12428, Austin, Texas 78711, Telephone: (512) 463–1771, FAX: (512) 463–1888

Utah

Carolyn Wright, Utah State Clearinghouse, Office of Planning and Budget, Room 116 State Capitol, Salt Lake City, Utah 84114, Telephone: (801) 538–1535, FAX: (801) 538–1547

West Virginia

Fred Cutlip, Director, Community Development Division, W. Virginia Development Office, Building #6, Room 553, Charleston, West Virginia 25305, Telephone: (304) 558–4010, FAX: (304) 558–3248

Wisconsin,

Martha Kerner, Section Chief, State/Federal Relations, Wisconsin Department of Administration 101 East Wilson Street—6th Floor, P.O. Box 7868, Madison, Wisconsin 53707, Telephone: (608) 266–2125, FAX: (608) 267–6931

Wyoming

Sheryl Jeffries, State Single Point of Contact, Office of the Governor, State Capital, Room 124, Cheyenne, Wyoming 82002, Telephone: (307) 777–5930, FAX: (307) 632–3909

Territories

Guam

Mr. Giovanni T. Sgambelluri, Director, Bureau of Budget and Management Research, Office of the Governor, P.O. Box 2950, Agana, Guam 96910, Telephone: 011–671–472–2285, FAX: 011–671–472–2825

Puerto Rico

Norma Burgos/Jose E. Caro, Chairwoman/Director, Puerto Rico Planning Board, Federal Proposals Review Office, Minillas Government Center, P.O. Box 41119, San Juan, Puerto Rico 00940–1119, Telephone: (809) 727–4444, (809) 723–6190, FAX: (809) 724–3270, (809) 724–3103

Northern Mariana Islands

Mr. Alvaro A. Santos, Executive Officer, State Single Point of Contact, Office of Management and Budget, Office of the Governor, Saipan, MP 96950, Telephone: (670) 664–2256, FAX: (670) 664–2272

Contact Person: Ms. Jacoba T. Seman, Federal Programs Coordinator, Telephone: (670) 644–2289, FAX: (670) 644–2272

Virgin Islands

Jose George, Director, Office of Management and Budget, #41 Norregade Emancipation Garden Station, Second Floor, Saint Thomas, Virgin Islands 00802

Please direct all questions and correspondence about intergovernmental review to:Linda Clarke, Telephone: (809) 774–0750, FAX: (809) 776–0069.

[FR Doc. 97–12505 Filed 5–13–97; 8:45 am]

BILLING CODE 4184–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

[MB–103–NC]

RIN 0938–AH90

Medicaid Program; Allocation of Enhanced Federal Matching Funds for Increased Administrative Costs Resulting From Welfare Reform

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Notice with comment period.

SUMMARY: This notice with comment period announces the methodology used to determine the allocation, among the States and certain Territories, of a $500 million fund to assist them with the additional expenses attributable to eligibility determinations incurred as a result of the provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which decouples Medicaid eligibility from receipt of cash assistance for families and children. Also, it announces the actual allocation amount for each State and Territory. The special fund is available for matching a State's or Territory's allowable administrative expenditures incurred only during Federal fiscal years 1997 through 2000, and only during the first 12 calendar quarters in which the State's Temporary Assistance to Needy Families program, which replaced the Aid to Families with Dependent Children program, is in effect after August 21, l996.

DATES: Effective Date: This notice is effective on May 14, 1997.

Comment Period: Written comments will be considered if we receive them at the appropriate address, as provided below, no later than 5 p.m. on June 13, 1997.

ADDRESSES: Mail comments (one original and three copies) to the following address: Health Care Financing Administration, Department of Health and Human Services, Attention: MB–103–NC, P.O. Box 7517, Baltimore, MD 21207–0517.

If you prefer, you may deliver your written comments (one original and three copies) to one of the following addresses:

Room 309–G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20221, or

Room C5–09–26, 7500 Security Boulevard, Baltimore, MD 21244–1850.

