

approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major notices with economically significant effects (\$100 million or more in any 1 year). As stated in section IV of this notice, we estimate that the overall effect of the changes in the Part A premium will be a savings to voluntary enrollees (section 1818 and section 1818A of the Act) of about \$154 million. As a result, this notice is economically significant under section 3(f)(1) of Executive Order 12866 and thus, a major action under the Congressional Review Act. In accordance with the provisions of Executive Order 12866, this notice was reviewed by the Office of Management and Budget.

The RFA requires agencies to analyze options for regulatory relief of small entities, if a rule has a significant impact on a substantial number of small entities. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of less than \$7.5 million to \$38.5 million in any 1 year (for details, see the Small Business Administration's Web site at [http://www.sba.gov/sites/default/files/files/Size\\_Standards\\_Table.pdf](http://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf)).

Individuals and states are not included in the definition of a small entity. As discussed above, this annual notice announces Medicare's Hospital Insurance (Part A) premium for uninsured enrollees in calendar year (CY) 2015. As a result, we are not preparing an analysis for the RFA because the Secretary has determined that this notice will not have a significant economic impact on a substantial number of small entities.

In addition, section 1102(b) of the Social Security 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 for Medicare payment regulations and has fewer than 100 beds. As discussed above, we are not preparing an analysis for section 1102(b) of the Act, because the Secretary has determined that this notice will not have a significant impact on the

operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of \$100 million in 1995 dollars, updated annually for inflation. In 2014, that threshold is approximately \$141 million. This notice does not impose mandates that will have a consequential effect of \$141 million or more on state, local, or tribal governments or on the private sector.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final rule) that imposes substantial direct requirement costs on state and local governments, preempts state law, or otherwise has Federalism implications. Since this notice does not impose any costs on state or local governments, the requirements of Executive Order 13132 are not applicable.

Dated: September 12, 2014.

**Marilyn Tavenner**,  
Administrator, Centers for Medicare & Medicaid Services.

Dated: September 26, 2014.

**Sylvia M. Burwell**,  
Secretary.

[FR Doc. 2014-24250 Filed 10-9-14; 8:45 am]

**BILLING CODE 4120-01-P**

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Centers for Medicare & Medicaid Services

[CMS-8058-N]

RIN 0938-AS34

### Medicare Program; Medicare Part B Monthly Actuarial Rates, Premium Rate, and Annual Deductible Beginning January 1, 2015

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

**ACTION:** Notice.

**SUMMARY:** This notice announces the monthly actuarial rates for aged (age 65 and over) and disabled (under age 65) beneficiaries enrolled in Part B of the Medicare Supplementary Medical Insurance (SMI) program beginning January 1, 2015. In addition, this notice announces the monthly premium for aged and disabled beneficiaries as well as the income-related monthly adjustment amounts to be paid by beneficiaries with modified adjusted gross income above certain threshold

amounts. The monthly actuarial rates for 2015 are \$209.80 for aged enrollees and \$254.80 for disabled enrollees. The standard monthly Part B premium rate for all enrollees for 2015 is \$104.90, which is equal to 50 percent of the monthly actuarial rate for aged enrollees or approximately 25 percent of the expected average total cost of Part B coverage for aged enrollees. (The 2014 standard premium rate was \$104.90.) The Part B deductible for 2015 is \$147.00 for all Part B beneficiaries. If a beneficiary has to pay an income-related monthly adjustment, they may have to pay a total monthly premium of about 35, 50, 65, or 80 percent of the total cost of Part B coverage.

**DATES:** *Effective Date:* January 1, 2015.

**FOR FURTHER INFORMATION:** M. Kent Clemens, (410) 786-6391.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

Part B is the voluntary portion of the Medicare program that pays all or part of the costs for physicians' services, outpatient hospital services, certain home health services, services furnished by rural health clinics, ambulatory surgical centers, comprehensive outpatient rehabilitation facilities, and certain other medical and health services not covered by Medicare Part A, Hospital Insurance. Medicare Part B is available to individuals who are entitled to Medicare Part A, as well as to U.S. residents who have attained age 65 and are citizens, and aliens who were lawfully admitted for permanent residence and have resided in the United States for 5 consecutive years. Part B requires enrollment and payment of monthly premiums, as described in 42 CFR part 407, subpart B, and part 408, respectively. The difference between the premiums paid by all enrollees and total incurred costs is met by transfers from the general fund of the Treasury.

The Secretary of the Department of Health and Human Services (the Secretary) is required by section 1839 of the Social Security Act (the Act) to announce the Part B monthly actuarial rates for aged and disabled beneficiaries as well as the monthly Part B premium. The Part B annual deductible is included because its determination is directly linked to the aged actuarial rate.

The monthly actuarial rates for aged and disabled enrollees are used to determine the correct amount of general revenue financing per beneficiary each month. These amounts, according to actuarial estimates, will equal, respectively, one-half of the expected average monthly cost of Part B for each

aged enrollee (age 65 or over) and one-half of the expected average monthly cost of Part B for each disabled enrollee (under age 65).

The Part B deductible to be paid by enrollees is also announced. Prior to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) (Pub. L. 108–173), the Part B deductible was set in statute. After setting the 2005 deductible amount at \$110, section 629 of the MMA (amending section 1833(b) of the Act) requires that the Part B deductible be indexed beginning in 2006. The inflation factor to be used each year is the annual percentage increase in the Part B actuarial rate for enrollees age 65 and over. Specifically, the 2015 Part B deductible is calculated by multiplying the 2014 deductible by the ratio of the 2015 aged actuarial rate to the 2014 aged actuarial rate. The amount determined under this formula is then rounded to the nearest \$1.

