

**CHART 2.—QUALIFIED APPLICANTS—  
FY 2002 COMMUNITY-INTEGRATED  
PERSONAL ASSISTANCE SERVICES  
AND SUPPORTS GRANTS**

State/eligible entity	Amount of preliminary award
Colorado .....	\$725,000
District of Columbia .....	725,000
Hawaii .....	725,000
Indiana .....	725,000
Kansas .....	725,000
North Carolina .....	725,000
Tennessee .....	725,000
West Virginia .....	725,000

**CHART 3.—QUALIFIED APPLICANTS—  
FY 2002 NURSING FACILITY TRANSI-  
TIONS, STATE PROGRAM GRANTS**

State/eligible entity	Amount of preliminary award
Alabama .....	\$770,000
Arkansas .....	598,444
California .....	600,000
Delaware .....	566,772
Nebraska .....	600,000
New Jersey .....	600,000
North Carolina .....	600,000
Ohio .....	600,000
Rhode Island .....	600,000
South Carolina .....	600,000
Wyoming .....	600,000

**CHART 4.—QUALIFIED APPLICANTS—  
FY 2002 NURSING FACILITY TRANSI-  
TIONS, INDEPENDENT LIVING PART-  
NERSHIP GRANTS**

State/eligible entity	Organization	Amount of preliminary award
California .....	Community Resources for Independence.	337,500
Minnesota .....	Metropolitan Center for Independent Living.	400,000
Delaware .....	Independent Resources, Inc.	270,000
New Jersey .....	Resources for Independent Living, Inc.	400,000
Utah .....	Utah Independent Living Center.	400,000

**CHART 1.—QUALIFIED APPLICANTS—  
FY 2002 REAL CHOICE SYSTEMS  
CHANGE GRANTS**

State/eligible entity	Amount awarded FY 2001	Amount of preliminary award
Maryland .....	\$1,025,000	\$360,000
Arkansas .....	1,025,000	360,000
Massachusetts ..	1,025,000	360,000
Virginia .....	1,025,000	360,000
Iowa .....	1,025,000	360,000

**CHART 2.—QUALIFIED APPLICANTS—  
FY 2002 THE COMMUNITY LIVING  
EXCHANGE COLLABORATIVE: A NA-  
TIONAL TECHNICAL ASSISTANCE  
PROGRAM**

Organization/eligible entity	Amount FY 2001 award	Amount of preliminary award
Rutgers Center for State Health Policy .....	\$2,435,621	\$1,886,500
ILRU "Independent Living Research Utilization" .....	2,435,621	1,886,500

**II. Supplemental Awards**

Below are the States/Eligible Entities that were offered supplemental awards as described in section II of this notice.

**Addendum 2—Key Dates for 2002  
Systems Change Grants Process**

Date(s)	Action
May 9, 2002 .....	Response Form is due from Qualified Applicants.
March 22–July 9, 2002 .....	Qualified Applicants partner with consumer advisory groups and stakeholders to do the following: <ul style="list-style-type: none"> <li>• Reprioritize proposed grant projects based on revised budgets;</li> <li>• Reconsider proposed budget based on amount of preliminary award; and</li> <li>• Respond to draft grant terms and conditions of award and requests for feedback.</li> </ul>
July 10, 2002 .....	Deadline for Qualified Applicants to submit their responses to the draft grant terms and conditions of award and project feedback.
September 30, 2002 .....	Notice of Grant Awards sent to FY 2002 Systems Change Grantees.

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**DEPARTMENT OF HEALTH AND  
HUMAN SERVICES**

**Health Care Financing Administration**

[CMS–2137–N]

**State Children’s Health Insurance  
Program (SCHIP); Redistribution and  
Continued Availability of Unexpended  
SCHIP Funds From the Appropriation  
for FY 1999**

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

**SUMMARY:** This notice announces the application of the statutory provisions concerning the redistribution and availability of unexpended funds appropriated for fiscal year (FY) 1999 for the State Children’s Health Insurance Program under title XXI of the Social Security Act. It sets forth the amounts available for each of the 50 States, the District of Columbia, and the Commonwealths and Territories from the FY 1999 appropriation for a second period of availability under the statutory formula. It specifies amounts of allotments that may remain available (“retained allotments”) to the States to which those amounts were originally allotted during the initial period, and the amounts of allotments that are

redistributed from the States to which they were allotted during the initial period to be available to other States (“redistributed allotments”).

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

**SUPPLEMENTARY INFORMATION:**

**I. Background**

Title XXI of the Social Security Act (the Act) sets forth the State Children’s Health Insurance Program (SCHIP) to enable States, the District of Columbia, and specified Commonwealths and Territories to initiate and expand health insurance coverage to uninsured, low-income children. In this notice, unless otherwise indicated, the use of the terms “State” and “States,” refers to any or all

of the 50 States, the District of Columbia, and the Commonwealths and Territories. States may implement SCHIP through a separate child health program under title XXI of the Act, an expanded program under title XIX of the Act, or a combination of both. Under section 2104 of the Act, the SCHIP allotments for a fiscal year (FY) are available to match expenditures under an approved State child health plan for a 3-fiscal year "period of availability," including the fiscal year for which the allotment was provided. After the initial period of availability, the amount of unspent allotments is subject to a second period of availability. With the exception described below for the allotments made in FYs 1998 and 1999, allotments unspent in the initial period of availability are to be redistributed from States that did not fully spend these allotments to States that fully spent their allotments for that fiscal year.

The Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA), enacted as part of Pub. L. 106-554 on December 21, 2000, amended title XXI of the Act, in part by establishing new requirements for the second period of availability of amounts of FYs 1998 and 1999 allotments unspent during the initial period of availability. These requirements limit the redistribution of unspent allotments to States that fully spent their FY 1998 or 1999 allotments (redistributed amounts). These requirements also provide that amounts of unspent allotments not redistributed as a result of these limits would remain available to States that did not fully expend their FY 1998 or 1999 allotments (retained allotments). These requirements prescribe a methodology and process for determining the FY 1998 and FY 1999 redistributed and retained allotment amounts.

## II. Provisions of This Notice

This notice announces the application of the statutory provisions concerning the redistribution and availability of unexpended funds appropriated for the FY 1999 SCHIP program. Section 2104 of the Act provides an allotment for each fiscal year for Federal matching payments for an initial 3-year period for the States. Section 801 of BIPA added section 2104(g) to the Act to provide for a methodology to redistribute or continue availability of all unexpended amounts for FYs 1998 and 1999 at the end of the initial 3-year period.

Section 2104 of the Act requires the Secretary to calculate allotments for each State with an approved State child health plan based on available

appropriated funds for each fiscal year. All States had approved plans in order to have access to their final FY 1999 SCHIP allotments, which were published on May 24, 2000 in the **Federal Register** (65 FR 33634). The final rule setting forth the methodologies and procedures to determine the allotment of Federal funds for each fiscal year and the grant award and payment process was also published on May 24, 2000 in the **Federal Register** (65 FR 33616).

BIPA amended the SCHIP statute to add a new section 2104(g) to the Act, which requires the Secretary to redistribute limited amounts of the unexpended allotments for FYs 1998 and 1999 to States that fully expended their allotments for those years, and extended the availability of remaining unexpended allotments for those years, in accordance with a specified formula. This notice sets forth the results of the statutory formula to the unexpended allotments for FY 1999, and describes the methodology for the redistribution and continued availability of unexpended SCHIP allotments. The FY 1998 redistributed and retained allotment amounts were published in the **Federal Register** on June 21, 2001 (66 FR 33257).

## III. Application of the Provisions of Section 2104(g) of the Act to the Unexpended FY 1999 SCHIP Allotments To Determine the Redistribution and Continued Availability of Allotments for Each State

Section 2104(e) of the Act requires that the amount of a State's allotment for a fiscal year be available to the State for matching allowable State expenditures for a 3-year initial period of availability; the fiscal year for which the funds are allotted, and the two following fiscal years. For FY 1999, the 3-year initial period of availability is October 1, 1998 through September 30, 2001. With the exception of the methodology specified in BIPA for treating unspent FY 1998 and 1999 allotments, section 2104(f) of the Act requires redistribution of the entire amount of unspent allotments after the initial period of availability has expired. Section 2104(e) of the Act provides that redistributed funds are available for matching State expenditures through the end of the fiscal year in which they are reallocated. Any redistributed funds for the fiscal year that remained unexpended at the end of the fiscal year in which they were reallocated would have reverted to the Federal Treasury.

BIPA did not repeal or delete sections 2104(e) and (f) of the Act. However,

BIPA added a new section 2104(g) of the Act that established a formula for redistributing and continuing the availability of unexpended allotments for FYs 1998 and 1999 and references the provisions of sections 2104(e) and (f) of the Act. This formula replaces the redistribution that otherwise would have been required under section 2104(f) of the Act.

Section 2104(g) of the Act requires the Secretary to redistribute and continue availability of the unexpended FYs 1998 and 1999 allotments under section 2104(f) of the Act. Section 2104(g) also provides that both FYs 1998 and 1999 redistribution amounts and FYs 1998 and 1999 retained amounts, under sections 2104(g)(1)(B)(ii) and 2104(g)(2)(A)(i) of the Act, respectively, shall remain available to the States through the end of FY 2002; that is, through September 30, 2002.

The availability of retained allotment funds is determined in accordance with requirements related to the ordering of expenditures. Section 2105(a)(2) of the Act, as amended by BIPA, requires that expenditures be applied against a State's available fiscal year SCHIP allotment amounts in the following order:

- (1) Title XIX SCHIP related expenditures for which payment is made at the enhanced Federal medical assistance percentage (FMAP) (section 2105(a)(1)(A) of the Act);
- (2) Title XIX expenditures for medical assistance provided during a presumptive eligibility period under section 1920A of the Act (section 2105(a)(1)(B) of the Act);
- (3) Child health assistance for targeted low-income children in the form of providing health benefits coverage that meets the requirements of section 2103 (section 2105(a)(1)(C) of the Act);
- (4)(a) Other child health assistance for targeted low-income children and health services initiatives under the plan for improving the health of children (including targeted low-income children and other low-income children) (section 2105(a)(1)(D)(i and ii) of the Act);
- (4)(b) Outreach expenditures (section 2105(a)(1)(D)(iii) of the Act); and
- (4)(c) Administration expenditures (section 2105(a)(1)(D)(iv) of the Act).