Because of staffing and resource limitations, we cannot accept comments by facsimile (FAX) transmission. When you comment, please refer to file code MB–103–NC. Comments received timely will be available for public inspection as they are received, generally beginning approximately 3 weeks after publication of a document, in Room 309–G of the Department's offices at 200 Independence Avenue, SW., Washington, DC, on Monday through Friday of each week from 8:30 a.m. to 5 p.m. (phone: (202) 690–7890).

Copies: To order copies of the **Federal Register** containing this document, send your request to: New Orders, Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250–7954. Specify the date of the issue requested and enclose a check or money order payable to the Superintendent of Documents, or enclose your Visa or MasterCard number and expiration date. Credit card orders can also be placed by calling the order desk at (202) 512–1800 or by faxing to (202) 512–2250. The cost for each copy is $8. As an alternative, you can view and photocopy the **Federal Register** document at most libraries designated as Federal Depository Libraries and at many other public and academic libraries throughout the country that receive the **Federal Register**.

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

SUPPLEMENTARY INFORMATION:

I. Background

Under title XIX of the Social Security Act (the Act), Federal funds are available at specified Federal matching rates for expenditures for medical assistance and administrative expenditures under the States' approved Medicaid plans. State Medicaid agencies are required to submit quarterly reports of expenditures (on Form HCFA–64) in order to claim Federal financial participation (FFP), that is, Federal matching funds for these expenditures.

II. Recent Legislation

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) amended title IV–A of the Act to repeal the Aid to Families with Dependent Children (AFDC) program. The AFDC program provided an entitlement to cash assistance for eligible families with dependent children and was funded by an openended, jointly funded Federal-State program. PRWORA replaced AFDC with a program of block grants for States for Temporary Assistance for Needy Families (TANF). The repeal of AFDC becomes effective not later than July 1,

1997, or for most purposes on the date that the Secretary receives a State's TANF plan. Under TANF, States have broad flexibility to provide assistance for the purpose of ending the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. Prior to the passage of PRWORA, Medicaid eligibility for families with children receiving AFDC was automatic.

With the implementation of each State's TANF program, there is no longer an automatic link between eligibility for cash assistance under the AFDC program and eligibility under the Medicaid program. Section 114(a) of PRWORA amended title XIX of the Act to add a new section 1931 that, in general, requires State agencies to provide Medicaid eligibility to low income families, if they had been eligible under the AFDC plan in effect on July 16, 1996. With the advent of the TANF program, State Medicaid agencies are expected to incur additional administrative costs related to the need to determine Medicaid eligibility for individuals in accordance with section 1931 of the Act. These expenditures include the costs of outreach to potential eligible individuals who will no longer receive automatic Medicaid eligibility through the cash assistance linkage. It is essential that State Medicaid agencies ensure and protect continued Medicaid eligibility for current Medicaid recipients who would have been eligible under the July 16, 1996 AFDC rules or who are otherwise eligible under section 1931 of the Act, and that the State agencies successfully implement new procedures for identifying potential new Medicaid recipients and determining their eligibility.

To assist State agencies with additional administrative costs involved in this transition, section 114(a) of PRWORA created a new section 1931(h) of the Act, which establishes a $500 million fund that is available as Federal matching funds for the State Medicaid agencies' administrative costs of Medicaid eligibility determinations incurred as a result of the delinking of Medicaid eligibility from eligibility for cash assistance under title IV–A of the Act. The additional Federal funds will be provided to State agencies through an enhanced Federal matching rate for the applicable administrative expenditures. A State agency is eligible to claim the enhanced Federal matching funds for allowable expenditures incurred during the first 12 calendar quarters (3 years) in which the State's TANF program is in effect. Furthermore, the enhanced Federal matching funds are only available for allowable expenditures for the period beginning with Federal fiscal year 1997 (that is October 1, 1996) and ending with Federal fiscal year 2000 (that is September 30, 2000). The law requires the Secretary to increase the usual Federal matching percentage of 50 percent for States' claims for administrative expenditures from this fund and to ensure the equitable distribution of the increased matching funds.

