SUBCHAPTER C—MEDICAL ASSISTANCE PROGRAMS

PART 430—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

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Authority: Sec. 1102 of the Social Security Act (42 U.S.C. 1302).

Source: 53 FR 36571, Sept. 21, 1988, unless otherwise noted.

Subpart A—Introduction; General Provisions

§ 430.0 Program description.

Title XIX of the Social Security Act, enacted in 1965, authorizes Federal grants to States for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children. The program is jointly financed by the Federal and State governments and administered by States. Within broad Federal rules, each State decides eligible groups, types and range of services, payment levels for services, and administrative and operating procedures. Payments for services are made directly by the State to the individuals or entities that furnish the services.

§ 430.1 Scope of subchapter C.

The regulations in subchapter C set forth State plan requirements, standards, procedures, and conditions for obtaining Federal financial participation (FFP). Each part (or subpart of section) in the subchapter describes the specific statutory basis for the regulation. However, where the basis is the Secretary’s general authority to issue regulations for any program under the Act (section 1102 of the Act), or his general authority to prescribe State plan requirements needed for proper and efficient administration of the
§ 430.2 Other applicable Federal regulations.

Other regulations applicable to State Medicaid programs include the following:

(a) 5 CFR part 900, subpart F, Administration of the Standards for a Merit System of Personnel Administration.

(b) The following HHS Regulations in 45 CFR subtitle A:

Part 16—Procedures of the Departmental Appeals Board.

Part 74—Administration of Grants.

Part 80—Nondiscrimination Under Programs Receiving Federal Assistance Through the Department of Health and Human Services: Effectuation of Title VI of the Civil Rights Act of 1964.


Part 84—Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting From Federal Financial Assistance.

Part 95—General Administration—grant programs (public assistance and medical assistance).

[53 FR 36571, Sept. 21, 1988, as amended at 56 FR 8845, Mar. 1, 1991]

§ 430.3 Appeals under Medicaid.

Three distinct types of disputes may arise under Medicaid.

(a) Compliance with Federal requirements. Disputes that pertain to whether a State’s plan or proposed plan amendments, or its practice under the plan meet or continue to meet Federal requirements are subject to the hearing provisions of subpart D of this part.

(b) FFP in Medicaid expenditures. Disputes that pertain to disallowances of FFP in Medicaid expenditures (mandatory grants) are heard by the Departmental Appeals Board (the Board) in accordance with procedures set forth in 45 CFR part 16.

(c) Discretionary grants disputes. Disputes pertaining to discretionary grants, such as grants for special demonstration projects under sections 1110 and 1115 of the Act, which may be awarded to a Medicaid agency, are also heard by the Board. 45 CFR part 16, appendix A, lists all the types of disputes that the Board hears.

[53 FR 36571, Sept. 21, 1988, as amended at 56 FR 8845, Mar. 1, 1991]

§ 430.5 Definitions.

As used in this subchapter, unless the context indicates otherwise—

Contractor means any entity that contracts with the State agency, under the State plan, in return for a payment, to process claims, to provide or pay for medical services, or to enhance the State agency’s capability for effective administration of the program.

Representative has the meaning given the term by each State consistent with its laws, regulations, and policies.

[67 FR 41094, June 14, 2002]

Subpart B—State Plans

§ 430.10 The State plan.

The State plan is a comprehensive written statement submitted by the agency describing the nature and scope of its Medicaid program and giving assurance that it will be administered in conformity with the specific requirements of title XIX, the regulations in this Chapter IV, and other applicable official issuances of the Department. The State plan contains all information necessary for CMS to determine whether the plan can be approved to serve as a basis for Federal financial participation (FFP) in the State program.

§ 430.12 Submittal of State plans and plan amendments.

(a) Format. A State plan for Medicaid consists of preprinted material that covers the basic requirements, and individualized content that reflects the characteristics of the particular State’s program.

(b) Governor’s review—(1) Basic rules. Except as provided in paragraph (b)(2) of this section—

(i) The Medicaid agency must submit the State plan and State plan amendments to the State Governor or his designee for review and comment before submitting them to the CMS regional office.

(ii) The plan must provide that the Governor will be given a specific period
Centers for Medicare & Medicaid Services, HHS § 430.18

§ 430.18 Administrative review of action on State plan material.

(a) Request for reconsideration. Any State dissatisfied with the Administrator’s action on plan material under §430.15 may, within 60 days after receipt of the notice provided under §430.16(b), request that the Administrator reconsider the issue of whether the plan or plan amendment conforms to the requirements for approval.

(b) Notice and timing of hearing. (1) Within 30 days after receipt of the request, the Administrator notifies the
§ 430.20 Effective dates of State plans and plan amendments.