In general, States' expenditures will be applied against the FY 1999 redistribution and retained amounts in accordance with existing SCHIP regulations on allotments (42 CFR parts 447 and 457). These regulations, however, do not directly address the treatment of redistributed allotments because they do not make clear whether these expenditures will be applied to these allotments based on the fiscal year

of the initial allotment, the fiscal year of the redistribution, or the fiscal year of the allotment whose expiration date matches the redistribution. This notice permits States the option to decide the order of application of expenditures against the redistribution amounts and other available fiscal year allotment amounts. Under this option, a redistribution State may have a maximum of four possible choices for the order of the application of FY 1999 redistribution funds in FY 2002, depending on what other fiscal year allotments are available in FY 2002: (1) Before FY 2000 allotments; (2) after FY 2000 and before FY 2001 allotments; (3) after FY 2001 and before FY 2002 allotments; and (4) after FY 2002 allotments. Furthermore, if a FY 1999 redistribution State also has FY 1998 redistribution funds available in FY 2002, it can choose whether the FY 1999 redistribution funds will be used before or after the FY 1998 redistribution amounts.

We believe that States should be afforded the flexibility to decide whether redistributed funds would be used before or after other available allotment funds to allow them to optimize the use of the funds. Therefore, in implementing the BIPA legislation, we offered States that will receive FY 1999 redistributed funds the option of choosing the order of when the funds would be expended during FY 2002 among the other available allotments during FY 2002. All of the redistribution States have responded to us with their decision regarding this option. Under this option, *once a State chooses the order of the FY 1999 redistribution amounts, it cannot change that order at a later date.*

Both the redistribution amounts and the retained amounts for FY 1999 will be available for allowable SCHIP expenditures reported for the period of October 1, 2001 through September 30, 2002. This will ensure that the redistribution and retained allotment amounts will be available for SCHIP expenditures for the entire period, October 1, 2001 through September 30, 2002, even though this notice is being published after October 1, 2001.

We have made provisions on the Form CMS-21C in the Medicaid and State Children's Health Insurance Program Budget and Expenditure System (MBES/CBES), Allocation of Title XIX and Title XXI Expenditures to the SCHIP Fiscal Year Allotment, which is used for tracking States' expenditures against their allotments, to include the States' FY 1999 redistributed and retained amounts. The redistributed and retained allotment amounts will be

automatically entered on this form and the Medicaid and SCHIP expenditure system will automatically apply expenditures reported on the quarterly expenditure reports for the period of October 1, 2001 through September 30, 2002 to the FY 1999 redistributed and retained amounts available through September 30, 2002. Except as provided above regarding the option for States to choose the ordering of fiscal year *redistribution* amounts, expenditures reported by States during this period will be applied against retained, redistributed or other available allotments in chronological order from earlier to more recent, in accordance with the SCHIP regulations published on May 24, 2000 in the **Federal Register** (65 FR 33616). Thus, for example, States' expenditures would be applied first against any remaining FY 1998 retained allotments, then against available FY 1999 retained allotments, and then against any other available fiscal year allotments in chronological order; however, if applicable, the available redistribution amounts would be ordered in accordance with those redistribution States' choices under the option for ordering such redistribution amounts.

#### **IV. Determination of Redistribution or Continued Availability of Unexpended FY 1999 Allotments**

In Table 1 of this notice, we set forth the amount of unexpended allotments as of November 30, 2001, as specified in section 2104(g) of the Act. We also set forth the retained amounts that, under the statutory formula, are subject to continued availability by States that did not fully expend their FY 1999 allotments, and the amounts that are redistributed for availability to States that fully expended their FY 1999 allotments. The formula for determining the redistributed and retained amounts of the FY 1999 SCHIP allotments is described below.

##### *Establishing the Amount of Unexpended FY 1999 Allotments*

The amount of States' unexpended allotments are established based on the SCHIP related expenditures, as reported and certified by States to CMS on the quarterly expenditure reports. To determine the amounts of unexpended FY 1999 allotments remaining at the end of the initial period of availability, or to identify States that have fully expended their FY 1999 allotments, section 2104(g)(3) of the Act provides that the Secretary use expenditures reported as of November 30, 2001 on the Form CMS-64 or CMS-21, as approved by the Secretary. These expenditures are

applied and tracked against the States' FY 1999 allotments (as published on May 24, 2000 in the **Federal Register** (65 FR 33634)), and other available allotments, on the Form CMS-21C, Allocation of the XIX and Title XXI Expenditures to SCHIP Fiscal Year Allotment.

By November 30, 2001, all States did report and certify their FY 2001 fourth quarter expenditure reports (representing the last quarter of the 3-year period of availability for FY 1999). Expenditures reflected in Table 1 below were taken from our MBES/CBES "masterfile," which represent the State's official certified SCHIP and Medicaid expenditure reporting system records.