Under section 1931(h) of the Act, the $500 million fund is available only for the administrative costs of Medicaid eligibility determinations attributable to the application of the requirements of section 1931 of the Act, that is, the rules of the States' former AFDC programs. The fund is not available for the costs of determining Medicaid eligibility for individuals with respect to other provisions of PRWORA, such as those related to alien and immigration status or the Supplemental Security Income (SSI) program, unless those individuals are screened for Medicaid eligibility through provisions of section 1931 of the Act. HCFA estimates that $500 million provide adequate funds to offset additional administrative costs that States will incur attributable to the requirements of section 1931 of the Act.

III. Provisions of the Notice

This notice with comment period announces the enhanced Federal matching rates, the allocation formula and the factors included in that formula, the dollar amounts allocated to each State, and the activities for which FFP will be available at enhanced matching rates, which are established under section 1931(h) of the Act. Specifically, sections 1931 (h)(1), (h)(2), and (h)(3) of the Act, respectively, authorize the Secretary to: specify the enhanced Federal matching rates; determine the allowable expenditures; and ensure the equitable distribution of the funds among States by establishing the allocation formula and factors included in the formula, and the dollar amounts allocated to each State.

We are allocating two amounts to each State agency from the $500 million fund: A minimum (base) allocation, which is generally the same for all States; and an additional allocated amount (secondary allocation), which differs by State and is determined by a formula using factors discussed in detail in section VI. of this notice. State agencies may claim Federal funding for allowable activities against the base allocation at a 90-percent matching rate. State agencies may claim Federal funding against the secondary allocation at one of two Federal matching rates: A 90-percent enhanced matching rate for specified activities considered critical to protecting beneficiaries (for example outreach and beneficiary education); and a 75-percent enhanced rate for other allowable activities. In claiming Federal matching for expenditures for these activities, States must identify them separately on the form HCFA–64. States may draw down funds for their allocation as they incur allowable expenditures.

IV. Activities Subject to Enhanced Funding

Under section 1931(h) of the Act, the $500 million fund may only be used for administrative expenditures shown by State agencies to be attributable to the administrative costs of Medicaid eligibility determinations required as a result of the TANF legislation and the delinking of Medicaid eligibility from AFDC status. The following activities are those for which Federal funding is already available and for which additional funding is available at one of the enhanced Federal matching rates, 90 percent or 75 percent. States can claim 90-percent matching for any of the allowable activities listed below, up to the basic allocation for the State. For the States' secondary allocation, items indicated by an asterisk may be claimed at a 90-percent matching rate and items not noted with an asterisk can be claimed at the 75-percent matching rate.

We established the higher 90-percent enhanced Federal matching rate associated with the base allocation in recognition that there are pressing startup and other common costs among States related to the transition from AFDC to the TANF program. The higher Federal matching rate for the base allocation serves to expedite funds to States for such costs.

We established the two enhanced Federal matching rates associated with the secondary allocation to recognize two priorities of activities related to this provision. The first priority, with the higher 90-percent Federal matching rate, is associated with beneficiary oriented activities such as outreach, public service announcements, and education. The higher enhanced rate encourages such activities and recognizes the importance of ensuring that individuals do not lose their eligibility inappropriately, are correctly determined (or redetermined) eligible, and understand program requirements during the critical period of transition to TANF. Each of these higher rate (90 percent) activities is indicated below by

an asterisk. The lower 75-percent enhanced Federal matching rate addresses the other activities performed during the transition period.

