

DEPARTMENT OF HEALTH AND HUMAN SERVICES**Health Care Financing Administration**

[HCFA-2014-N]

RIN 0938-AI64

State Children's Health Insurance Program; Reserved Allotments to States for Fiscal Year 1999 and Revised Reserved Allotments to States for Fiscal Year 1998**AGENCY:** Health Care Financing Administration (HCFA), HHS.**ACTION:** Notice.

SUMMARY: This notice provides notification of the reserved fiscal year (FY) 1999 State allotments available to provide Federal funding to individual States, Commonwealths, and Territories for expenditures in the new State Children's Health Insurance Program (CHIP) established under title XXI of the Social Security Act (the Act). This notice also provides revised reserved State CHIP FY 1998 allotments, which were originally published in the **Federal Register** on September 12, 1997. The notice describes the methodology and process that HCFA uses to determine the reserved State CHIP allotments in accordance with section 2104 of the Act. These reserved State CHIP allotments are estimates of States' FY 1998 and FY 1999 title XXI allotments, assuming that each State were to submit, and receive approval for, a State child health plan. Under title XXI the amount of State's allotments for a fiscal year is available for 3 years for States with approved child health plans.

Established by section 4901 of the Balanced Budget Act of 1997 (Pub. L. 105-33), the State Children's Health Insurance Program provides Federal matching funds to States to initiate and expand health insurance coverage to uninsured, low-income children.

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FOR FURTHER INFORMATION CONTACT:
Richard Strauss, (410) 786-2019.**SUPPLEMENTARY INFORMATION:****I. General Background on New Legislation**

Section 4901 of the Balanced Budget Act of 1997 (BBA), Pub. L. 105-33, as amended by Pub. L. 105-100, added title XXI to the Social Security Act (the Act), which was further amended by Pub. L. 105-174. Title XXI authorized a new State Children's Health Insurance Program (CHIP) to assist State efforts to initiate and expand child health assistance to uninsured, low-income children. Child health assistance is provided primarily for obtaining health benefits coverage through (1) obtaining coverage that meets requirements specified in the law under section 2103 of the Act; or (2) expanding coverage under the State's Medicaid plan under title XIX of the Act; or (3) a combination of both.

In order to be eligible for Federal matching funds under the CHIP, States must submit to the Secretary, and receive approval for, a State child health plan that describes how the State intends to use the funds provided under title XXI. The plan must meet certain criteria specified in the statute, which include benefit packages, eligibility standards and methodologies, coverage requirements, basic and additional services offered, strategic objectives and performance goals, plan administration, and evaluations.

The law limits the total amount of Federal funds for the State Children's Health Insurance Program and specifies the formula that is to be used to determine an allotment for each State from this total amount, as described under section III of this notice.

II. Purpose of This Notice

We are issuing this notice to provide notification to States, Commonwealths, and Territories of the reserved allotments that will be available to them for FY 1999, and also to provide notification of revised State CHIP reserved allotments for FY 1998 (that were originally published in the **Federal Register** on September 12, 1997), for child health insurance expenditures if they have an approved State child health plan under title XXI of the Act, or to claim an enhanced Federal medical assistance percentage (FMAP) rate for certain CHIP-related Medicaid expenditures under title XIX of the Act. States, Commonwealths, and Territories may submit State child health plans to HCFA for approval, to be effective as early as October 1, 1997. We believe that this notification at the beginning of a fiscal year is necessary to enable States, Commonwealths, and Territories to conduct advance planning and budgeting for title XXI and CHIP-related title XIX programs.

Section 2104(b) of the Act indicates that "the Secretary shall allot to each State * * * with a State child health plan approved under this title." This language requires States to have an approved State child health plan for the fiscal year in order for the Secretary to provide an allotment to that State for that fiscal year. If a State does not have an approved State child health plan for that fiscal year, the amount of that State's reserved allotment could be unavailable to that State and could be allotted to States with approved child health plans.