Based on States' expenditure reports submitted and certified through November 30, 2001, the total amount of unexpended FY 1999 SCHIP allotments is \$2,818,627,105. This amount includes the amounts of reduction to the States' FY 1999 allotments based on the application of the "maintenance of effort" (MOE) provisions specified in the SCHIP statute at section 2105(d)(2) of the Act.

##### *Application of the Maintenance of Effort Provision*

Under section 2105(d)(2) of the Act, the amount of the fiscal year allotments for certain States, beginning with FY 1999, are reduced if the States' expenditures do not meet the specified MOE requirements. The application of the MOE provisions resulted in one State's FY 1999 allotment being reduced by \$2,216,553; in effect, the amount of the MOE reduction to its FY 1999 SCHIP allotment was not available to that State for expenditure. However, this MOE reduction amount is available and is included in the total amount available nationally for redistribution and continued availability of the FY 1999 allotments.

Initially, the total amount of FY 1999 unexpended allotments was effectively reduced because it did not include the reduction amount related to the MOE provision. However, the MOE reduction amount is available for purposes of the redistribution. Therefore, the MOE reduction amount is applied to decrease the amount of the total unexpended FY 1999 allotments needed for redistribution to the States that have fully spent their FY 1999 allotments. By applying the MOE reduction amount to the amount needed for redistribution, the amount of unexpended FY 1999 allotments that can be retained by States that did not fully expend their allotments is larger.

*Redistribution for the States and the District of Columbia*

Section 2104(g)(1)(i)(I) of the Act specifies the FY 1999 redistribution for the 50 States and the District of Columbia that have fully expended their FY 1999 allotments. Specifically, under this section, the redistribution amounts are equal to these States' "excess" expenditures during the FY 1999 period of availability; this amount is the difference between the States' total reported applicable expenditures for the period FYs 1999 through 2001, and the States' FY 1999 SCHIP allotments.

*Redistribution for the Commonwealths and Territories*

Section 2104(g)(1)(ii) of the Act specifies the FY 1999 redistribution for the Commonwealths and Territories that have fully expended their FY 1999 allotments. Under this provision, first the total Commonwealths and Territories redistribution amount is calculated by multiplying the total amount of the allotments available for redistribution and continued availability, including the MOE provision reduction amounts, by 1.05 percent; for the FY 1999 redistribution calculation, this amount is \$29,595,585 (1.05 percent of \$2,818,627,105). Second, only those Commonwealths and Territories that have fully expended their FY 1999 allotments will receive an amount equal to a specified percentage of the 1.05 percent amount. That percentage is determined by dividing the FY 1999 SCHIP allotment for each Commonwealth or Territory that has fully expended its FY 1999 allotment, by the total of all the FY 1999 allotments for those Commonwealths and Territories that fully expended their FY 1999 allotments.

*Continued Availability of Unexpended FY 1999 Allotments*

Section 2104(g)(2)(B) of the Act specifies the formula for determining the amount of the unexpended FY 1999 allotments that will be retained by States. First the total amount of the unexpended FY 1999 allotments (not including the MOE provision amounts) for all States is determined. Next, the total amount needed for redistribution, as described above, is determined. The total amount needed for redistribution is reduced by the MOE provision reduction amounts; the result (representing the amount of the redistribution that will be covered by the unexpended FY 1999 allotment amounts) is then subtracted from the total amount of unexpended FY 1999 allotments. This remainder represents the total FY 1999 retained allotment

amounts. Next, a percentage is calculated by dividing the total FY 1999 retained allotment amounts by the total amount of the unexpended FY 1999 allotments (not including the MOE reduction amounts). Finally, each State's specific retained amount is calculated by multiplying this percentage by the amount of the State's unexpended FY 1999 SCHIP allotment.

**V. Table of SCHIP FY 1999 Redistribution and Continued Availability of Unexpended FY 1999 Allotments**

A description of the formula used to determine the amount of the unexpended FY 1999 SCHIP allotments for redistribution or continued availability is described below. Following the description in Table 1, which presents each State's FY 1999 SCHIP allotment redistribution or retained amount.

A total of \$4,247,000,000 was allotted nationally for FY 1999, representing \$4,204,312,500 in allotments to the 50 States and the District of Columbia, and \$42,687,500 in allotments to the Commonwealths and Territories. Based on the quarterly expenditure reports, which States submitted and certified by November 30, 2001, 13 States fully expended their FY 1999 allotments, 38 States including the District of Columbia did not fully expend their FY 1999 allotments, and all of the Commonwealths and Territories fully expended their FY 1999 allotments. For the States, including the District of Columbia, that did not fully expend their FY 1999 allotments, their total FY 1999 allotments (not including the MOE provision reduction amounts) were \$3,371,650,523, and the total expenditures applied against their FY 1999 allotments were \$555,239,971. Therefore, the total amount of unexpended FY 1999 allotments available for redistribution (not including the MOE amounts) is \$2,816,410,552 (\$3,371,650,523 minus \$555,239,971). In addition, the FY 1999 MOE provision reduction amount of \$2,216,553 is available for redistribution. Therefore the total amount of the FY 1999 allotments available for redistribution is \$2,818,627,105 (\$2,816,410,552, the total unexpended FY 1999 allotments, plus \$2,216,553, the MOE amount).