For purposes of FFP, the following rules apply:

(a) **New plans.** The effective date of a new plan—

(1) May not be earlier than the first day of the quarter in which an approvable plan is submitted to the regional office; and

(2) With respect to expenditures for medical assistance, may not be earlier than the first day on which the plan is in operation on a statewide basis.

(b) **Plan amendment.** (1) For a plan amendment that provides additional services to individuals eligible under the approved plan, increases the payment amounts for services already included in the plan, or makes additional groups eligible for services provided under the approved plan, the effective date is determined in accordance with paragraph (a) of this section.

(2) For a plan amendment that changes the State's payment method and standards, the rules of § 447.256 of this chapter apply.

(3) For other plan amendments, the effective date may be a date requested by the State if CMS approves it.

§ 430.25 Waivers of State plan requirements.

(a) **Scope of section.** This section describes the purpose and effect of waivers, identifies the requirements that may be waived and the other regulations that apply to waivers, and sets forth the procedures that CMS follows in reviewing and taking action on waiver requests.

(b) **Purpose of waivers.** Waivers are intended to provide the flexibility needed to enable States to try new or different approaches to the efficient and cost-effective delivery of health care services, or to adapt their programs to the special needs of particular areas or groups of recipients. Waivers allow exceptions to State plan requirements and permit a State to implement innovative programs or activities on a time-limited basis, and subject to specific safeguards for the protection of recipients and the program. Detailed rules for waivers are set forth in subpart B of part 431, subpart A of part 440, and subpart G of part 441 of this chapter.

(c) **Effect of waivers.** (1) Waivers under section 1915(b) allow a State to take the following actions:

(i) Implement a primary care case-management system or a specialty physician system.

(ii) Designate a locality to act as central broker in assisting Medicaid recipients to choose among competing health care plans.

(iii) Share with recipients (through provision of additional services) cost-savings made possible through the recipients' use of more cost-effective medical care.

(iv) Limit recipients' choice of providers (except in emergency situations and with respect to family planning services) to providers that fully meet reimbursement, quality, and utilization standards, which are established under the State plan and are consistent with access, quality, and efficient and economical furnishing of care.

(2) A waiver under section 1915(c) of the Act allows a State to include as “medical assistance” under its plan home and community based services furnished to recipients who would otherwise need inpatient care that is furnished in a hospital, SNF, ICF, or ICF/
(3) A waiver under section 1916 (a)(3) or (b)(3) of the Act allows a State to impose a deduction, cost-sharing or similar charge of up to twice the "nominal charge" established under the plan for outpatient services, if—
(i) The outpatient services are received in a hospital emergency room but are not emergency services; and
(ii) The State has shown that Medicaid recipients have actually available and accessible to them alternative services of nonemergency outpatient services.
(d) Requirements that are waived. In order to permit the activities described in paragraph (c) of this section, one or more of the title XIX requirements must be waived, in whole or in part.
(1) Under section 1915(b) of the Act, and subject to certain limitations, any of the State plan requirements of section 1902 of the Act may be waived to achieve one of the purposes specified in that section.
(2) Under section 1915(c) of the Act, the following requirements may be waived:
(i) Statewideness—section 1902(a)(1).
(ii) Comparability of services—section 1902(a)(10)(B).
(3) Under section 1913 of the Act, paragraphs (a)(3) and (b)(3) require that any cost-sharing imposed on recipients be nominal in amount, and provide an exception for nonemergency services furnished in a hospital emergency room if the conditions of paragraph (c)(3) of this section are met.
(e) Submittal of waiver request. The State Governor, the head of the Medicaid agency, or an authorized designee may submit the waiver request.
(5) Review of waiver requests. (1) This paragraph applies to initial waiver requests and to requests for renewal or amendment of a previously approved waiver.
(2) CMS regional and central office staff review waiver requests and submit a recommendation to the Administrator, who—
(i) Has the authority to approve or deny waiver requests; and
(ii) Does not deny a request without first consulting the Secretary.
(3) A waiver request is considered approved unless, within 90 days after the request is received by CMS, the Administrator denies the request, or the Administrator or the Regional Administrator sends the State a written request for additional information necessary to reach a final decision. If additional information is requested, a new 90-day period begins on the day the response to the additional information request is received by the addressee.
(g) Basis for approval—(1) Waivers under section 1915 (b) and (c). The Administrator approves waiver requests if the State’s proposed program or activity meets the requirements of the Act and the regulations at §431.55 or subpart G of part 441 of this chapter.
(2) Waivers under section 1916. The Administrator approves a waiver under section 1916 of the Act if the State shows, to CMS’s satisfaction, that the Medicaid recipients have available and accessible to them sources, other than a hospital emergency room, where they can obtain necessary nonemergency outpatient services.
(h) Effective date and duration of waivers—(1) Effective date. Waivers receive a prospective effective date determined, with State input, by the Administrator. The effective date is specified in the letter of approval to the State.
(2) Duration of waivers—(i) Home and community-based services under section 1915(c). The initial waiver is for a period of three years and may be renewed thereafter for periods of five years.
(ii) Waivers under sections 1913(b) and 1916. The initial waiver is for a period of two years and may be renewed for additional periods of up to two years as determined by the Administrator.
(3) Renewal of waivers. (i) A renewal request must be submitted at least 90 days (but not more than 120 days) before a currently approved waiver expires, to provide adequate time for CMS review.
(ii) If a renewal request for a section 1915(c) waiver proposes a change in services provided, eligible population, service area, or statutory sections
waived, the Administrator may consider it a new waiver, and approve it for a period of three years.