The monthly Part B premium rate to be paid by aged and disabled enrollees is also announced. (Although the costs to the program per disabled enrollee are different than for the aged, the statute provides that they pay the same premium amount.) Beginning with the passage of section 203 of the Social Security Amendments of 1972 (Pub. L. 92–603), the premium rate, which was determined on a fiscal year basis, was limited to the lesser of the actuarial rate for aged enrollees, or the current monthly premium rate increased by the same percentage as the most recent general increase in monthly Title II social security benefits.

However, the passage of section 124 of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) (Pub. L. 97–248) suspended this premium determination process. Section 124 of TEFRA changed the premium basis to 50 percent of the monthly actuarial rate for aged enrollees (that is, 25 percent of program costs for aged enrollees). Section 606 of the Social Security Amendments of 1983 (Pub. L. 98–21), section 2302 of the Deficit Reduction Act of 1984 (DEFRA 84) (Pub. L. 98–369), section 9313 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA 85) (Pub. L. 99–272), section 4080 of the Omnibus Budget Reconciliation Act of 1987 (OBRA 87) (Pub. L. 100–203), and section 6301 of the Omnibus Budget Reconciliation Act of 1989 (OBRA 89) (Pub. L. 101–239) extended the provision that the premium be based on 50 percent of the monthly actuarial rate for aged enrollees (that is, 25 percent of program costs for aged enrollees). This extension expired at the end of 1990.

The premium rate for 1991 through 1995 was legislated by section 1839(e)(1)(B) of the Act, as added by section 4301 of the Omnibus Budget Reconciliation Act of 1990 (OBRA 90) (Pub. L. 101–508). In January 1996, the premium determination basis would have reverted to the method established by the 1972 Social Security Act Amendments. However, section 13571 of the Omnibus Budget Reconciliation Act of 1993 (OBRA 93) (Pub. L. 103–66) changed the premium basis to 50 percent of the monthly actuarial rate for aged enrollees (that is, 25 percent of program costs for aged enrollees) for 1996 through 1998.

Section 4571 of the Balanced Budget Act of 1997 (BBA) (Pub. L. 105–33) permanently extended the provision that the premium be based on 50 percent of the monthly actuarial rate for aged enrollees (that is, 25 percent of program costs for aged enrollees).

The BBA included a further provision affecting the calculation of the Part B actuarial rates and premiums for 1998 through 2003. Section 4611 of the BBA modified the home health benefit payable under Part A for individuals enrolled in Part B. Under this section, beginning in 1998, expenditures for home health services not considered “post-institutional” are payable under Part B rather than Part A. However, section 4611(e)(1) of the BBA required that there be a transition from 1998 through 2002 for the aggregate amount of the expenditures transferred from Part A to Part B. Section 4611(e)(2) of the BBA also provided a specific yearly proportion for the transferred funds. The proportions were  $\frac{1}{6}$  for 1998,  $\frac{1}{3}$  for 1999,  $\frac{1}{2}$  for 2000,  $\frac{2}{3}$  for 2001, and  $\frac{5}{6}$  for 2002. For the purpose of determining the correct amount of financing from general revenues of the Federal Government, it was necessary to include only these transitional amounts in the monthly actuarial rates for both aged and disabled enrollees, rather than the total cost of the home health services being transferred.

Section 4611(e)(3) of the BBA also specified, for the purpose of determining the premium, that the monthly actuarial rate for enrollees age 65 and over be computed as though the transition would occur for 1998 through 2003 and that  $\frac{1}{7}$  of the cost be transferred in 1998,  $\frac{2}{7}$  in 1999,  $\frac{3}{7}$  in 2000,  $\frac{4}{7}$  in 2001,  $\frac{5}{7}$  in 2002, and  $\frac{6}{7}$  in 2003. Therefore, the transition period for incorporating this home health transfer into the premium was 7 years while the transition period for including these services in the actuarial rate was 6 years.

Section 811 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Pub. L. 108–173, also known as the Medicare Modernization Act, or MMA), which amended section 1839 of the Act, requires that, starting on January 1, 2007, the Part B premium a beneficiary pays each month be based on their annual income. Specifically, if a beneficiary’s “modified adjusted gross income” is greater than the legislated threshold amounts (for 2015, \$85,000 for a beneficiary filing an individual income tax return, and \$170,000 for a beneficiary filing a joint tax return) the beneficiary is responsible for a larger portion of the estimated total cost of Part B benefit coverage. In addition to the standard 25 percent premium, these beneficiaries now have to pay an income-related monthly adjustment amount. The MMA made no change to the actuarial rate calculation, and the standard premium, which will continue to be paid by beneficiaries whose modified adjusted gross income is below the applicable thresholds, still represents 25 percent of the estimated total cost to the program of Part B coverage for an aged enrollee. However, depending on income and tax filing status, a beneficiary can now be responsible for 35, 50, 65, or 80 percent of the estimated total cost of Part B coverage, rather than 25 percent. The end result of the higher premium is that the Part B premium subsidy is reduced and less general revenue financing is required for beneficiaries with higher income because they are paying a larger share of the total cost with their premium. That is, the premium subsidy continues to be approximately 75 percent for beneficiaries with income below the applicable income thresholds, but will be reduced for beneficiaries with income above these thresholds. The MMA specified that there be a 5-year transition to full implementation of this provision. However, section 5111 of the Deficit Reduction Act of 2005 (Pub. L. 109–171) (DRA) modified the transition to a 3-year period.