In accordance with the redistribution calculation for FY 1999 described above, \$1,608,256,691 is needed for redistribution for 13 States, and \$29,595,585 is needed for redistribution to the 5 Commonwealths and Territories. Therefore, a total of \$1,637,852,276 is needed for redistribution. The States' total

unexpended FY 1999 allotments (not including the MOE provision amounts) totaled \$2,816,410,552. The MOE provision amount of \$2,216,553 is applied against the needed redistribution amounts. Therefore, \$1,635,635,723 (\$1,637,852,276, the total needed redistribution amount, minus \$2,216,553, the MOE amount) is the remaining redistribution that will be covered by the unexpended FY 1999 allotment amounts. As a result, \$1,180,774,829 (\$2,816,410,552, the total unexpended FY 1999 allotments (not including the MOE amounts) minus \$1,635,635,723, the remaining redistribution) is the total FY 1999 retained allotment amounts for the States, including the District of Columbia. Both the \$1,637,852,276 redistribution amount and the \$1,180,774,829 retained amounts will remain available through the end of FY 2002.

*Key to Table 1—CALCULATION OF THE SCHIP FY 1999 REDISTRIBUTION AND CONTINUED AVAILABILITY OF THE UNEXPENDED FY 1999 ALLOTMENTS*

## Column/Description

Column A = STATE. Name of State, District of Columbia, the Commonwealth or Territory.

Column B = FY 1999 ALLOTMENT.

This column contains the FY 1999 SCHIP allotments for all States, which were published on May 24, 2000 in the **Federal Register** (65 FR 33634).

Column C = EXPENDITURES APPLIED AGAINST FY 1999 ALLOTMENT.

This column contains the cumulative expenditures applied against the FY 1999 allotments, as reported and certified by all States through November 30, 2001.

Column D = UNEXPENDED FY 1999 ALLOTMENTS OR

"REDISTRIBUTION." This column contains the amounts of unexpended FY 1999 SCHIP allotments for States that did not fully expend the allotments during the 3-year period of availability for FY 1999 (FYs 1999 through 2001), and is equal to the difference between the amounts in Column B and Column C. For States that did fully expend their FY 1999 allotments during the period of availability, the entry in this column is "REDISTRIBUTION." The amounts in each of the State lines in this column do not include the MOE provision amount of \$2,216,553; the MOE amount is added to the total of the amounts of

the States' unexpended FY 1999 allotments in this column at the bottom of Column D. The total amount of \$2,818,627,105 (\$2,816,410,552, the total unexpended FY 1999 allotments, plus \$2,216,553, the MOE provision amounts) represents the total amount available for redistribution and continued availability for FY 1999.

Column E = *FOR REDISTRIBUTION STATES ONLY FY 1999-2001 EXPENDITURES*. For those States that have fully expended their FY 1999 allotments, this column contains the amounts of the States' reported SCHIP related expenditures for each of the years FY 1999 through FY 2001, representing the FY 1999 3-year period of availability. For those States, Commonwealths and Territories that did not fully expend their FY 1999 allotments during the period of availability, the entry in Column E is "NA."

Column F = *FY 1999 REDISTRIBUTED AMOUNTS*. This column contains the amounts of States' unexpended FY 1999 SCHIP allotments that are being redistributed to those States that have fully expended their FY 1999 allotments. For the States that have fully expended their FY 1999

SCHIP allotments, the amount in Column F is the difference between Column E, the States' FY 1999-FY 2001 expenditures, and Column B, the States' FY 1999 allotments. For the 13 States that have fully expended their FY 1999 allotments, the FY 1999 redistribution amounts total \$1,608,256,691. For the Commonwealths and Territories that have fully expended their FY 1999 allotments, the amounts in Column F represents their respective proportionate shares of \$29,595,585 based on their FY 1999 allotments (1.05 percent of the total amount for redistribution and continued availability of \$2,818,627,105). For those States, Commonwealths and Territories that did not fully expend their FY 1999 allotments during the period of availability, the entry in Column F is "NA."

Column G = *FY 1999 RETAINED ALLOTMENT AMOUNTS*. For the States that did not fully expend their FY 1999 allotments, this column contains the amounts of the States' FY 1999 unexpended allotments after the application of the proportionate reduction to account for the total redistribution amounts needed for the States that did fully expend their FY 1999

allotments. As indicated at the top of Column G, the proportionate reduction is approximately 41.92 percent. This percentage is multiplied by the unexpended amounts of the States' FY 1999 allotments in Column D; the result is the amount of the States' unexpended FY 1999 allotments that the States will retain. As indicated at the bottom of Column G, the total FY 1999 retained allotment amount is \$1,180,774,829.

Column H = *UNEXPENDED FY 1999 ALLOTMENT AMOUNTS USED IN REDISTRIBUTION*. For the States that did not fully expend their FY 1999 allotments, this column contains the amounts of the States' FY 1999 unexpended allotments (not including the MOE provision amount) that were used in the redistribution in Column F; these amounts are no longer available to these States. The amount in Column H is equal to the difference between Columns D, the Unexpended FY 1999 Allotments, and G, the FY 1999 Retained Allotment Amounts. For States that did fully expend their FY 1999 allotments, the entry in Column H is "NA."