[56 FR 8846, Mar. 1, 1991]

Subpart C—Grants; Reviews and Audits; Withholding for Failure To Comply; Deferral and Disallowance of Claims; Reduction of Federal Medicaid Payments

§ 430.30 Grants procedures.

(a) General provisions. (1) Once CMS has approved a State plan, it makes quarterly grant awards to the State to cover the Federal share of expenditures for services, training, and administration.

(2) The amount of the quarterly grant is determined on the basis of information submitted by the State agency (in quarterly estimate and quarterly expenditure reports) and other pertinent documents.

(b) Quarterly estimates. The Medicaid agency must submit Form CMS–25 (Medicaid Program Budget Report; Quarterly Distribution of Funding Requirements) to the central office (with a copy to the regional office) 45 days before the beginning of each quarter.

(c) Expenditure reports. (1) The State must submit Form CMS–64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) to the central office (with a copy to the regional office) not later than 30 days after the end of each quarter.

(2) This report is the State’s accounting of actual recorded expenditures. The disposition of Federal funds may not be reported on the basis of estimates.

(d) Grant award—(1) Computation by CMS. Regional office staff analyzes the State’s estimates and sends a recommendation to the central office. Central office staff considers the State’s estimates, the regional office recommendations and any other relevant information, including any adjustments to be made under paragraph (d)(2) of this section, and computes the grant.

(2) Content of award. The grant award computation form shows the estimate of expenditures for the ensuring quarter, and the amounts by which that estimate is increased or decreased because of an underestimate or overestimate for prior quarters, or for any of the following reasons:

(i) Penalty reductions imposed by law.

(ii) Accounting adjustments.

(iii) Deferrals or disallowances.

(iv) Interest assessments.

(v) Mandated adjustments such as those required by section 1914 of the Act.

(3) Effect of award. The grant award authorizes the State to draw Federal funds as needed to pay the Federal share of disbursements.

(4) Drawing procedure. The draw is through a commercial bank and the Federal Reserve system against a continuing letter of credit certified to the Secretary of the Treasury in favor of the State payee. (The letter of credit payment system was established in accordance with Treasury Department regulations—Circular No. 1075.)

(e) General administrative requirements. With the following exceptions, the provisions of 45 CFR part 74, which establish uniform administrative requirements and cost principles, apply to all grants made to States under this subpart:

45 CFR part 74
Subpart G—Matching and Cost Sharing
Subpart I—Financial Report Requirements

§ 430.32 Program reviews.

(a) Review of State and local administration. In order to determine whether the State is complying with the Federal requirements and the provisions of its plan, CMS reviews State and local administration through analysis of the State’s policies and procedures, on-site review of selected aspects of agency operation, and examination of samples of individual case records.

(b) Quality control program. The State itself is required to carry out a continuing quality control program as set forth in part 431, subpart P, of this chapter.

(c) Action on review findings. If Federal or State reviews reveal serious problems with respect to compliance with any Federal requirement, the State must correct its practice accordingly.
§ 430.33 Audits.

(a) Purpose. The Department’s Office of Inspector General (OIG) periodically audits State operations in order to determine whether—

(1) The program is being operated in a cost-efficient manner; and

(2) Funds are being properly expended for the purposes for which they were appropriated under Federal and State law and regulations.

(b) Reports. (1) The OIG releases audit reports simultaneously to State officials and the Department’s program officials.

(2) The reports set forth OIG opinion and recommendations regarding the practices it reviewed, and the allowability of the costs it audited.

(3) Cognizant officials of the Department make final determinations on all audit findings.

(c) Action on audit exceptions—(1) Concurrence or clearance. The State agency has the opportunity of concurring in the exceptions or submitting additional facts that support clearance of the exceptions.

(2) Appeal. Any exceptions that are not disposed of under paragraph (c)(1) of this section are included in a disallowance letter that constitutes the Department’s final decision unless the State requests reconsideration by the Appeals Board. (Specific rules are set forth in §430.42.)