Section 4732(c) of the BBA added section 1933(c) of the Act, which required the Secretary to allocate money from the Part B trust fund to the State Medicaid programs for the purpose of providing Medicare Part B premium assistance from 1998 through 2002 for the low-income Medicaid beneficiaries who qualify under section 1933 of the Act. This allocation, while not a benefit expenditure, was an expenditure of the trust fund and was included in calculating the Part B actuarial rates through 2002. For 2003 through 2014,

the expenditure was made from the trust fund because the allocation was temporarily extended. However, because the extension occurred after the financing was determined, the allocation was not included in the calculation of the financing rates for these years.

Another provision affecting the calculation of the Part B premium is section 1839(f) of the Act, as amended by section 211 of the Medicare Catastrophic Coverage Act of 1988 (MCCA 88) (Pub. L. 100-360). (However, the Medicare Catastrophic Coverage Repeal Act of 1989 (Pub. L. 101-234) did not repeal the revisions to section 1839(f) made by MCCA 88.) Section 1839(f) of the Act, referred to as the “hold-harmless” provision, provides that if an individual is entitled to benefits under section 202 or 223 of the Act (the Old-Age and Survivors Insurance Benefit and the Disability Insurance Benefit, respectively) and has the Part B premiums deducted from these benefit payments, the premium increase will be reduced, if necessary, to avoid causing a decrease in the individual’s net monthly payment. This decrease in payment occurs if the increase in the individual’s social security benefit due to the cost-of-living adjustment under section 215(i) of the Act is less than the increase in the premium. Specifically, the reduction in the premium amount applies if the individual is entitled to benefits under section 202 or 223 of the Act for November and December of a particular year and the individual’s Part B

premiums for December and the following January are deducted from the respective month’s section 202 or 223 benefits. The “hold-harmless” provision does not apply to beneficiaries who are required to pay an income-related monthly adjustment amount.

A check for benefits under section 202 or 223 of the Act is received in the month following the month for which the benefits are due. The Part B premium that is deducted from a particular check is the Part B payment for the month in which the check is received. Therefore, a benefit check for November is not received until December, but has December’s Part B premium deducted from it.

Generally, if a beneficiary qualifies for hold-harmless protection, the reduced premium for the individual for that January and for each of the succeeding 11 months is the greater of either—

- The monthly premium for January reduced as necessary to make the December monthly benefits, after the deduction of the Part B premium for January, at least equal to the preceding November’s monthly benefits, after the deduction of the Part B premium for December; or
- The monthly premium for that individual for that December.

In determining the premium limitations under section 1839(f) of the Act, the monthly benefits to which an individual is entitled under section 202 or 223 of the Act do not include retroactive adjustments or payments and deductions on account of work. Also, once the monthly premium amount is established under section 1839(f) of the

Act, it will not be changed during the year even if there are retroactive adjustments or payments and deductions on account of work that apply to the individual’s monthly benefits.

Individuals who have enrolled in Part B late or who have re-enrolled after the termination of a coverage period are subject to an increased premium under section 1839(b) of the Act. The increase is a percentage of the premium and is based on the new premium rate before any reductions under section 1839(f) of the Act are made.

**II. Provisions of the Notice**

*A. Notice of Medicare Part B Monthly Actuarial Rates, Monthly Premium Rates, and Annual Deductible*

The Medicare Part B monthly actuarial rates applicable for 2015 are \$209.80 for enrollees age 65 and over and \$254.80 for disabled enrollees under age 65. In section II.B. of this notice, we present the actuarial assumptions and bases from which these rates are derived. The Part B standard monthly premium rate for all enrollees for 2015 is \$104.90. The Part B annual deductible for 2015 is \$147.00. The following are the 2015 Part B monthly premium rates to be paid by beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year), or a joint tax return.

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000 .....	Less than or equal to \$170,000 .....	\$0.00	\$104.90
Greater than \$85,000 and less than or equal to \$107,000.	Greater than \$170,000 and less than or equal to \$214,000.	42.00	146.90
Greater than \$107,000 and less than or equal to \$160,000.	Greater than \$214,000 and less than or equal to \$320,000.	104.90	209.80
Greater than \$160,000 and less than or equal to \$214,000.	Greater than \$320,000 and less than or equal to \$428,000.	167.80	272.70
Greater than \$214,000 .....	Greater than \$428,000 .....	230.80	335.70

In addition, the monthly premium rates to be paid by beneficiaries who are married and lived with their spouse at any time during the taxable year, but file a separate tax return from their spouse, are as follows:

Beneficiaries who are married and lived with their spouse at any time during the year, but file a separate tax return from their spouse:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000 .....	\$0.00	\$104.90
Greater than \$85,000 and less than or equal to \$129,000 .....	167.80	272.70
Greater than \$129,000 .....	230.80	335.70

The Part B annual deductible for 2015 is \$147.00 for all beneficiaries.

*B. Statement of Actuarial Assumptions and Bases Employed in Determining the Monthly Actuarial Rates and the Monthly Premium Rate for Part B Beginning January 2015*

Except where noted, the actuarial assumptions and bases used to determine the monthly actuarial rates and the monthly premium rates for Part B are established by the Office of the Actuary in the Centers for Medicare & Medicaid Services. The estimates underlying these determinations are prepared by actuaries meeting the qualification standards and following the actuarial standards of practice established by the Actuarial Standards Board.