Allowable Activities

- Educational activities (relating to current or potential beneficiaries).*
- Public service announcements (PSAs).*
- Outstationing of eligibility workers (more workers or new locations, for example, churches, day care centers, WIC offices, health care providers).*
- Training related to the section 1931 provisions—*
- Eligibility workers.
- Providers.
- Outstationed eligibility workers and others.
- Community.
- Outreach activities (for example, general or targeted mailing campaigns, contracts to assist beneficiaries with the redetermination process).*
- Developing and disseminating new publications (targeted to at-risk populations).*
- Local community activities (for example, meetings with community leaders and speeches to community groups).*
- Hiring new Medicaid eligibility workers (related to section 1931 determinations).
- Designing new eligibility forms, for example, a single application for TANF and Medicaid whether eligibility is linked or not.
- Identification of ''at-risk'' TANF recipients (in this context, at-risk refers to vulnerability to losing Medicaid eligibility as a result of the TANF provisions).
- State and local government organizational changes related to the section 1931 provisions.
- Intergovernmental activities.
- Eligibility systems related changes.
- Other activities identified by States and approved by the Secretary as applicable to the enhanced matching fund provisions.

In order for State agencies to claim Federal funds at the appropriate enhanced rates associated with the two allocated amounts for allowable activities, they will need to identify and report the administrative expenditures for such activities to HCFA on specified lines on the States' quarterly medical assistance expenditure report (Form HCFA–64), in accordance with HCFA guidance and instructions related to the form HCFA–64.

V. Special Issues

We conducted a series of consultations with advocacy, provider, and intergovernmental groups to gather suggestions and recommendations on how to equitably distribute the enhanced matching funds. These groups included the National Governors' Association, the American Public Welfare Association, and the National Conference of State Legislatures. The criteria and requirements included in this notice reflect consideration of their suggestions and recommendations.

A. Federal Matching Rate To Be Increased

Under section 1931(h)(2) of the Act, the Federal matching rate, which will be used for State claims related to the $500 million fund, applies only to those administrative expenditures of a State agency's Medicaid program described in section 1903(a)(7) of the Act (administrative expenditures that are Federally matched at a 50-percent rate). These administrative expenditures include the costs associated with eligibility determination activities.

Because of the specific reference to section 1903(a)(7) of the Act, section 1931(a) of the Act precludes the $500 million fund from being available for matching expenditures referenced in other sections of section 1903(a) of the Act. For example, section 1903(a)(3) of the Act refers to administrative activities related to electronic claims processing systems and the associated Federal matching rates of 90 and 75 percent. Section 1903(a)(4) refers to the costs of systems for verifying immigration status and the associated Federal matching rate of 100 percent. The $500 million fund is not available for these categories of administrative expenditures or others referenced in sections 1903 (a)(1) through (a)(6) of the Act.

We note that, under existing Medicaid regulations published in 1989, the administrative costs associated with automated eligibility systems are not considered part of the mechanized claims process and information retrieval systems, and therefore are not eligible for the 75-percent or 90-percent Federal matching rate referred to in section 1903(a)(3) of the Act. Therefore, these costs are matched at the 50 percent rate under section 1903(a)(7) of the Act, and may be claimed against the State's allocation from the $500 million fund at the higher matching rate if they meet the other requirements.

B. Retroactive Claims

Under sections 1931 (h)(3) and (h)(4) of the Act, the $500 million dollar fund is only available for claims for administrative costs incurred during Federal fiscal years 1997 through 2000 (that is, October 1, 1996 through September 30, 2000), and with respect to any specific State, only during the first 12 calendar quarters that the TANF program is in effect in that State beginning no earlier than October 1, 1996. As long as claims of that State are for expenditures incurred during this period and meet timely filing and other relevant requirements, they would not be precluded from being submitted and allowed retroactively.