(3) Adjustment. If the decision by the Board requires an adjustment of FFP, either upward or downward, a subsequent grant award promptly reflects the amount of increase or decrease.

[53 FR 36571, Sept. 21, 1988, as amended at 56 FR 8846, Mar. 1, 1991]

§ 430.35 Withholding of payment for failure to comply with Federal requirements.

(a) Basis for withholding. CMS withholds payments to the State, in whole or in part, only if, after giving the agency reasonable notice and opportunity for a hearing in accordance with subpart D of this part, the Administrator finds—

(1) That the plan no longer complies with the provisions of section 1902 of the Act; or

(2) That in the administration of the plan there is failure to comply substantially with any of those provisions.

(Hearings under subpart D are generally not called until a reasonable effort has been made to resolve the issues through conferences and discussions. These may be continued even if a date and place have been set for the hearing.)

(b) Noncompliance of the plan. A question of noncompliance of a State plan may arise from an unapprovable change in the approved State plan or the failure of the State to change its approved plan to conform to a new Federal requirement for approval of State plans.

(c) Noncompliance in practice. A question of noncompliance in practice may arise from the State’s failure to actually comply with a Federal requirement, regardless of whether the plan itself complies with that requirement.

(d) Notice and implementation of withholding. If the Administrator makes a finding of noncompliance under paragraph (a) of this section, the following rules apply:

(1) The Administrator notifies the State:

(i) That no further payments will be made to the State (or that payments will be made only for those portions or aspects of the program that are not affected by the noncompliance); and

(ii) That the total or partial withholding will continue until the Administrator is satisfied that the State’s plan and practice are, and will continue to be, in compliance with Federal requirements.

(2) CMS withholds payments, in whole or in part, until the Administrator is satisfied regarding the State’s compliance.

§ 430.38 Judicial review.

(a) Right to judicial review. Any State dissatisfied with the Administrator’s final determination on approvability of plan material (§430.18) or compliance with Federal requirements (§430.35) has a right to judicial review.

(b) Petition for review. (1) The State must file a petition for review with the U.S. Court of Appeals for the circuit in which the State is located, within 60
§ 430.40 Deferral of claims for FFP.

(a) Requirements for deferral. Payment of a claim or any portion of a claim for FFP is deferred only if—

(1) The Regional Administrator or the Administrator questions its allowability and needs additional information in order to resolve the question; and

(2) CMS takes action to defer the claim (by excluding the claimed amount from the grant award) within 60 days after the receipt of a Quarterly Statement of Expenditures (prepared in accordance with CMS instructions) that includes that claim.

(b) Notice of deferral and State’s responsibility. (1) Within 15 days of the action described in paragraph (a)(2) of this section, the Regional Administrator sends the State a written notice of deferral that—

(i) Identifies the type and amount of the deferred claim and specifies the reason for deferral; and

(ii) Requests the State to make available all the documents and materials the regional office then believes are necessary to determine the allowability of the claim.

(2) It is the responsibility of the State to establish the allowability of a deferred claim.

(c) Handling of documents and materials. (1) Within 60 days (or within 120 days if the State requests an extension) after receipt of the notice of deferral, the State must make available to the regional office, in readily reviewable form, all requested documents and materials except any that it identifies as not being available.

(2) Regional office staff usually initiates review within 30 days after receipt of the documents and materials.

(3) If the Regional Administrator finds that the materials are not in readily reviewable form or that additional information is needed, he or she promptly notifies the State that it has 15 days to submit the readily reviewable or additional materials.

(4) If the State does not provide the necessary materials within 15 days, the Regional Administrator disallows the claim.

(5) The Regional Administrator has 90 days, after all documentation is available in readily reviewable form, to determine the allowability of the claim.

(6) If the Regional Administrator cannot complete review of the material within 90 days, CMS pays the claim, subject to a later determination of allowability.

(d) Effect of decision to pay a deferred claim. Payment of a deferred claim under paragraph (c)(6) of this section does not preclude a subsequent disallowance based on the results of an audit or financial review. If there is a subsequent disallowance, the State may request reconsideration as provided in paragraph (e)(2) of this section.

(e) Notice and effect of decision on allowability. (1) The Regional Administrator or the Administrator gives the State written notice of his or her decision to pay or disallow a deferred claim.

(2) If the decision is to disallow, the notice informs the State of its right to reconsideration in accordance with 45 CFR part 16.
§ 430.42 Disallowance of claims for FFP.