1. Actuarial Status of the Part B Account in the Supplementary Medical Insurance Trust Fund

Under the statute, the starting point for determining the standard monthly

premium is the amount that would be necessary to finance Part B on an incurred basis. This is the amount of income that would be sufficient to pay for services furnished during that year (including associated administrative costs) even though payment for some of these services will not be made until after the close of the year. The portion of income required to cover benefits not paid until after the close of the year is added to the trust fund and used when needed.

The premium rates are established prospectively and are, therefore, subject to projection error. Additionally, legislation enacted after the financing was established, but effective for the period in which the financing is set, may affect program costs. As a result, the income to the program may not equal incurred costs. Therefore, trust fund assets must be maintained at a level that is adequate to cover an appropriate degree of variation between actual and projected costs, and the

amount of incurred, but unpaid, expenses. Numerous factors determine what level of assets is appropriate to cover variation between actual and projected costs. The three most important of these factors are: (1) the difference from prior years between the actual performance of the program and estimates made at the time financing was established; (2) the likelihood and potential magnitude of expenditure changes resulting from enactment of legislation affecting Part B costs in a year subsequent to the establishment of financing for that year; and (3) the expected relationship between incurred and cash expenditures. These factors are analyzed on an ongoing basis, as the trends can vary over time.

Table 1 summarizes the estimated actuarial status of the trust fund as of the end of the financing period for 2013 and 2014.

TABLE 1—ESTIMATED ACTUARIAL STATUS OF THE PART B ACCOUNT IN THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND AS OF THE END OF THE FINANCING PERIOD

Financing period ending	Assets (millions)	Liabilities (millions)	Assets less liabilities (millions)
December 31, 2013 .....	\$74,204	\$19,656	\$54,548
December 31, 2014 .....	70,931	20,376	50,555

2. Monthly Actuarial Rate for Enrollees Age 65 and Older

The monthly actuarial rate for enrollees age 65 and older is one-half of the sum of monthly amounts for: (1) The projected cost of benefits, and (2) administrative expenses for each enrollee age 65 and older, after adjustments to this sum to allow for interest earnings on assets in the trust fund and an adequate contingency margin. The contingency margin is an amount appropriate to provide for possible variation between actual and projected costs and to amortize any surplus assets or unfunded liabilities.

The monthly actuarial rate for enrollees age 65 and older for 2015 is determined by first establishing per-enrollee cost by type of service from program data through 2013 and then projecting these costs for subsequent years. The projection factors used for financing periods from January 1, 2012 through December 31, 2015 are shown in Table 2.

As indicated in Table 3, the projected per-enrollee amount required to pay for one-half of the total of benefits and administrative costs for enrollees age 65

and over for 2015 is \$208.61. Based on current estimates, the assets are not sufficient to cover the amount of incurred, but unpaid, expenses and to provide for a significant degree of variation between actual and projected costs. Thus, a positive contingency margin is needed to increase assets to a more appropriate level. The monthly actuarial rate of \$209.80 provides an adjustment of \$3.41 for a contingency margin and –\$2.22 for interest earnings.

The size of the contingency margin for 2015 is affected by several factors. The largest factor involves the current law formula for physician fees, which is scheduled to result in a reduction in physician fees of an estimated 21.1 percent in April 2015. For 2003 through March 2015, lawmakers have prevented physician fee reductions from occurring. In recognition of the strong possibility of substantial increase in Part B expenditures that would result from similar legislation to override the decreases in physician fees in 2015, it is appropriate to maintain a significantly larger Part B contingency reserve than would otherwise be

necessary. The asset level projected for the end of 2014 is not adequate to accommodate this contingency.

Two other factors affect the contingency margin for 2015. Starting in 2011, manufacturers and importers of brand-name prescription drugs have paid a fee that is allocated to the Part B account of the SMI trust. For 2015, the total of these brand-name drug fees is estimated to be \$3.0 billion. The contingency margin has been reduced to account for this additional revenue.

Another factor impacting the contingency margin comes from the requirement that certain payment incentives, to encourage the development and use of health information technology (HIT) by Medicare physicians, are to be excluded from the premium determination. HIT bonuses or penalties will be directly offset through transfers with the general fund of the Treasury. The monthly actuarial rate includes an adjustment of –\$0.24 for HIT bonus payments in 2015.

The traditional goal for the Part B reserve has been that assets minus liabilities at the end of a year should

represent between 15 and 20 percent of the following year's total incurred expenditures. To accomplish this goal, a 17 percent reserve ratio has been the normal target used to calculate the Part B premium. In view of the strong likelihood of actual expenditures exceeding estimated levels, due to the likelihood of the enactment of legislation after the financing has been set for 2015 as a result of the scheduled 2015 physician update, a contingency reserve ratio in excess of 20 percent of the following year's expenditures would better ensure that the assets of the Part B account can adequately cover the cost of incurred-but-not-reported benefits together with variations between actual and estimated cost levels.

The actuarial rate of \$209.80 per month for aged beneficiaries, as announced in this notice for 2015, reflects the combined net effect of the factors previously described and the projection assumptions listed in Table 2.

3. Monthly Actuarial Rate for Disabled Enrollees

Disabled enrollees are those persons under age 65 who are enrolled in Part B because of entitlement to Social Security disability benefits for more than 24 months or because of entitlement to Medicare under the end-stage renal disease (ESRD) program. Projected monthly costs for disabled enrollees (other than those with ESRD) are prepared in a fashion parallel to the projection for the aged using appropriate actuarial assumptions (see Table 2). Costs for the ESRD program are projected differently because of the different nature of services offered by the program.