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STATE	FY 1999 ALLOTMENT	EXPENDITURES APPLIED AGAINST FY 1999 ALLOTMENT	UNEXPENDED FY 1999 ALLOTMENTS OR "REDISTRIBUTION"	FOR REDISTRIBUTION STATES ONLY FY 1999-2001 EXPENDITURES	FY 1999 RETAINED ALLOTMENTS AS A PERCENTAGE OF UNEXPENDED FY 1999 ALLOTMENTS			UNEXPENDED FY 1999 ALLOTMENTS USED IN REDISTRIBUTION
					FY 1999 RETAINED ALLOTMENTS	REDISTRIBUTED AMOUNTS	RETAINED ALLOTMENT AMOUNTS	
TABLE 1 - CALCULATION OF THE SCHIP FY 1999 REDISTRIBUTION AND CONTINUED AVAILABILITY OF THE UNEXPENDED FY 1999 ALLOTMENTS UNEXPENDED FY 1999 ALLOTMENTS (Not Including MOE Amount) (1): TOTAL NEEDED FOR FY 1999 REDISTRIBUTION: \$2,816,410,552 MOE APPLIED TO REDISTRIBUTION: \$1,637,852,276 REMAINING REDISTRIBUTION COVERED BY UNEXPENDED FY 1999 ALLOTMENTS (2): \$1,178,558,276 TOTAL FY 1999 RETAINED ALLOTMENTS (3): \$1,180,774,829 TOTAL FY 1999 UNEXPENDED FY 1999 ALLOTMENTS (4): 41.92%								
A	B	C	D	E	F	G	H	
Alabama	\$65,569,176	\$23,136,256	\$62,432,920	\$45,470,836	NA	\$26,174,884	NA	
Alaska	\$6,856,760	\$6,856,760	REDISTRIBUTION	NA	NA	NA	NA	
Arizona	\$116,246,196	\$47,681,702	\$116,246,196	NA	NA	\$48,735,999	\$67,510,197	
Arkansas	\$47,681,702	-	\$47,681,702	NA	NA	\$19,990,464	\$27,691,238	
California	\$850,608,561	-	\$850,608,561	NA	NA	\$365,616,040	\$483,992,521	
Colorado	\$41,593,182	\$9,416,342	\$32,176,840	NA	NA	\$13,490,080	\$18,686,760	
Connecticut	\$34,793,973	\$6,788,232	\$28,005,741	NA	NA	\$11,741,354	\$16,264,387	
Delaware	\$8,015,429	-	\$8,015,429	NA	NA	\$3,360,453	\$4,654,975	
District of Columbia	\$12,018,971	\$1,521,695	\$10,497,276	NA	NA	\$4,400,963	\$6,096,313	
Florida	\$268,938,576	\$130,922,871	\$130,922,871	NA	NA	\$58,508,840	\$72,419,731	
Georgia	\$124,071,402	\$32,849,632	\$91,221,770	NA	NA	\$32,877,214	\$58,344,556	
Hawaii	\$8,903,057	-	\$8,903,057	NA	NA	\$3,732,590	\$5,170,467	
Idaho	\$15,804,712	\$10,982,266	\$4,822,446	NA	NA	\$2,021,803	\$2,800,645	
Illinois	\$121,949,505	-	\$121,949,505	NA	NA	\$51,127,268	\$70,822,237	
Indiana	\$70,179,422	\$70,179,422	REDISTRIBUTION	\$175,382,843	NA	\$105,203,421	NA	
Iowa	\$32,307,161	\$20,886,693	\$11,418,468	NA	NA	\$4,787,171	\$6,631,297	
Kansas	\$30,511,738	\$157,35,496	\$11,776,242	NA	NA	\$4,937,167	\$6,839,075	
Kentucky	\$49,696,709	\$49,696,709	REDISTRIBUTION	\$145,993,675	NA	\$96,296,966	NA	
Louisiana	\$101,256,366	-	\$101,256,366	NA	NA	\$42,451,641	\$58,804,725	
Maine	\$12,428,004	\$12,428,004	REDISTRIBUTION	\$31,156,457	NA	\$18,728,453	NA	
Maryland	\$51,336,309	\$51,336,309	REDISTRIBUTION	\$198,471,826	NA	\$137,135,617	NA	
Massachusetts	\$42,633,928	\$42,633,928	REDISTRIBUTION	\$129,807,029	NA	\$87,173,101	NA	
Michigan	\$91,152,976	\$79,380,683	\$79,380,683	NA	NA	\$33,280,202	\$46,100,481	
Minnesota	\$28,251,873	\$28,251,873	REDISTRIBUTION	\$11,848,737	NA	\$16,413,136	\$11,848,737	