(a) Notice of disallowance and of right to reconsideration. When the Regional Administrator or the Administrator determines that a claim or portion of claim is not allowable, he or she promptly sends the State a disallowance letter that includes the following, as appropriate:

(1) The date or dates on which the State's claim for FFP was made.
(2) The time period during which the expenditures in question were made or claimed to have been made.
(3) The date and amount of any payment or notice of deferral.
(4) A statement of the amount of FFP claimed, allowed, and disallowed and the manner in which these amounts were computed.
(5) Findings of fact on which the disallowance determination is based or a reference to other documents previously furnished to the State or included with the notice (such as a report of a financial review or audit) which contain the findings of fact on which the disallowance determination is based.
(6) Pertinent citations to the law, regulations, guides and instructions supporting the action taken.
(7) Notice of the State's right to request reconsideration of the disallowance and the time allowed to make the request.
(8) Notice of the State's right to request reconsideration of the disallowance and the time allowed to make the request.
(9) A statement indicating that the disallowance letter is the Department's final decision unless the State requests reconsideration under paragraph (b)(2) of this section.

(b) Reconsideration procedures. The reconsideration procedures are those set forth in 45 CFR part 16 for Medicaid and for many other programs administered by the Department.

(d) Implementation of decisions. If the reconsideration decision requires an adjustment of FFP, either upward or downward, a subsequent grant award promptly reflects the amount of increase or decrease.

[53 FR 36571, Sept. 21, 1988, as amended at 56 FR 8846, Mar. 1, 1991]

§ 430.45 Reduction of Federal Medicaid payments.

(a) Methods of reduction. CMS may reduce Medicaid payments to a State as required under the Act by reducing—

(1) The Federal Medical Assistance Percentage;
(2) The amount of State expenditures subject to FFP;
(3) The rates of FFP; or
(4) The amount otherwise payable to the State.

(b) Right to reconsideration. A state that receives written final notice of a reduction under paragraph (a) of this section has a right to reconsideration. The provisions of § 430.42 (b) and (c) apply.

(c) Other applicable rules. Other rules regarding reduction of Medicaid payments are set forth in parts 433 and 447 of this chapter.

§ 430.48 Repayment of Federal funds by installments.

(a) Basic conditions. When Federal payments have been made for claims that are later found to be unallowable, the State may repay the Federal Funds by installments if the following conditions are met:

(1) The amount to be repaid exceeds 2½ percent of the estimated or actual annual State share for the Medicaid program; and
(2) The State has given the Regional Administrator written notice, before total repayment was due, of its intent to repay by installments.

(b) Annual State share determination. CMS determines whether the amount to be repaid exceeds 2½ percent of the annual State share as follows:

(1) If the Medicaid program is ongoing, CMS uses the annual estimated
State share of Medicaid expenditures. This is the sum of the estimated State shares for four consecutive quarters, beginning with the quarter in which the first installment is to be paid, as shown on the State's latest CMS-25 form.

(2) If the Medicaid program has been terminated by Federal law or by the State, CMS uses the actual State share. The actual State share is that shown on the State’s Statement of Expenditures reports for the last four quarters before the program was terminated.

(c) Repayment amounts, schedules, and procedures—(1) Repayment amount. The repayment amount may not include any amount previously approved for installment repayment.

(2) Repayment schedule. The number of quarters allowed for repayment is determined on the basis of the ratio of the repayment amount to the annual State share of Medicaid expenditures. The higher the ratio of the total repayment amount is to the annual State share, the greater the number of quarters allowed, as follows:

<table>
<thead>
<tr>
<th>Total repayment amount as percentage of State share of annual expenditures for Medicaid</th>
<th>Number of quarters to make repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5 pct. or less</td>
<td>1</td>
</tr>
<tr>
<td>Greater than 2.5, but not greater than 5</td>
<td>2</td>
</tr>
<tr>
<td>Greater than 5, but not greater than 7.5</td>
<td>3</td>
</tr>
<tr>
<td>Greater than 7.5, but not greater than 10</td>
<td>4</td>
</tr>
<tr>
<td>Greater than 10, but not greater than 15</td>
<td>5</td>
</tr>
<tr>
<td>Greater than 15, but not greater than 20</td>
<td>6</td>
</tr>
<tr>
<td>Greater than 20, but not greater than 25</td>
<td>7</td>
</tr>
<tr>
<td>Greater than 25, but not greater than 30</td>
<td>8</td>
</tr>
<tr>
<td>Greater than 30, but not greater than 47.5</td>
<td>9</td>
</tr>
<tr>
<td>Greater than 47.5, but not greater than 65</td>
<td>10</td>
</tr>
<tr>
<td>Greater than 65, but not greater than 82.5</td>
<td>11</td>
</tr>
<tr>
<td>Greater than 82.5, but not greater than 100</td>
<td>12</td>
</tr>
</tbody>
</table>

(3) Quarterly repayment amounts. The quarterly repayment amounts for each of the quarters in the repayment schedule may not be less than the following percentages of the estimated State share of the annual expenditures for Medicaid:

<table>
<thead>
<tr>
<th>For each of the following quarters</th>
<th>Repayment installment may not be less than these percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 4</td>
<td>2.5</td>
</tr>
<tr>
<td>5 to 8</td>
<td>5.0</td>
</tr>
<tr>
<td>9 to 12</td>
<td>17.5</td>
</tr>
</tbody>
</table>

(4) Extended schedule. The repayment schedule may be extended beyond 12 quarterly installments if the total repayment amount exceeds 100% of the estimated State share of annual expenditures. In these circumstances, paragraph (c)(2) of this section is followed for repayment of the amount equal to 100 percent of the annual State share. The remaining amount of the repayment is in quarterly amounts equal to not less than 17.5 percent of the estimated State share of annual expenditures.