As shown in Table 4, the projected per-enrollee amount required to pay for one-half of the total of benefits and administrative costs for disabled enrollees for 2015 is \$249.95. The monthly actuarial rate of \$254.80 also provides an adjustment of -\$2.95 for interest earnings and \$7.80 for a contingency margin, reflecting the same factors described previously for the aged actuarial rate. Based on current estimates, the assets associated with the disabled Medicare beneficiaries at the end of 2014 are not sufficient to cover the amount of incurred, but unpaid, expenses and to provide for a significant degree of variation between actual and projected costs. Thus, a positive contingency margin is needed to increase assets to an appropriate level.

The actuarial rate of \$254.80 per month for disabled beneficiaries, as announced in this notice for 2015, reflects the combined net effect of the factors described previously for aged beneficiaries and the projection assumptions listed in Table 2.

4. Sensitivity Testing

Several factors contribute to uncertainty about future trends in medical care costs. It is appropriate to test the adequacy of the rates using alternative cost growth rate assumptions. The results of those assumptions are shown in Table 5. One set represents increases that are higher and, therefore, more pessimistic than the current estimate. The other set represents increases that are lower and, therefore, more optimistic than the current estimate. The values for the alternative assumptions were determined from a statistical analysis of the historical variation in the respective increase factors.

As indicated in Table 5, the monthly actuarial rates would result in an excess of assets over liabilities of \$58,887 million by the end of December 2015 under the cost growth rate assumptions used in preparing this report and assuming that the provisions of current law are fully implemented. This amounts to 21.6 percent of the estimated total incurred expenditures for the following year.

Assumptions that are somewhat more pessimistic (and that therefore test the adequacy of the assets to accommodate projection errors) produce a surplus of \$17,781 million by the end of December 2015 under current law, which amounts to 5.8 percent of the estimated total incurred expenditures for the following year. Under fairly optimistic assumptions, the monthly actuarial rates would result in a surplus of \$96,482 million by the end of December 2015, or 40.3 percent of the estimated total incurred expenditures for the following year.

The sensitivity analysis indicates that the premium and general revenue financing established for 2015, together with existing Part B account assets would be adequate to cover estimated Part B costs for 2015 under current law, even if actual costs prove to be somewhat greater than expected.

5. Premium Rates and Deductible

As determined in accordance with section 1839 of the Act, listed are the 2015 Part B monthly premium rates to be paid by beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year), or a joint tax return.

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000 .....	Less than or equal to \$170,000 .....	\$0.00	\$104.90
Greater than \$85,000 and less than or equal to \$107,000.	Greater than \$170,000 and less than or equal to \$214,000.	42.00	146.90
Greater than \$107,000 and less than or equal to \$160,000.	Greater than \$214,000 and less than or equal to \$320,000.	104.90	209.80
Greater than \$160,000 and less than or equal to \$214,000.	Greater than \$320,000 and less than or equal to \$428,000.	167.80	272.70
Greater than \$214,000 .....	Greater than \$428,000 .....	230.80	335.70

In addition, the monthly premium rates to be paid by beneficiaries who are

married and lived with their spouse at any time during the taxable year, but file

a separate tax return from their spouse, are listed as follows:

Beneficiaries who are married and lived with their spouse at any time during the year, but file a separate tax return from their spouse:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000 .....	\$0.00	\$104.90
Greater than \$85,000 and less than or equal to \$129,000 .....	167.80	272.70
Greater than \$129,000 .....	230.80	335.70

TABLE 2—PROJECTION FACTORS<sup>1</sup> 12-MONTH PERIODS ENDING DECEMBER 31 OF 2012–2015  
[In percent]

Calendar year	Physicians' services		Durable medical equipment	Carrier lab <sup>4</sup>	Other carrier services <sup>5</sup>	Outpatient hospital	Home health agency	Hospital lab <sup>6</sup>	Other intermediary services <sup>7</sup>	Managed care
	Fees <sup>2</sup>	Residual <sup>3</sup>								
Aged:										
2012 ..	-1.1	0.9	0.7	6.5	3.2	7.5	-3.4	4.1	4.2	1.9
2013 ..	-0.1	0.3	-10.3	0.2	2.7	7.1	-0.9	-0.6	-1.1	0.7
2014 ..	0.5	0.3	-17.5	2.1	3.3	10.3	-0.2	-26.7	3.6	6.4
2015 ..	-16.6	0.4	1.6	3.7	2.2	6.0	0.3	3.9	-5.5	1.5
Disabled:										
2012 ..	-1.1	2.2	1.0	24.9	2.4	8.6	-0.7	4.6	2.0	1.3
2013 ..	-0.1	2.5	-8.4	11.7	1.7	7.7	-0.2	-0.2	3.2	2.7
2014 ..	0.5	0.6	-15.6	3.0	2.5	11.5	1.1	-30.1	5.4	7.8
2015 ..	-16.6	0.8	1.7	3.9	1.8	6.3	0.5	4.0	-1.5	1.4

<sup>1</sup> All values for services other than managed care are per fee-for-service enrollee. Managed care values are per managed care enrollee.

<sup>2</sup> As recognized for payment under the program.

<sup>3</sup> Increase in the number of services received per enrollee and greater relative use of more expensive services.

<sup>4</sup> Includes services paid under the lab fee schedule furnished in the physician's office or an independent lab.

<sup>5</sup> Includes physician-administered drugs, ambulatory surgical center facility costs, ambulance services, parenteral and enteral drug costs, supplies, etc.

<sup>6</sup> Includes services paid under the lab fee schedule furnished in the outpatient department of a hospital.