Pub. L. 105-174, enacted on May 1, 1998, provides that for purposes of the calculation of allotments, a State child health plan approved by HCFA on or after October 1, 1998, and before October 1, 1999, must be treated as having been approved for both FY 1998 and FY 1999. However, a State's allotment for a fiscal year may only be used for CHIP and CHIP-related Medicaid expenditures that are allowable under the approved State child health plan or the Medicaid State plan. Federal financial participation (FFP) would not be available for expenditures made in and claimed for periods before the effective date of the approved State child health plan or the Medicaid State plan.

The reserved allotments for FY 1998 and FY 1999 in this notice were determined by application of the formula specified in title XXI of the Act and described in detail in section III of this notice. Section 707 of the Act Making Appropriations for the

Departments of Labor, Health and Human Services and Education, and Related Agencies for the Fiscal Year ending September 30, 1999, and For Other Purposes ('1999 Appropriations Act'), as enacted by section 101(f) of Pub. L. 105-277, requires that the FY 1999 reserved State CHIP allotments be determined using the same data used in determining the revised FY 1998 State CHIP allotments. The effect of this statutory change is to distribute the total funds available for FY 1999 among the 50 States and the District of Columbia in the same proportions as the total funds were distributed for FY 1998. However, because the total funds available nationally for allotment to the States and the District of Columbia for FY 1999 is \$19,950,000 million lower than the total funds available nationally for FY 1998, the actual FY 1999 reserved allotments for each State and the District of Columbia is slightly lower than each State's FY 1998 reserved allotment. Final allotments for each State will be determined in accordance with statutory requirements. We plan to issue a notice of proposed rulemaking as soon as possible on the requirements for the allotment and payment process under title XXI. Although final allotments have not been determined, under section 2105(e) of the Act, we have authority to make ongoing payments based on advance estimates of allowable expenditures. At this time, we intend to make advance payments to States with approved child health plans based on these reserved allotments. Issues related to the allotment and payment process, however, will be open for public comment as part of the rulemaking process.

III. Methodology for Determining Reserved Allotments for States, Commonwealths, and Territories

This notice specifies in Tables I and II under section IV the revised reserved FY 1998 allotments, and the reserved FY 1999 allotments, respectively, that would be available to individual States, Commonwealths, and Territories for child health assistance expenditures under approved State child health plans, assuming that each State, Commonwealth, or Territory qualifies for such an allotment. The reserved FY 1998 allotments were originally published in the **Federal Register** on September 12, 1997. As discussed below, the FY 1998 reserved allotments have been recalculated to reflect the way the Bureau of the Census compiles reported data on the number of low-income children in each State who have no health insurance in the March supplements to the Current Population

Survey (CPS), and to incorporate an increase in the title XXI appropriation, applicable only to FY 1998, as enacted by Pub. L. 105-100 on November 19, 1997.

In accordance with section 707 of the 1999 Appropriations Act, as enacted by section 101(f) of Pub. L. 105-277, the FY 1999 allotments contained in this notice were determined using the same data that were used in determining the revised reserved FY 1998 State CHIP allotments.

We have applied the statutory formula specified in section 2104 of the Act in determining the reserved allotments for FY 1998 and FY 1999, as discussed below.

Section 2104(a) of title XXI provides that, for purposes of providing allotments to the 50 States and the District of Columbia, the following amounts are appropriated: \$4.295 billion for FY 1998; \$4.275 billion for each FY 1999 through 2001; \$3.150 billion for each FY 2002 through 2004; \$4.050 billion for each FY 2005 through 2006 and \$5 billion for FY 2007. However, under section 2104(c) of the Act, 0.25 percent of the total amount appropriated each year is available for allotment to the Territories and Commonwealths of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands. Furthermore, for FY 1999, an additional \$32 million was appropriated for allotment only to the Territories and Commonwealths under section 706 of the 1999 Appropriations Act, as enacted by section 101(f) of Pub. L. 105-277. This newly appropriated \$32 million for the Commonwealths and Territories for FY 1999 does not reduce the previous FY 1999 CHIP appropriation (\$4.275 billion) and is in addition to 0.25 percent of the total annual appropriated discussed above. The total amounts are allotted to the Commonwealths and the Territories according to the following percentages: Puerto Rico, 91.6 percent; Guam, 3.5 percent; the Virgin Islands, 2.6 percent; American Samoa, 1.2 percent; and the Northern Mariana Islands, 1.1 percent.