(5) Repayment process. Repayment is accomplished through adjustment in the quarterly grants over the period covered by the repayment schedule. If the State chooses to repay amounts representing higher percentages during the early quarters, any corresponding reduction in required minimum percentages is applied first to the last scheduled payment, then to the next to the last payment, and so forth as necessary.

(6) Offsettings of retroactive claims. The amount of a retroactive claim to be paid a State will be offset against any amounts to be, or already being, repaid by the State in installments. Under this provision, the State may choose to:

(i) Suspend payments until the retroactive claim due the State has, in fact, been offset; or

(ii) Continue payments until the reduced amount of its debt (remaining after the offset), has been paid in full. This second option would result in a shorter payment period.

A retroactive claim for the purpose of this regulation is a claim applicable to any period ending 12 months or more before the beginning of the quarter in which CMS would pay that claim.

Subpart D—Hearings on Conformity of State Medicaid Plans and Practice to Federal Requirements

§ 430.60 Scope.

(a) This subpart sets forth the rules for hearings to States that appeal a decision to disapprove State plan material (under § 430.18) or to withhold Federal funds (under § 430.35), because the
Centers for Medicare & Medicaid Services, HHS

§ 430.74 Notice of hearing or opportunity for hearing.

The Administrator mails the State a notice of hearing or opportunity for hearing that—

(a) Specifies the time and place for the hearing;
(b) Specifies the issues that will be considered;
(c) Identifies the presiding officer; and
(d) Is published in the Federal Register.

§ 430.72 Time and place of hearing.

(a) Time. The hearing is scheduled not less than 30 nor more than 60 days after the date of notice to the State. The scheduled date may be changed by written agreement between CMS and the State.

(b) Place. The hearing is conducted in the city in which the CMS regional office is located or in another place fixed by the presiding officer in light of the circumstances of the case, with due regard for the convenience and necessity of the parties or their representatives.

§ 430.74 Issues at hearing.

The list of issues specified in the notice of hearing may be augmented or reduced as provided in this section.

(a) Additional issues. (1) Before a hearing under § 430.35, the Administrator may send written notice to the State listing additional issues to be considered at the hearing. That notice is published in the Federal Register.

(2) If the notice of additional issues is furnished to the State less than 20 days before the scheduled hearing date, postponement is granted if requested by the State or any other party. The new date may be 20 days after the date of the notice, or a later date agreed to by the presiding officer.

(b) New or modified issues. If, as a result of negotiations between CMS and the State, the submittal of plan amendment, a change in the State program, or other actions by the State, any issue is resolved in whole or in part, but new or modified issues are presented, as specified by the presiding officer, the hearing proceeds on the new or modified issues.
§ 430.76 Parties to the hearing.

(a) CMS and the State. CMS and the State are parties to the hearing.

(b) Other individuals—(1) Basis for participation. Other individuals or groups may be recognized as parties if the issues to be considered at the hearing have caused them injury and their interest is within the zone of interests to be protected by the governing Federal statute.

(2) Petition for participation. Any individual or group wishing to participate as a party must, within 15 days after notice of hearing is published in the Federal Register, file with the CMS Docket Clerk, a petition that concisely states—

(i) Petitioner’s interest in the proceeding;

(ii) Who will appear for petitioner;

(iii) The issues on which petitioner wishes to participate; and

(iv) Whether petitioner intends to present witnesses.

The petitioner must also serve a copy of the petition on each party of record at that time.

(3) Comments on petition. Any party may, within 5 days of receipt of the copy of the petition, file comments on it.

(4) Action on petition. (1) The presiding officer promptly determines whether each petitioner has the requisite interest in the proceedings and approves or denies participation accordingly.

(ii) If petitions are made by more than one individual or group with common interests, the presiding officer may—

(A) Request all those petitioners to designate a single representative; or

(B) Recognize one or more of those petitioners to represent all of them.

(iii) The presiding officer gives each petitioner written notice of the decision and, if the decision is to deny, briefly states the grounds for denial.