Mississippi	\$55,752,550	\$55,752,550	REDISTRIBUTION	\$10,998,560	NA	\$10,998,560	\$13,988,752	
Missouri	\$51,429,096	\$51,429,096	REDISTRIBUTION	\$61,787,064	NA	NA	NA	
Montana	\$11,684,948	\$14,792,732	\$2,255,125	NA	NA	\$945,467	\$1,309,668	
Nebraska	\$30,263,463	\$6,231,629	\$8,561,263	NA	NA	\$3,589,293	\$4,971,970	
Nevada	\$11,404,289	\$3,280,643	\$26,982,820	NA	NA	\$11,312,497	\$16,670,323	
New Hampshire	\$88,000,326	\$88,000,326	REDISTRIBUTION	\$195,349,848	NA	\$107,349,522	NA	
New Jersey	\$254,419,158	\$254,419,158	REDISTRIBUTION	\$984,191,553	NA	\$26,276,503	NA	
New Mexico	\$79,132,966	\$79,132,966	REDISTRIBUTION	\$171,279,846	NA	\$92,146,880	NA	
North Carolina	\$5,016,935	\$425,096	\$4,591,839	NA	NA	\$1,925,120	\$2,666,719	
North Dakota	\$86,430,119	\$86,430,119	REDISTRIBUTION	\$26,757,654	NA	\$11,218,100	\$15,539,564	
Ohio	\$85,294,328	\$2,539,232	\$81,634,680	NA	NA	\$34,225,186	\$47,409,494	
Oklahoma	\$38,936,902	\$96,243,040	\$36,397,670	NA	NA	\$15,259,655	\$21,138,015	
Oregon	\$114,685,254	\$10,633,962	\$18,442,214	NA	NA	\$7,731,864	\$10,710,350	
Rhode Island	\$63,267,653	\$63,267,653	REDISTRIBUTION	\$31,015,178	NA	\$20,381,216	NA	
South Carolina	\$8,500,886	\$2,720,031	\$5,780,855	NA	NA	\$2,423,613	\$3,357,242	
South Dakota	\$65,840,660	-	\$65,840,660	NA	NA	\$27,603,573	\$38,237,087	
Tennessee	\$558,680,510	\$20,369,242	\$558,680,510	NA	NA	\$24,454,754	\$542,225,756	
Texas	\$24,126,675	\$1,319,003	\$3,767,433	NA	NA	\$1,579,489	\$2,187,944	
Utah	\$3,518,748	\$16,178	\$2,199,745	NA	NA	\$92,239	\$1,277,506	
Vermont	\$67,922,292	\$67,922,292	REDISTRIBUTION	\$28,495,654	NA	\$28,495,654	\$39,426,638	
Virginia	\$49,440,845	\$13,907,433	\$46,440,845	NA	NA	\$19,470,237	\$26,970,608	
West Virginia	\$23,495,256	\$40,441,141	REDISTRIBUTION	\$79,054,703	NA	\$38,613,562	NA	
Wisconsin	\$7,675,218	-	\$7,675,218	NA	NA	\$3,217,821	\$4,457,397	
Wyoming	\$4,202,095,947	1,365,685,395	\$2,816,410,552	\$2,438,702,115	NA	\$1,180,774,829	\$1,635,635,723	
TOTAL STATES ONLY	\$4,244,783,447	\$1,428,372,895	\$2,816,410,552	\$2,438,702,115	NA	\$1,180,774,829	\$1,635,635,723	
COMMONWEALTHS AND TERRITORIES								
Puerto Rico	\$39,101,750	\$39,101,750	REDISTRIBUTION	NA	NA	\$27,109,556	NA	
Guam	\$1,494,063	\$1,494,063	REDISTRIBUTION	NA	NA	\$1,035,846	NA	
Virgin Islands	\$1,109,875	\$1,109,875	REDISTRIBUTION	NA	NA	\$769,485	NA	
American Samoa	\$512,250	\$512,250	REDISTRIBUTION	NA	NA	\$355,147	NA	
N. Mariana Islands	\$469,562	\$469,562	REDISTRIBUTION	NA	NA	\$325,551	NA	
TOTAL	\$42,687,500	\$42,687,500	REDISTRIBUTION	NA	NA	\$29,595,585	NA	
				(1.05% OF \$2,816,627,105)				
NATIONAL TOTAL	\$4,244,783,447	\$1,428,372,895	\$2,816,410,552	\$2,438,702,115	NA	\$1,180,774,829	\$1,635,635,723	
FY 1999 MOE AMOUNT	\$2,216,553	-	\$2,216,553	-	NA	-	-	
TOTAL WITH MOE AMOUNT	\$4,247,000,000	\$1,428,372,895	\$2,818,627,105	-	NA	-	-	