Further, under sections 4921 and 4922 of Public Law 105-33, the total allotment available to the 50 States and the District of Columbia is reduced by an additional total of \$60,000,000; \$30,000,000 each for a special diabetes research program for Type I diabetes and special diabetes programs for Indians. The diabetes programs are funded from FYs 1998 through 2002 only.

Therefore, the total amount of the allotment available for the 50 States and the District of Columbia for FY 1998 and

FY 1999 was determined in accordance with the following formula:

$$ATA = S_{2104(a)} - T_{2104(c)} - D_{4921} - D_{4922}$$

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

$S_{2104(a)}$ = Total appropriation for the fiscal year indicated in section 2104(a) of the Act. For FY 1998, this is \$4,295,000,000. For FY 1999, this is \$4,275,000,000.

$T_{2104(c)}$ = Total amount available for allotment for the Commonwealths and Territories; determined under section 2104(c) of the Act as 0.25 percent of the total appropriation for the 50 States and the District of Columbia.

For FY 1998, this is:

$$.0025 \times \$4,295,000,000 = \$10,737,500$$

For FY 1999, this is:

$$.0025 \times \$4,275,000,000 = \$10,687,500$$

D_{4921} = Amount of grant for research regarding Type I Diabetes under section 4921 of Pub. L. 105-33. This is \$30,000,000 for FYs 1998 through 2002.

D_{4922} = Amount of grant for diabetes programs for Indians under section 4922 of Pub. L. 105-33. This is \$30,000,000 for FYs 1998 through 2002.

For FY 1998, the total amount available for allotment to the 50 States and the District of Columbia is \$4,224,262,500. This was determined as follows:

$$ATA(\$4,224,262,500) = \\ S_{2104(a)}(\$4,295,000,000) -$$

$$T_{2104(c)}(\$10,737,500) - D_{4921} \\ (\$30,000,000) -$$

$$D_{4922}(\$30,000,000)$$

For FY 1999, the total amount available for allotment to the 50 States and the District of Columbia is \$4,204,312,500. This was determined as follows:

$$ATA(\$4,204,312,500) = \\ S_{2104(a)}(\$4,275,000,000) -$$

$$T_{2104(c)}(\$10,687,500) - D_{4921} \\ (\$30,000,000) -$$

$$D_{4922}(\$30,000,000)$$

The total amount available for allotment to the 50 States and the District of Columbia is allotted to each State with a child health plan approved under title XXI based on the formula indicated at section 2104(b)(1) of the Act. The fiscal year allotment for each State with an approved child health plan is determined on the basis of the product of two factors, the Number of Children and the State Cost Factor, for each State divided by the sum of these products over all States.

For FYs 1998 through 2000, the first factor, the Number of Children, is based

only on the total number of low-income, uninsured children in the State with FY 1999 being the only exception, as discussed above. For FY 2001 only, the Number of Children is calculated as the sum of 75 percent of the low-income, uninsured children in the State, and 25 percent of the number of low-income children in the State. For FY 2002 and succeeding years through FY 2007, the Number of Children is calculated as the sum of 50 percent of the low-income, uninsured children in the State, and 50 percent of the number of low-income in the State.

The Number of Children for each State is developed by the Bureau of the Census based on the standard methodology used to determine official poverty status and uninsured status in their annual CPS on these topics. As part of a continuing formal process between HCFA and the Bureau of the Census, each fiscal year HCFA obtains the Number of Children data officially from the Bureau of the Census.

In determining the FY 1998 reserved allotments, as were originally published in the **Federal Register** on September 12, 1997, the Number of Children for each State (provided in thousands) was determined and provided by the Bureau of the Census based on the arithmetic average of the number of low-income children and low-income children with no health insurance as calculated from the three most recent March supplements to the CPS before the beginning of FY 1998. That is, we used the most recent official data that were available from the Bureau of the Census and Bureau of Labor Statistics, respectively, before September 1, 1997 (that is, through August 31, 1997).