(c) Amicus curiae (friend of the court)—(1) Petition for participation. Any person or organization that wishes to participate as amicus curiae must, before the hearing begins, file with the CMS Docket Clerk, a petition that concisely states—

(i) The petitioners’ interest in the hearing;

(ii) Who will represent the petitioner; and

(iii) The issues on which the petitioner intends to present argument.

(2) Action on amicus curiae petition. The presiding officer may grant the petition if he or she finds that the petitioner has a legitimate interest in the proceedings, that such participation will not unduly delay the outcome and may contribute materially to the proper disposition of the issues.

(3) Nature of amicus participation. An amicus curiae is not a party to the hearing but may participate by—

(i) Submitting a written statement of position to the presiding officer before the beginning of the hearing:

(c) Issues removed from consideration—

(1) Basis for removal. If at any time before, during, or after the hearing, the presiding officer finds that the State has come into compliance with Federal requirements on any issue or part of an issue, he or she removes the appropriate issue or part of an issue from consideration. If all issues are removed, the hearing is terminated.

(2) Notice to parties. Before removing any issue or part of an issue from consideration, the presiding officer provides all parties other than CMS and the State with—

(i) A statement of the intent to remove and the reasons for removal; and

(ii) A copy of the proposed State plan provision on which CMS and the State have agreed.

(3) Opportunity for written comment. The notified parties have 15 days to submit, for consideration by the presiding officer, and for the record, their views as to, or any information bearing upon, the merits of the proposed plan provision and the merits of the reasons for removing the issue from consideration.

(d) Remaining issues. The issues considered at the hearing are limited to those issues of which the State is notified as provided in §430.70 and paragraph (a) of this section, and new or modified issues described in paragraph (b) of this section. They do not include issues or parts of issues removed in accordance with paragraph (c) of this section.
Centers for Medicare & Medicaid Services, HHS § 430.86

(i) Presenting a brief oral statement at the hearing, at the point in the proceedings specified by the presiding officer; and

(ii) Submitting a brief or written statement when the parties submit briefs.

The amicus curiae must serve copies of any briefs or written statements on all parties.

§ 430.80 Authority of the presiding officer.

(a) The presiding officer has the duty to conduct a fair hearing, to avoid delay, maintain order, and make a record of the proceedings. He or she has the authority necessary to accomplish those ends, including but not limited to authority to take the following actions:

(1) Change the date, time, and place of the hearing after due notice to the parties. This includes authority to postpone or adjourn the hearing in whole or in part. In a hearing on disapproval of a State plan, or State plan amendments, changes in the date of the hearing are subject to the time limits imposed by section 1116(a)(2) of the Act.

(2) Hold conferences to settle or simplify the issues, or to consider other matters that may aid in the expeditious disposition of the issues.

(3) Regulate participation of parties and amici curiae and require parties and amici curiae to state their position with respect to the various issues in the proceeding.

(4) Administer oaths and affirmations.

(5) Rule on motions and other procedural items, including issuance of protective orders or other relief to a party against whom discovery is sought.

(6) Regulate the course of the hearing and conduct of counsel.

(7) Examine witnesses.

(8) Receive, rule on, exclude or limit evidence or discovery.

(9) Fix the time for filing motions, petitions, briefs, or other items.

(10) If the presiding officer is the Administrator, make a final decision.

(11) If the presiding officer is a designee of the Administrator, certify the entire record including recommended findings and proposed decision to the Administrator.

(b) The presiding officer does not have authority to compel by subpoena the production of witnesses, papers, or other evidence.

(c) If the presiding officer is a designee of the Administrator, his or her authority pertains to the issues of compliance by a State with Federal requirements, and does not extend to the question of whether, in case of any noncompliance, Federal payments will be denied in respect to the entire State plan or only for certain categories under, or parts of, the State plan affected by the noncompliance.

§ 430.83 Rights of parties.

All parties may:

(a) Appear by counsel or other authorized representative, in all hearing proceedings.

(b) Participate in any prehearing conference held by the presiding officer.

(c) Agree to stipulations as to facts which will be made a part of the record.

(d) Make opening statements at the hearing.

(e) Present relevant evidence on the issues at the hearing.

(f) Present witnesses who then must be available for cross-examination by all other parties.

(g) Present oral arguments at the hearing.

(h) Submit written briefs, proposed findings of fact, and proposed conclusions of law, after the hearing.

§ 430.86 Discovery.

CMS and any party named in the notice issued under § 430.70 has the right to conduct discovery (including depositions) against opposing parties. Rules 26–37 of the Federal Rules of Civil Procedure apply to such proceedings; there will be no fixed rule on priority of discovery. Upon written motion, the presiding officer promptly rules upon any objection to discovery action initiated under this section. The presiding officer also has the power to grant a
protective order or relief to any party against whom discovery is sought and to restrict or control discovery so as to prevent undue delay in the conduct of the hearing. Upon the failure of any party to make discovery, the presiding officer may issue any order and impose any sanction (other than contempt orders) authorized by Rule 37 of the Federal Rules of Civil Procedure.