C. Equitable Distribution of Funds Among All States

Section 1931(h)(3) of the Act requires the Secretary to ''ensure the equitable distribution'' of the $500 million dollar fund among the States. We interpret this to mean that all States should receive an equitable share of the fund unless the State does not incur any cost associated with the implementation of section 1931 of the Act. Through the consultive process, discussed earlier in this section, States and other groups have expressed the position that every State agency should be able to receive at least some portion of the fund. We agree that the requirement for an equitable distribution must result in each State receiving a portion of the fund against which qualifying expenditures would be claimed. For purposes of the Medicaid program, the definition of ''State'' includes the District of Columbia and the five Territories of American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands. However, we have not provided an allocation for the Northern Mariana Islands or American Samoa because they do not have an AFDC program and did not have an AFDC program at the time of the enactment of PRWORA. Therefore, only three Territories, Guam, Puerto Rico and the Virgin Islands, will incur administrative expenditures as a result of the transition from AFDC to TANF.

The three Territories affected by section 1931 of the Act are still subject to the existing cap on Federal Medicaid expenditures for the Territories at section 1108(c) of the Act. This cap will not increase with the availability of a portion of the $500 million fund. However, these Territories could still receive benefits under the $500 million fund provisions because, with an enhanced Federal matching rate, less total territorial matching funds would be required for a given level of administrative costs unless the Territory exceeded its cap. Since these Territories, like the other States, will likely incur additional Medicaid expenditures due to the transition to TANF, a portion of the $500 million

enhanced Federal matching fund should be available to them.

D. Reduction of States' Allocations as Claims Are Made

Section 1931(h) of the Act provides for enhanced Federal matching for States' claims against the additional $500 million fund. The enhanced rates and additional Federal funds are in addition to those that would otherwise be Federally matched at the usual 50-percent rate. States' claims for allowable administrative activities will reduce their base and secondary allocations only by the amounts that are in excess of the usual 50-percent FFP and not by the entire Federal matching amount. Specifically, States' allocations will be reduced by the amount of the claim multiplied by the difference between the enhanced Federal matching rate percentage and 50 percent.

To illustrate how State claims against the allocations would work, we provide the following example: The State claim for allowable outreach expenditures is $500,000. This claim would usually be Federally matched at 50 percent, and the usual FFP amount for this claim would be $250,000 (50 percent of $500,000). Assuming the State is claiming these expenditures against the $2 million base allocation, the enhanced Federal matching rate would be 90 percent. Thus, the enhanced FFP amount would be $450,000 (90 percent of 500,000). However, the base allocation would not be reduced by the entire $450,000. Rather, for this claim the base allocation would be reduced by $200,000, which is 40 percent of $500,000. Forty percent represents the excess of the enhanced Federal matching rate amount (90 percent) above the usual Federal matching rate amount (50 percent). If the amount of the State's base allocation was at $2 million prior to this claim, there would be $1.8 million remaining after the claim ($2 million − $200,000).

VI. Factors for Determining State Allotments

We have established several factors that will be considered in determining the allotment for each State from the $500 million fund. We have divided the fund into two parts, an allocation of minimum State amounts and an allocation of the remainder of the fund. These two parts are discussed below.

A. Base Allocation Amount

The first part of the distribution will consist of a minimum allocation amount of $2 million set aside for each State, the District of Columbia and Puerto Rico. Guam and the Virgin Islands will receive a lesser amount proportionate to the level of their administrative expenditures. This base allocation recognizes that States will incur certain costs that will not vary by the size of their Medicaid programs. The total of the base allocations for all States and Territories is $104,352,470.

B. Secondary Allocation Amount

The amount of the $500 million fund remaining after distribution of the base allocations to each State will be allocated among the States according to a formula designed to ensure equity. As indicated in the previous section, the total base allocations for all States and Territories is $104,352,470. Therefore the total amount to be distributed to the States and Territories as secondary allocations is $395,647,530. This secondary allocation will be allocated based on the following four factors and weights.