<sup>7</sup> Includes services furnished in dialysis facilities, rural health clinics, Federally qualified health centers, rehabilitation and psychiatric hospitals, etc.

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**TABLE 3—DERIVATION OF MONTHLY ACTUARIAL RATE FOR ENROLLEES AGE 65 AND OVER FOR FINANCING PERIODS ENDING DECEMBER 31, 2012 THROUGH DECEMBER 31, 2015 (IN DOLLARS)**

	Financing Periods			
	CY 2012	CY 2013	CY 2014	CY 2015
Covered services (at level recognized):				
Physician fee schedule	\$80.02	\$78.30	\$76.94	\$65.05
Durable medical equipment	8.32	7.29	5.84	6.00
Carrier lab <sup>1</sup>	4.31	4.22	4.19	4.39
Other carrier services <sup>2</sup>	22.07	22.13	22.23	22.96
Outpatient hospital	37.14	38.85	41.65	44.64
Home health	10.48	10.14	9.84	9.97
Hospital lab <sup>3</sup>	3.89	3.77	2.69	2.82
Other intermediary services <sup>4</sup>	14.76	14.25	14.35	13.70
Managed care	61.46	65.22	73.45	72.92
Total services	242.46	244.17	251.17	242.46
Cost sharing:				
Deductible	-5.37	-5.63	-5.63	-5.63
Coinsurance	-31.04	-29.06	-28.17	-26.32
Sequestration of benefits	0.00	-3.16	-4.34	-4.21
HIT payment incentives	-1.57	-2.04	-2.87	-0.24
Total benefits	204.48	204.28	210.15	206.07
Administrative expenses	3.45	3.58	3.03	2.55
Incurred expenditures	207.93	207.85	213.18	208.61
Value of interest	-2.21	-1.80	-1.91	-2.22
Contingency margin for projection error and to amortize the surplus or deficit	-5.92	3.75	-1.48	3.41
Monthly actuarial rate	199.80	209.80	209.80	209.80

<sup>1</sup> Includes services paid under the lab fee schedule furnished in the physician's office or an independent lab.

<sup>2</sup> Includes physician-administered drugs, ambulatory surgical center facility costs, ambulance services, parenteral and enteral drug costs, supplies, etc.

<sup>3</sup> Includes services paid under the lab fee schedule furnished in the outpatient department of a hospital.

<sup>4</sup> Includes services furnished in dialysis facilities, rural health clinics, Federally qualified health centers, rehabilitation and psychiatric hospitals, etc.

**TABLE 4—DERIVATION OF MONTHLY ACTUARIAL RATE FOR DISABLED ENROLLEES FOR FINANCING PERIODS ENDING DECEMBER 31, 2012 THROUGH DECEMBER 31, 2015 (IN DOLLARS)**

	Financing Periods			
	CY 2012	CY 2013	CY 2014	CY 2015
Covered services (at level recognized):				
Physician fee schedule	\$85.25	\$84.62	\$83.64	\$70.30
Durable medical equipment	15.78	13.96	11.48	11.70
Carrier lab <sup>1</sup>	6.12	6.58	6.58	6.86
Other carrier services <sup>2</sup>	25.81	25.46	25.36	25.92
Outpatient hospital	52.49	54.70	59.55	63.42
Home health	9.29	8.99	8.85	8.92
Hospital lab <sup>3</sup>	5.45	5.29	3.59	3.74
Other intermediary services <sup>4</sup>	41.78	42.43	42.68	42.74
Managed care	48.76	54.92	63.14	63.68
Total services	290.75	296.95	304.88	297.28
Cost sharing:				
Deductible	-5.05	-5.29	-5.30	-5.29
Coinsurance	-46.06	-44.46	-42.64	-39.80
Sequestration of benefits	0.00	-3.73	-5.13	-5.04
HIT payment incentives	-1.60	-2.14	-3.09	-0.25
Total benefits	238.04	241.32	248.71	246.90
Administrative expenses	4.01	4.22	3.59	3.05
Incurred expenditures	242.05	245.54	252.30	249.95
Value of interest	-3.82	-3.49	-2.71	-2.95
Contingency margin for projection error and to amortize the surplus or deficit	-45.72	-6.55	-30.69	7.80
Monthly actuarial rate	192.50	235.50	218.90	254.80

<sup>1</sup> Includes services paid under the lab fee schedule furnished in the physician's office or an independent lab.

<sup>2</sup> Includes physician-administered drugs, ambulatory surgical center facility costs, ambulance services, parenteral and enteral drug costs, supplies, etc.

<sup>3</sup> Includes services paid under the lab fee schedule furnished in the outpatient department of a hospital.

<sup>4</sup> Includes services furnished in dialysis facilities, rural health clinics, Federally qualified health centers, rehabilitation and psychiatric hospitals, etc.

**TABLE 5—ACTUARIAL STATUS OF THE PART B ACCOUNT IN THE SMI TRUST FUND UNDER THREE SETS OF ASSUMPTIONS FOR FINANCING PERIODS THROUGH DECEMBER 31, 2015**

As of December 31,	2013	2014	2015
This projection:			
Actuarial status (in \$ millions):			
Assets	74,204	70,931	78,902
Liabilities	19,656	20,376	20,015
Assets less liabilities	54,548	50,555	58,887
Ratio (in percent) <sup>1</sup>	21.0	19.3	21.6
Low cost projection:			
Actuarial status (in \$ millions):			
Assets	74,204	84,921	115,460
Liabilities	19,656	18,825	18,978
Assets less liabilities	54,548	66,095	96,482
Ratio (in percent) <sup>1</sup>	22.3	28.0	40.3
High cost projection:			
Actuarial status (in \$ millions):			
Assets	74,204	57,281	38,977
Liabilities	19,656	21,896	21,196
Assets less liabilities	54,548	35,384	17,781
Ratio (in percent) <sup>1</sup>	19.8	12.2	5.8

<sup>1</sup>Ratio of assets less liabilities at the end of the year to the total incurred expenditures during the following year, expressed as a percent. These estimates are based on the assumption that all provisions of current law will be implemented in full, including the approximately 21.1-percent reduction in Medicare payment rates to physicians required by the statutory "sustainable growth rate" formula.