§ 430.88 Evidence.

(a) Evidentiary purpose. The hearing is directed to receiving factual evidence and expert opinion testimony related to the issues involved in the proceeding. Argument is not received in evidence. It must be presented in statements, memoranda, or briefs, as determined by the presiding officer. Brief opening statements, concerning the party’s position and what he or she intends to prove, may be made at hearings.

(b) Testimony. Testimony is given orally under oath or affirmation by witnesses at the hearing. Witnesses are available at the hearing for cross-examination by all parties.

(c) Stipulations and exhibits. Two or more parties may agree to stipulations of fact. Those stipulations, and any exhibit proposed by any party, are exchanged before the hearing if the presiding officer so requires.

(d) Rules of evidence. (1) Technical rules of evidence do not apply to hearings conducted under this subpart. However, rules or principles designed to ensure production of the most credible evidence available and to subject testimony to test by cross-examination are applied by the presiding officer when reasonably necessary.

(2) A witness may be cross-examined on any matter material to the proceeding without regard to the scope of his or her direct examination.

(3) The presiding officer may exclude irrelevant, immaterial, or unduly repetitious evidence.

(4) All documents and other evidence offered or taken for the record are open to examination by the parties and an opportunity is given to refute facts and arguments advanced on either side of the issues.

§ 430.90 Exclusion from hearing for misconduct.

The presiding officer may immediately exclude from the hearing any person who—

(a) Uses disrespectful, disorderly, or contumacious language or engages in contemptuous behavior;

(b) Refuses to comply with directions; or

(c) Uses dilatory tactics.

§ 430.92 Un-sponsored written material.

Letters expressing views or urging action and other unsponsored written material regarding matters in issue in a hearing are placed in the correspondence section of the docket of the proceeding. These data are not considered part of the evidence or record in the hearing.

§ 430.94 Official transcript.

(a) Filing. The official transcripts of testimony, together with any stipulations, briefs, or memoranda of law, are filed with CMS.

(b) Availability of transcripts. CMS designates an official reporter for each hearing. Transcripts of testimony in hearings may be obtained from the official reporter by the parties and the public at rates not in excess of the maximum rates fixed by the contract between CMS and the reporter.

(c) Correction of transcript. Upon notice to all parties, the presiding officer may authorize corrections that affect substantive matters in the transcript.

§ 430.96 Record for decision.

The transcript of testimony, exhibits, and all papers and requests filed in the proceedings, except the correspondence section of the docket, including rulings and any recommended or initial decision constitute the exclusive record for decision.

§ 430.100 Posthearing briefs.

The presiding officer fixes the time for filing posthearing briefs, which may contain proposed findings of fact and conclusions of law. The presiding officer may also permit reply briefs.
§ 430.102 Decisions following hearing.
(a) Administrator presides. If the presiding officer is the Administrator, he or she issues the hearing decision within 60 days after expiration of the period for submission of posthearing briefs.
(b) Administrator’s designee presides. If the presiding officer is other than the Administrator, the procedure is as follows:
   (1) Upon expiration of the period allowed for submission of posthearing briefs, the presiding officer certifies the entire record, including his or her recommended findings and proposed decision, to the Administrator. The Administrator serves a copy of the recommended findings and proposed decision upon all parties and amici, if any.
   (2) Any party may, within 20 days, file with the Administrator exceptions to the recommended findings and proposed decision and a supporting brief or statement.
   (3) The Administrator reviews the recommended decision and, within 60 days of its issuance, issues his or her own decision.
   (c) Effect of Administrator’s decision. The decision of the Administrator under this section is the final decision of the Secretary and constitutes “final agency action” within the meaning of 5 U.S.C. 704 and a “final determination” within the meaning of section 1116(a)(3) of the Act and §430.36. The Administrator’s decision is promptly served on all parties and amici.

§ 430.104 Decisions that affect FFP.
(a) Scope of decisions. If the Administrator concludes that withholding of FFP is necessary because a State is out of compliance with Federal requirements, in accordance with §430.35, the decision also specifies—
   (1) Whether no further payments will be made to the State or whether payments will be limited to parts of the program not affected by the noncompliance; and
   (2) The effective date of the decision to withhold.
   (b) Consultation. The Administrator may ask the parties for recommendations or briefs or may hold conferences of the parties on the question of further payments to the State.
   (c) Effective date of decision. The effective date of a decision to withhold Federal funds will not be earlier than the date of the Administrator’s decision and will not be later than the first day of the next calendar quarter. The provisions of this section may not be waived under §430.64.

PART 431—STATE ORGANIZATION AND GENERAL ADMINISTRATION

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