Factor	Weight (percent)
State AFDC-Related Caseload	60
State Medicaid Administrative Expenditures	20
SSI Childhood Disability Case Reevaluations	10
SSI Immigrant Caseload	10

With respect to Factor 1, State AFDC-related caseload, each State was credited with the higher of their caseloads for FY 1995 and FY 1994, or the arithmetic average of their caseloads for FY 1992, FY 1993, and FY 1994. This served as the basis for allocating $237,388,518, which represents 60 percent of the States' total secondary allocations.

With respect to Factor 2, State Medicaid administrative Expenditures, each State was credited with the higher of certain of its administrative expenditures related to these provisions for FY 1995, FY 1994, or the arithmetic average of its expenditures for FYs 1992, 1993, and 1994. Specifically, we are using a State's Medicaid administrative expenditures reported on its expenditure report (Form HCFA–64) in categories related to operation of systems, third party liability and assignment of rights activities, systems for verification of immigration status, outstationed eligibility workers, and other administrative costs Federally matched at 50 percent. This served as a basis for allocating $79,129,506, which represents 20 percent of the States' total secondary allocations.

With respect to Factors 3 and 4, SSI childhood disability case reevaluations (in States requiring reevaluation under PWRORA) and SSI immigrant caseload, respectively, each State was credited with appropriate caseloads, as provided by the Social Security Administration for FY 1996. The caseload estimates are proxy estimates intended to show the relative administrative burden that each State agency faces under welfare reform. This served as the basis for allocating $39,564,753, which represents 10 percent of the State's total secondary allocations for each of Factors 3 and 4.

The allocations for each State agency are as follows:

STATE ALLOCATIONS FOR ENHANCED MATCHING

STATE	Base allocation	Secondary allocation	Total allocation
Alabama	$2,000,000	$4,504,897	$6,504,897
Alaska	2,000,000	1,039,335	3,039,335
Arizona	2,000,000	5,961,603	7,961,603
Arkansas	2,000,000	3,095,513	5,095,513
California	2,000,000	81,719,458	83,719,458
Colorado	2,000,000	3,166,316	5,166,316
Connecticut	2,000,000	3,756,737	5,756,737
Delaware	2,000,000	801,757	2,801,757
Dis. Columbia	2,000,000	1,259,072	3,259,072
Florida	2,000,000	20,262,23	22,262,239
Georgia	2,000,000	9,591,549	11,591,549
Hawaii	2,000,000	1,435,742	3,435,742

STATE ALLOCATIONS FOR ENHANCED MATCHING—Continued

STATE	Base allocation	Secondary allocation	Total allocation
Idaho	2,000,000	1,288,535	3,288,535
Illinois	2,000,000	17,363,894	19,363,894
Indiana	2,000,000	5,545,162	7,545,162
Iowa	2,000,000	2,782,362	4,782,362
Kansas	2,000,000	2,496,386	4,496,386
Kentucky	2,000,000	5,269,014	7,269,014
Louisiana	2,000,000	7,029,185	9,029,185
Maine	2,000,000	1,569,238	3,569,238
Maryland	2,000,000	5,595,943	7,595,943
Massachusetts	2,000,000	7,463,490	9,463,490
Michigan	2,000,000	13,975,445	15,975,445
Minnesota	2,000,000	5,708,769	7,708,769
Missouri	2,000,000	6,561,956	8,561,965
Mississippi	2,000,000	4,617,604	6,617,604
Montana	2,000,000	764,134	2,764,134
Nebraska	2,000,000	1,308,247	3,308,247
Nevada	2,000,000	1,258,808	3,258,808
New Hampshire	2,000,000	875,952	2,875,952
New Jersey	2,000,000	9,012,253	11,012,253
New Mexico	2,000,000	2,860,333	4,860,333
New York	2,000,000	35,034,556	37,034,556
North Carolina	2,000,000	9,550,703	11,550,703
North Dakota	2,000,000	537,922	2,537,922
Ohio	2,000,000	14,909,161	16,909,161
Oklahoma	2,000,000	3,938,082	5,938,082
Oregon	2,000,000	3,740,656	5,740,656
Pennsylvania	2,000,000	15,553,339	17,553,339
Rhode Island	2,000,000	1,459,771	3,459,771
South Carolina	2,000,000	4,221,783	6,221,783
South Dakota	2,000,000	642,597	2,642,597
Tennessee	2,000,000	7,250,889	9,250,889
Texas	2,000,000	25,523,806	27,523,806
Utah	2,000,000	2,006,172	4,006,172
Vermont	2,000,000	891,672	2,891,672
Virginia	2,000,000	6,531,522	8,531,522
Washington	2,000,000	8,443,170	10,443,170
West Virginia	2,000,000	3,420,593	5,420,593
Wisconsin	2,000,000	5,023,766	7,023,766
Wyoming	2,000,000	475,344	2,475,344
Guam	176,235	94,204	270,439
Puerto Rico	2,000,000	6,325,084	8,325,084
Virgin Islands	176,235	131,810	308,045
Total	104,352,470	395,647,530	500,000,000