**BILLING CODE 4120-01-C****III. Regulatory Impact Analysis****A. Statement of Need**

Section 1839 of the Act requires us to annually announce (that is by September 30th of each year) the Part B monthly actuarial rates for aged and disabled beneficiaries as well as the monthly Part B premium. We also announce the Part B annual deductible because its determination is directly linked to the aged actuarial rate.

**B. Overall Impact**

We have examined the impacts of this rule as required by Executive Order 12866 on Regulatory Planning and Review (September 30, 1993), Executive Order 13563 on Improving Regulation and Regulatory Review (January 18, 2011), the Regulatory Flexibility Act (RFA) (September 19, 1980, Pub. L. 96-354), section 1102(b) of the Social

Security Act, section 202 of the Unfunded Mandates Reform Act of 1995 (March 22, 1995, Pub. L. 104-4), Executive Order 13132 on Federalism (August 4, 1999) and the Congressional Review Act (5 U.S.C. 804(2)).

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). A regulatory impact analysis (RIA) must be prepared for major notices with economically significant effects (\$100 million or more in any 1 year). For 2015, the standard Part B premium rate, the Part B income-related premium rates, and the Part B deductible are the same as the

respective amounts for 2014. As a result, this notice is not economically significant under section 3(f)(1) of Executive Order 12866 and thus, is not a major action under the Congressional Review Act. In accordance with the provisions of Executive Order 12866, this notice was reviewed by the Office of Management and Budget.

As discussed earlier, this notice announces that the monthly actuarial rates applicable for 2015 are \$209.80 for enrollees age 65 and over and \$254.80 for disabled enrollees under age 65. It also announces the 2015 monthly Part B premium rates to be paid by beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with a dependent child, or married filing separately who lived apart from their spouse for the entire taxable year), or a joint tax return.

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000 .....	Less than or equal to \$170,000 .....	\$0.00	\$104.90
Greater than \$85,000 and less than or equal to \$107,000.	Greater than \$170,000 and less than or equal to \$214,000.	42.00	146.90
Greater than \$107,000 and less than or equal to \$160,000.	Greater than \$214,000 and less than or equal to \$320,000.	104.90	209.80



Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount
Greater than \$160,000 and less than or equal to \$214,000.	Greater than \$320,000 and less than or equal to \$428,000.	167.80	272.70
Greater than \$214,000 .....	Greater than \$428,000 .....	230.80	335.70

In addition, the monthly premium rates to be paid by beneficiaries who are married and lived with their spouse at any time during the taxable year, but file a separate tax return from their spouse, are also announced and listed in the following chart:

Beneficiaries who are married and lived with their spouse at any time during the year, but file a separate tax return from their spouse:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000 .....	\$0.00	\$104.90
Greater than \$85,000 and less than or equal to \$129,000 .....	167.80	272.70
Greater than \$129,000 .....	230.80	335.70

The RFA requires agencies to analyze options for regulatory relief of small businesses, if a rule has a significant impact on a substantial number of small entities. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of less than \$7.0 million to \$38.5 million in any 1 year. Individuals and States are not included in the definition of a small entity. This notice announces the monthly actuarial rates for aged (age 65 and over) and disabled (under 65) beneficiaries enrolled in Part B of the Medicare SMI program beginning January 1, 2015. Also, this notice announces the monthly premium for aged and disabled beneficiaries as well as the income-related monthly adjustment amounts to be paid by beneficiaries with modified adjusted gross income above certain threshold amounts. As a result, we are not preparing an analysis for the RFA because the Secretary has determined that this notice will not have a significant economic impact on a substantial number of small entities.

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. As we discussed

previously, we are not preparing an analysis for section 1102(b) of the Act because the Secretary has determined that this notice will not have a significant effect on a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of \$100 million in 1995 dollars, updated annually for inflation. In 2014, that threshold is approximately \$141 million. This notice does not impose mandates that will have a consequential effect of \$141 million or more on State, local, or tribal governments or on the private sector.

Executive Order 13132 establishes certain requirements that an agency must meet when it publishes a proposed rule (and subsequent final rule) that imposes substantial direct compliance costs on State and local governments, preempts State law, or otherwise has Federalism implications. We have determined that this notice does not significantly affect the rights, roles, and responsibilities of States.

For 2015, the standard Part B premium rate, the Part B income-related premium rates, and the Part B deductible are the same as the respective amounts for 2014. Therefore, this notice is not a major rule as defined in 5 U.S.C. 804(2) and is not an economically significant rule under Executive Order 12866.

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

**IV. Waiver of Proposed Notice**

The Medicare statute requires the publication of the monthly actuarial rates and the Part B premium amounts in September. We ordinarily use general notices, rather than notice and comment rulemaking procedures, to make such announcements. In doing so, we note that, under the Administrative Procedure Act, interpretive rules, general statements of policy, and rules of agency organization, procedure, or practice are excepted from the requirements of notice and comment rulemaking.