Footnotes:  
 (1) The total amount available for redistribution is \$2,816,627,105, calculated as \$2,816,410,552 (unexpended FY 1999 allotments, not including maintenance of effort (MOE) amount) plus \$2,216,553 (the MOE amount).  
 (2) \$1,635,635,723 is the amount of the redistribution that will be covered by the unexpended FY 1999 allotments, calculated as \$1,637,852,276 (the total amount needed for redistribution) reduced by \$2,216,553 (the MOE amount).  
 (3) \$1,180,774,829 is the amount of the unexpended FY 1999 allotments retained by states, calculated as \$2,816,410,552 (the unexpended FY 1999 allotments) reduced by \$1,635,635,723 (the amount of the redistribution covered by the unexpended FY 1999 allotments).  
 (4) 41.92% is the percentage of unexpended FY 1999 allotments retained by states, calculated as \$1,180,774,829 (total retained) divided by \$2,816,410,552 (total unexpended FY 1999 allotments) not including the MOE amount.

## VI. Impact Statement

### A. Overall Impact

We have examined the impacts of this rule as required by Executive Order 12866 (September 1993, Regulatory Planning and Review) and the Regulatory Flexibility Act (RFA) (September 19, 1980 Pub. L. 96-354). Executive Order 12866 directs 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 rules with economically significant effects (\$100 million or more annually). We have determined that this rule is not a major rule for the reasons discussed below.

The RFA requires agencies to analyze options for regulatory relief of small businesses. For purposes of the RFA, small entities include small businesses, nonprofit organizations and government agencies. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of \$5 to \$25 million or less annually. For purposes of the RFA, all hospices are considered to be small entities. Individuals and States are not included in the definition of a small entity. The notice of redistribution and continued availability of SCHIP funds is the result of a statutory formula that does not involve any agency discretion or policy. While this notice also sets forth CMS policy under which the States decide on the ordering of these funds and other available SCHIP expenditures against such funds, we do not believe this policy will have a significant economic impact. We note that the same option was available to States for the FY 1998 redistribution and therefore this policy represents no change from that. We do not expect that the availability of this option will affect the operation of States' SCHIP programs or the amount or type of expenditures in such programs. Therefore, we do not believe further regulatory analysis is necessary.

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 603 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. We do not believe further regulatory analysis is necessary because this notice will not have a significant economic impact on small rural hospitals or a substantial number of small entities.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule that may result in expenditure in any 1 year by State, local, or tribal governments, in the aggregate, or by the private sector, of \$110 million. This rule does not require any change in State expenditures; rather it notifies States of additional Federal funding that is available to pay for a share of State expenditures. This notice will not impose an unfunded mandate on States, tribal, or local governments. Therefore, we are not required to perform an assessment of the costs and benefits of these regulations.

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 requirement costs on State and local governments, preempts State law, or otherwise has Federalism implications. We have reviewed this notice and determined that it does not significantly affect States' rights, roles, and responsibilities.

This notice informs the States of additional amounts of Federal funds that are available for part of State expenditures in accordance with the statute. This notice does not affect State rights or change the States' costs. It will have an overall positive impact by informing States, the District of Columbia, and Commonwealths and Territories of the extent to which they are permitted to expend funds under their child health plans using the FY 1999 allotment redistribution and retained amounts.

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

(Section 1102 of the Social Security Act (42 U.S.C. 1302))

(Catalog of Federal Domestic Assistance Program No. 00.000, State Children's Health Insurance Program)

Dated: February 10, 2002.

**Thomas A. Scully,**

*Administrator, Centers for Medicare & Medicaid Services.*

Dated: April 9, 2002.

**Tommy G. Thompson,**

*Secretary.*

[FR Doc. 02-10260 Filed 4-25-02; 8:45 am]

**BILLING CODE 4120-01-P**

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Centers for Medicare & Medicaid Services

[CMS-4047-N]

**Medicare Program; Risk Adjustment Training, June 3-4, 2002, Las Vegas, NV; June 6-7, 2002, St. Louis, MO; June 10-11, 2002, Philadelphia, PA; and June 13-14, 2002, Orlando, FL**

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

**ACTION:** Notice.

**SUMMARY:** This notice announces risk adjustment training sessions that will provide Medicare+Choice (M+C) organization staff (technical, operations, and provider relations) with the necessary knowledge to improve the quality and quantity of risk adjustment data. The specific training objectives are to understand data and diagnosis coding requirements, risk score calculation, the submission process and schedule, and the new risk adjustment processing system. These training sessions will build on the overview provided at the January 16, 2002 public meeting held at CMS.

**DATES:** Training sessions are scheduled for the locations and dates listed below:

*Las Vegas:* Monday, June 3, 2002,

Tuesday, June 4, 2002

*St. Louis:* Thursday, June 6, 2002,

Friday, June 7, 2002

*Philadelphia:* Monday, June 10, 2002,

Tuesday, June 11, 2002

*Orlando:* Thursday, June 13, 2002,

Friday, June 14, 2002

**ADDRESSES:** The training sessions will be held at the addresses listed below:

*Las Vegas:* Harrah's Las Vegas Hotel & Casino, 3475 Las Vegas Boulevard South, Las Vegas, NV 89109

*St. Louis:* Radisson Hotel & Suites St. Louis Downtown, 200 North Fourth Street, St. Louis, MO 63102

*Philadelphia:* Crowne Plaza Philadelphia Center City, 1800 Market Street, Philadelphia, PA 19103

*Orlando:* Wyndham Orlando Resort, 8001 International Drive, Orlando, FL 32819

**FOR FURTHER INFORMATION CONTACT:** Kim Slaughter at (301) 519-5388 or e-mail your questions to [encounterdata@aspensys.com](mailto:encounterdata@aspensys.com).

### SUPPLEMENTARY INFORMATION:

#### Background

The Balanced Budget Act of 1997 (BBA) (Pub. L. 105-33) established the Medicare+Choice (M+C) program that significantly expanded the health care