VII. Alternative Approaches

We considered an alternative approach to set aside a portion of the variable amount of each State agency's allocation (for example, 20 percent) and earmark the funds for specified activities. States and intergovernmental groups did not support this approach because it restricted their flexibility to respond to their different circumstances across States. We also considered tying receipt of some or all of each State's allocation to successful performance in transitioning their determination of eligibility processes in response to their eligibility for cash assistance and TANF. States and intergovernmental groups also did not support this approach because it would restrict State flexibility. Furthermore, HCFA and the States and intergovernmental groups were not able to arrive at an appropriate measure which accurately correlated successful performance with receipt of allocation funds.

VIII. Waiver of Proposed Notice and Delay in Effective Date

While the Administrative Procedure Act generally requires a 30-day delayed effective date for all rules and also requires an opportunity for public comment prior to the effective date of a rule, it also provides that we may waive those procedures if we find good cause that notice and comment are impracticable, unnecessary, or contrary to the public interest. Similarly, title 5 U.S.C. 801 provides for a 60 day delayed effective date for a major rule until the later of the receipt by Congress of a report on the rule or publication of the rule in the **Federal Register**. This delay provides Congress with an opportunity to review a major rule prior to its implementation. However, title 5 U.S.C. 808 also provides that the rule may take effect without regard to the delay period if the agency finds good cause that notice and public procedure on the rule are impracticable, unnecessary, or contrary to the public interest.

We are making the terms of this notice effective without publication of a proposed notice because we believe it would be impractical and contrary to public interest to delay its effective date in order to consider public comments. States have been implementing their TANF programs since the enactment of PRWORA and more States continue to do so each day. We believe that it is imperative that these States be able to receive the enhanced Federal matching funds as soon as possible so that they

are able to make an effective transition to the post-AFDC environment at the time they incur the additional administrative expenses resulting from the decoupling of Medicaid eligibility from receipt of cash assistance under title IV–A of the Act. Further delays in furnishing States with this funding could result in delays in making the determination that individuals are entitled to necessary medical services, with the attendant severe consequences for individuals who need them. It is also similarly important and in the public interest that States are able to conduct outreach efforts to prevent eligible needy individuals losing contact with the Medicaid program which they would otherwise have established because of its previous connection to cash assistance. Moreover, in developing the terms of this notice we have actively worked with intergovernmental and other interested groups to obtain their counsel. Accordingly, we find that good cause exists to waive prior notice and comment, the 30 day delay, and the 60 day delay for advance Congressional review.

IX. Impact Statement

Consistent with the Regulatory Flexibility Act (RFA) (5 U.S.C. 601 through 612), we prepare a regulatory flexibility analysis unless we certify that a notice such as this will not have a significant economic impact on a substantial number of small entities. For purposes of the RFA, individuals and States are not included in the definition of a small entity.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a notice such as this may have a significant impact on the operations of a substantial number of small rural hospitals. Such an analysis must conform to the provisions of section 604 of the RFA. For purposes of section 1102(b) of the Act, we define a small rural hospital as a hospital that is located outside of a Metropolitan Statistical Area and has fewer than 50 beds.