We considered publishing a proposed notice to provide a period for public comment. However, we may waive that procedure if we find, for good cause, that prior notice and comment are impracticable, unnecessary, or contrary to the public interest. The statute establishes the time period for which the premium rates will apply, and delaying publication of the Part B premium rate such that it would not be published before that time would be contrary to the public interest. Moreover, we find that notice and comment are unnecessary because the formulas used to calculate the Part B premiums are statutorily directed. Therefore, we find good cause to waive publication of a proposed notice and solicitation of public comments.

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

Dated: September 12, 2014.  
**Marilyn Tavenner,**  
*Administrator, Centers for Medicare & Medicaid Services.*

Approved: September 26, 2014.  
**Sylvia M. Burwell,**  
*Secretary, Department of Health and Human Services.*

[FR Doc. 2014-24248 Filed 10-9-14; 8:45 am]  
**BILLING CODE 4120-01-P**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Administration for Children and Families**

**Submission for OMB Review; Comment Request**

*Title:* Runaway and Homeless Youth Management Information System (RHYMIS) Version 3.0.

*OMB No.:* 0970-0123.

*Description:* The Runaway and Homeless Youth Act, as amended by Public Law 106-71 (42 U.S.C. 5701 et seq.), mandates that the Department of Health and Human Services (HHS) report regularly to Congress on the status of HHS-funded programs serving runaway and homeless youth. Such reporting is similarly mandated by the Government Performance and Results

Act. Organizations funded under the Runaway and Homeless Youth program are required by statute (42 U.S.C. 5712, 42 U.S.C. 5714-2) to meet certain data collection and reporting requirements. These requirements include maintenance of client statistical records on the number and the characteristics of the runaway and homeless youth, and youth at risk of family separation, who participate in the project, and the services provided to such youth by the project.

*Respondents:* States localities, private entities and coordinated networks of such entities. Typical respondents are non-profit community based organizations who are reporting on the youth that they serve through their Basic Center, Transitional Living and Street Outreach programs.

**ANNUAL BURDEN ESTIMATES**

Instrument	Number of respondents *	Number of responses per respondent	Average burden hours per response	Total burden hours
Youth Profile: Basic Center Program (one for each youth) .....	321	115	0.20	7,383
Youth Profile: Transitional Living Program (one for each youth) .....	205	19	0.250	974
Youth Profile: Street Outreach Program (one for each youth) .....	138	524	0.073	5,279
Brief Agency Contacts Report** (3 data elements per youth) .....	664	865	0.05	28,718
Data Transfer .....	664	2	0.50	664

\* Number of respondents and response estimates are based on FY 2013 grantee award and annual youth service volumes (the number of grantees awarded and their service volumes change from year to year but not greatly.)

\*\* Brief Agency Contacts Report is a new report that combines the elements of the Street Outreach Contacts, Turn away/Waitlist and Brief Contacts reports that were previously in place.

*Estimated Total Annual Burden Hours:* 43,018.

*Additional Information:* Copies of the proposed collection may be obtained by writing to the Administration for Children and Families, Office of Planning, Research and Evaluation, 370 L'Enfant Promenade SW., Washington, DC 20447, Attn: ACF Reports Clearance Officer. All requests should be identified by the title of the information collection. Email address: [infocollection@acf.hhs.gov](mailto:infocollection@acf.hhs.gov).

*OMB Comment:* OMB is required to make a decision concerning the collection of information between 30 and 60 days after publication of this document in the **Federal Register**. Therefore, a comment is best assured of having its full effect if OMB receives it within 30 days of publication. Written comments and recommendations for the proposed information collection should be sent directly to the following: Office of Management and Budget, Paperwork Reduction Project, Email: [OIRA\\_SUBMISSION@OMB.EOP.GOV](mailto:OIRA_SUBMISSION@OMB.EOP.GOV). Attn: Desk Officer for the

Administration for Children and Families.

**Robert Sargis,**  
*Reports Clearance Officer.*  
 [FR Doc. 2014-24222 Filed 10-9-14; 8:45 am]  
**BILLING CODE 4184-01-P**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Administration for Children and Families**

[CFDA Number 93.570]

**Announcement of a Single-Source Grant Award to Lao Family Community Development, Inc., in Oakland, CA**

**AGENCY:** Office of Community Services, ACF, HHS.

**ACTION:** Announcing the award of a single-source grant to Lao Family Community Development, Inc. (LFCD), in Oakland, CA, to support activities that will enhance the successful renovation of the their Culture, Arts, Recreation and Education Center (CARE Center), creating jobs while increasing

the health and well-being of the local community.

**SUMMARY:** The Administration for Children and Families (ACF), Office of Community Services (OCS) announces the award of a single-source grant for \$686,000 to the Lao Family Community Development, Inc., in Oakland, CA, to support the renovation of a former warehouse, located in the Fruitvale district, into a mixed-use building.

**DATES:** The period of support is from September 30, 2014 to June 30, 2015.

**FOR FURTHER INFORMATION CONTACT:** Rafael J. Elizalde, Program Manager Division of Community Discretionary Programs, 370 L'Enfant Promenade SW., Washington, DC 20047. Telephone: 202-401-5115; Email: [rafael.elizalde@acf.hhs.gov](mailto:rafael.elizalde@acf.hhs.gov).

**SUPPLEMENTARY INFORMATION:** The Office of Community Services (OCS) Community Economic Development (CED) program announces the award of \$686,000 to Lao Family Community Development, Inc. (LFCD), in Oakland, CA. CED is a federal grant program funding Community Development Corporations (CDCs) that address the