2701	0.2335%	0.2348%	\$11,708,552
FLORIDA	1,036	1.0322	1,068.8561	5.9037%	5.9362%	\$296,066,768
GEORGIA	574	1.0433	598.8366	3.3076%	3.3258%	\$165,874,160
HAWAII	57	1.1199	63.2741	0.3495%	0.3071%	\$15,314,228
IDAHO	100	0.8823	87.7868	0.4849%	0.4875%	\$24,316,412
ILLINOIS	750	1.0594	794.0428	4.3858%	4.2059%	\$209,767,107
INDIANA	352	0.9600	337.4418	1.8638%	1.8741%	\$93,469,355
IOWA	141	0.9309	130.7962	0.7224%	0.7264%	\$36,229,776
KANSAS	143	0.9258	131.9224	0.7287%	0.7327%	\$36,541,720
KENTUCKY	267	0.9480	253.1272	1.3981%	1.4058%	\$70,114,712
LOUISIANA	355	0.9123	323.4215	1.7864%	1.7962%	\$89,585,836
MAINE	59	0.9284	54.7733	0.3025%	0.3042%	\$15,171,887
MARYLAND	221	1.0939	241.7411	1.3352%	1.3426%	\$66,960,838
MASSACHUSETTS	244	1.1083	269.8654	1.4906%	1.4704%	\$73,334,995
MICHIGAN	532	1.0137	539.2999	2.9788%	2.9951%	\$149,382,856
MINNESOTA	181	1.0218	184.9443	1.0215%	0.9747%	\$48,613,498
MISSISSIPPI	237	0.9215	218.3966	1.2063%	1.2129%	\$60,494,559
MISSOURI	279	0.9352	260.4401	1.4385%	1.4464%	\$72,140,346
MONTANA	64	0.8877	56.8115	0.3138%	0.3155%	\$15,736,459
NEBRASKA	87	0.9084	79.0326	0.4365%	0.4389%	\$21,891,551
NEVADA	159	1.2093	192.2753	1.0620%	1.0437%	\$52,056,449
NEW HAMPSHIRE	37	1.0518	38.9149	0.2149%	0.2161%	\$10,779,193
NEW JERSEY	335	1.1338	379.8138	2.0979%	2.1094%	\$105,206,164
NEW MEXICO	160	0.9445	151.1252	0.8347%	1.0435%	\$52,045,406
NEW YORK	1,123	1.0961	1,230.3754	6.7959%	6.8332%	\$340,806,655
NORTH CAROLINA	562	0.9771	549.1038	3.0329%	2.7292%	\$136,117,313
NORTH DAKOTA	32	0.8729	27.9339	0.1543%	0.1551%	\$7,737,529
OHIO	595	0.9587	570.3984	3.1505%	3.1679%	\$157,996,958
OKLAHOMA	249	0.8767	218.2966	1.2057%	1.4201%	\$70,828,185
OREGON	203	1.0090	204.8210	1.1313%	1.1375%	\$56,734,200
PENNSYLVANIA	615	1.0196	626.5640	3.4608%	3.4798%	\$173,554,494
RHODE ISLAND	50	1.0096	50.4811	0.2788%	0.2804%	\$13,982,960
SOUTH CAROLINA	254	1.0042	255.0648	1.4088%	1.4166%	\$70,651,421
SOUTH DAKOTA	41	0.9230	37.3810	0.2065%	0.2076%	\$10,354,308
TENNESSEE	348	1.0125	351.8472	1.9434%	1.9541%	\$97,459,570
TEXAS	2,080	0.9685	2,014.4123	11.1264%	11.1876%	\$557,980,188
UTAH	166	0.8805	146.1615	0.8073%	0.8117%	\$40,485,868
VERMONT	23	0.9231	20.7706	0.1147%	0.1154%	\$5,753,333
VIRGINIA	329	1.0338	339.6114	1.8758%	1.8861%	\$94,070,318
WASHINGTON	318	0.9897	314.2298	1.7356%	1.6017%	\$79,883,308
WEST VIRGINIA	111	0.8990	99.3412	0.5487%	0.5517%	\$27,516,914
WISCONSIN	263	1.0077	264.5260	1.4611%	1.3948%	\$69,563,162
WYOMING	27	0.9458	25.0636	0.1384%	0.1392%	\$6,942,463
<b>TOTAL STATES ONLY</b>			<b>18,104.7276</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>\$4,987,500,000</b>
<b>ALLOTMENTS FOR COMMONWEALTHS AND TERRITORIES (2)</b>						
PUERTO RICO				91.6%		\$48,090,000
GUAM				3.5%		\$1,837,500
VIRGIN ISLANDS				2.6%		\$1,365,000
AMERICAN SAMOA				1.2%		\$630,000
N. MARIANA ISLANDS				1.1%		\$577,500
<b>TOTAL COMMONWEALTHS AND TERRITORIES ONLY</b>				<b>100.0%</b>		<b>\$52,500,000</b>
<b>TOTAL STATES AND COMMONWEALTHS AND TERRITORIES</b>						<b>\$5,040,000,000</b>
<b>FOOTNOTES</b>						
The numbers in Columns B - F are rounded for presentation purposes; the actual numbers used in the allotment calculations are not rounded						
(1) Total amount available for allotment to the 50 States and the District of Columbia is \$4,987,500,000; determined as the fiscal year appropriation (\$5,000,000,000) reduced by the total amount available for allotment to the Commonwealths and Territories under section 2104(c) of the Act (\$12,500,000)						
(2) Total amount available for allotment to the Commonwealths and Territories is \$12,500,000 (.25 percent of \$5,000,000,000, the fiscal year appropriation), plus \$40,000,000, as specified in section 2104(c)(4)(B) of the Act						
(3) Percent share of total amount available for allotment to the Commonwealths and Territories is as specified in section 2104(c) of the Act						