The fund distribution announced by this notice is required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. In addition, the amount of money involved, $500 million divided among 50 States, the District of Columbia, and 3 Territories over a period of 3 years will not have a significant effect on any State or Territory, or the Medicare program.

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. Costs attributable to State activities covered by this notice will be paid for by Federal funds according to the matching rates outlined in the allocation formula analysis described earlier. Further, States will incur some additional costs based on the State share associated with these matching rates.

X. Information Collection Requirements

This document does not impose new information collection requirements that are subject to review by the Office of Management and Budget under the provisions of the Paperwork Reduction Act of 1995. States will be required to claim FFP for administrative expenditures attributable to the eligibility determination activities resulting from enactment of PRWORA. The only information that is required will be reported on existing Form HCFA–64. This form has been approved by the Office of Management and Budget under approval number 0938–0067, which expires on March 30, 1998.

Authority: Secs. 1102 and 1931(h) of the Social Security Act (42 U.S.C. 1302 and 1396uu).

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

Dated: March 24, 1997.

Bruce C. Vladeck,

Administrator, Health Care Financing Administration.

Dated: April 11, 1997.

Donna E. Shalala,

Secretary.

[FR Doc. 97–12429 Filed 5–13–97; 8:45 am]

BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Center for Research Resources; Notice of Closed Meeting

Pursuant to Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. Appendix 2), notice is hereby given of the following meeting:

Name of Committee: Board of Scientific Counselors, National Center for Research Resources (NCRR).

Dates of Meeting: July 9–10, 1997.

Time: 8:00 a.m.—until adjournment.

Place of Meeting: National Institutes of Health, 9000 Rockville Pike, Conference Room 3B13, Building 31, Bethesda, Maryland 20892.

Scientific Review Administrator: Dr. Louise Ramm, Deputy Director, National Center for Research Resources, Building 31, Room 3B11, Bethesda, MD 20892, Telephone: (301) 496–6024.

Purpose/Agenda: For the review of the NCRR intramural research program.

In accordance with the provisions set forth in sections 552b(c)(6), Title 5, U.S.C. and section 10(d) of Public Law 92–463, the meeting will be closed to the public for the review, discussion and evaluation of individual programs and projects conducted by the National Institutes of Health, including consideration of personnel qualifications and performance, the competence of individual investigators, and similar items, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Dated: May 8, 1997.

LaVerne Y. Stringfield,

Committee Management Officer, NIH.

[FR Doc. 97–12671 Filed 5–13–97; 8:45 am]

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute of Allergy and Infectious Diseases; Notice of Meeting: Allergy, Immunology, and Transplantation Research Committee

Pursuant to Pub. L. 92–463, notice is hereby given of the meeting of the Allergy, Immunology, and Transplantation Research Committee on June 11–13, 1997, at the Gaithersburg Holiday Inn, 2 Montgomery Village Avenue, Gaithersburg, Maryland.

The meeting will be open to the public from 8:30 a.m. to 9:30 a.m. on June 11 to discuss administrative details relating to committee business and program review, and for a report from the Director, Division of Extramural Activities, which will include a discussion of budgetary matters. Attendance by the public will be limited to space available.

In accordance with the provisions set forth in secs. 552b(c)(4) and 552b(c)(6), Title 5, U.S.C. and sec. 10(d) of Pub. L. 92–463, the meeting will be closed to the public for the review, discussion, and evaluation of individual grant applications and contract proposals from 9:30 a.m. until recess on June 11, from 8:30 a.m. until recess on June 12, and from 8:30 a.m. until adjournment on June 13. These applications, proposals, and the discussions could reveal confidential trade secrets or commercial property such as patentable