**IV. Regulatory Impact Statement**

We have examined the impacts of this rule as required by Executive Order 12866 (September 1993, Regulatory Planning and Review), the Regulatory Flexibility Act (RFA) (September 19, 1980, Pub. L. 96-354), section 1102(b) of the Social Security Act, the Unfunded

Mandates Reform Act of 1995 (Pub. L. 104-4), and Executive Order 13132. We have examined the impact of this notice as required by Executive Order 12866. Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when rules are necessary, to select regulatory approaches that maximize net benefits (including potential

economic environments, public health and safety, other advantages, distributive impacts, and equity). We believe that this notice is consistent with the regulatory philosophy and principles identified in the Executive Order. The formula for the allotments is specified in the statute. Since the formula is specified in the statute, we have no discretion in determining the

allotments. This notice merely announces the results of our application of this formula, and therefore does not reach the economic significance threshold of \$100 million in any one year.

The RFA requires agencies to analyze options for regulatory relief of small businesses. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and government jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of \$6 million to \$29 million in any one year. Individuals and States are not included in the definition of a small entity; therefore, this requirement does not apply.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This 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 Unfunded Mandates Reform Act of 1995 requires that agencies prepare an assessment of anticipated costs and benefits before publishing any notice that may result in an annual expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$120 million or more (adjusted each year for inflation) in any one year. Since participation in the SCHIP program on the part of States is voluntary, any payments and expenditures States make or incur on behalf of the program that are not reimbursed by the Federal government are made voluntarily. This notice will not create an unfunded mandate on States, tribal, or local governments because it merely notifies states of their SCHIP allotment for FY 2006. Therefore, we are not required to perform an assessment of the costs and benefits of this notice.

Low-income children will benefit from payments under SCHIP through increased opportunities for health insurance coverage. We believe this notice will have an overall positive impact by informing States, the District of Columbia, and U.S. Territories and Commonwealths of the extent to which they are permitted to expend funds under their child health plans using their FY 2007 allotments.

Under Executive Order 13132, we are required to adhere to certain criteria regarding Federalism. We have

reviewed this notice and determined that it does not significantly affect States' rights, roles, and responsibilities because it does not set forth any new policies.

For these reasons, we are not preparing analyses for either the RFA or section 1102(b) of the Act because we have determined, and we certify, that this notice will not have a significant economic impact on a substantial number of small entities or a significant impact on the operations of a substantial number of small rural hospitals.

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

**Authority:** (Section 1102 of the Social Security Act (42 U.S.C. 1302)) (Catalog of Federal Domestic Assistance Program No. 93.767, State Children's Health Insurance Program)

Dated: May 17, 2006.

**Mark B. McClellan,**

*Administrator, Centers for Medicare & Medicaid Services.*

Dated: May 25, 2006.

**Michael O. Leavitt,**

*Secretary, Department of Health and Human Services.*

[FR Doc. E6-12031 Filed 7-27-06; 8:45 am]

**BILLING CODE 4120-01-C**

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### National Institutes of Health

#### Government-Owned Inventions; Availability for Licensing

**AGENCY:** National Institutes of Health, Public Health Service, HHS.

**ACTION:** Notice.

**SUMMARY:** The inventions listed below are owned by an agency of the U.S. Government and are available for licensing in the U.S. in accordance with 35 U.S.C. 207 to achieve expeditious commercialization of results of federally-funded research and development. Foreign patent applications are filed on selected inventions to extend market coverage for companies and may also be available for licensing.

**ADDRESSES:** Licensing information and copies of the U.S. patent applications listed below may be obtained by writing to the indicated licensing contact at the Office of Technology Transfer, National Institutes of Health, 6011 Executive Boulevard, Suite 325, Rockville, Maryland 20852-3804; telephone: 301-496-7057; fax: 301-402-0220. A signed

Confidential Disclosure Agreement will be required to receive copies of the patent applications.

#### On-Demand Protein Microarrays: In Vitro Assembly of Protein Microarrays

**Description of Technology:** Protein microarrays are becoming an indispensable biomedical tool to facilitate rapid high-throughput detection of protein-protein, protein-drug and protein-DNA interactions for large groups of proteins. The novel Protein Microarray of this invention is essentially a DNA microarray that becomes a protein microarray on demand and provides an efficient systematic approach to the study of protein interactions and drug target identification and validation, thereby speeding up the discovery process. The technology allows a large number of proteins to be synthesized and immobilized at their individual site of expression on an ordered array without the need for protein purification. As a result, proteins are ready for subsequent use in binding studies and other analysis.

The Protein Microarray is based on high affinity and high specificity of the protein-nucleic acid interaction of the Tus protein and the Ter site of E. coli. The DNA templates are arrayed on the microarray to perform dual function: (1) synthesizing the protein in situ (cell-free protein synthesis) in the array and (2) at the same time capturing the protein it synthesizes by DNA-protein interaction. This method utilizes an expression vector containing a DNA sequence which serves a dual purpose: (a) encoding proteins of interest fused to the Tus protein for in vitro synthesis of the protein and (b) encoding the Ter sequence, which captures the fusion protein through the high affinity interaction with the Tus protein.

**Applications:** (1) Simultaneous analysis of interactions of many proteins with other proteins, antibodies, nucleic acids, lipids, drugs, etc, in a single experiment; (2) Efficient discovery of novel drugs and drug targets.

**Development Status:** The technology is in early stages of development.

**Inventors:** Deb K. Chatterjee, Kalavathy Sitaraman, James L. Hartley, David J. Munroe, Cassio Baptista (NCI).

**Patent Status:** U.S. Patent Application No. 11/252,735 filed 19 Oct 2005 (HHS Reference No. E-244-2005/0-US-01).

**Licensing Status:** Available for non-exclusive and exclusive licensing.

**Licensing Contact:** Cristina Thalhammer-Reyero, Ph.D., M.B.A.; 301-435-4507; [thalhamc@mail.nih.gov](mailto:thalhamc@mail.nih.gov).

**Collaborative Research Opportunity:** The National Cancer Institute Protein