In particular, through August 31, 1997, the only official data available from the Bureau of the Census on the numbers of children were data from the 3 March CPSs conducted in March 1994, 1995, and 1996 that reflected data for the 3 calendar years 1993, 1994, and 1995. In calculating the FY 1998 reserved allotments, we did not use the Bureau of the Census data from the March 1997 CPS because those data were not official and available until a later date, after September 1, 1997. If we waited for the official data available from the Bureau of the Census through September 30, 1997, we would have had to delay publication of the FY 1998 reserved CHIP allotments until after the beginning of FY 1998. Since this was a new program, we believed that for the first year States needed to be able to plan in advance.

HCFA did not modify or adjust the Bureau of Census compilation of CPS data on the number of children.

However, HCFA is incorporating a correction made by the Bureau of Census to more accurately reflect underlying reported CPS data. The Bureau of Census recognized that the data collected and reported on the numbers of children in the March Supplements to the CPS were not accurately reflected in the compilation provided to HCFA for the September 12, 1997, calculation of the FY 1998 reserved allotments. In particular, children who had access to services through the Indian Health Service (IHS), but no other health insurance coverage, were identified in the compiled number of children as having health insurance coverage. The Bureau of Census has adjusted the compiled numbers of children to reflect the fact that the data shows that these children do not actually have health insurance coverage. In light of this adjustment to more accurately reflect reported CPS data, we have recalculated and are republishing in this notice the FY 1998 reserved allotments. This is consistent with the express incorporation of this Bureau of Census adjustment into the fiscal year 1999 allotment calculation under Public Law 105-277.

In accordance with section 707 of the 1999 Appropriations Act, as enacted by section 101(f) of Pub. L. 105-277, the FY 1999 reserved allotments are based on the same data as the revised FY 1998 reserved allotments. Specifically, for FY 1999, the Number of Children for each State (provided in thousands) was determined and provided by the Bureau of the Census based on the arithmetic average of the number of low-income children and low-income children with no health insurance as calculated from the 1994, 1995, and 1996 March supplements to the CPS, as adjusted in August 1998. Since the FY 1999 reserved allotments are based on the same data as the revised FY 1998 reserved allotments, the data reflect the updated method for accounting for individuals' access to IHS facilities and services.

The second factor, the State Cost Factor, is based on annual average wages in the health services industry in the State. The State Cost Factor for a State is equal to the sum of: .15, and .85 multiplied by the ratio of the annual average wages in the health industry per employee for the State to the annual wages per employee in the health industry for the 50 States and the District of Columbia. The State Cost Factor for each State was calculated based on such wage data for each State as reported, determined, and provided to HCFA by the Bureau of Labor Statistics (BLS) in the Department of

Labor. For the FY 1998 reserved allotments, we used the final State Cost Factor data for each of the most recent 3 years before the beginning of the fiscal year, through August 31, 1997 available from BLS. For the FY 1999 reserved allotments, we used the same final State Cost Factor data available from BLS for 1993, 1994, and 1995, as used in calculating the FY 1998 reserved allotments.

The average of wages per employee for the 50 States and the District of Columbia was calculated by HCFA directly from the State-specific data for each State provided by the BLS. This was necessary because BLS suppressed certain State-specific data in providing HCFA with the State-specific average wages per health services industry employee. BLS is required to suppress such data under the Privacy Act. The State Cost Factor is determined based on the calculation of the ratio of each State's average annual wages in the health industry to the National average annual wages in the health care industry. In order for such National average to appropriately reflect the State-specific suppressed data, HCFA calculated the National average wages directly from the State-specific data provided by BLS. As part of a continuing formal process between HCFA and the BLS, each fiscal year HCFA will obtain these wage data officially from the BLS.

Under section 2104(b)(4) of the Act each of the 50 States and the District of Columbia will receive a minimum allotment of \$2 million. Under this provision, to the extent any State's allotment is increased to \$2,000,000 from a lower amount that would otherwise have been allotted to the State, the allotments to other States and the District and Columbia must be reduced in a "pro rata manner" (but not below \$2,000,000) so that the total amount available for allotment to all States does not exceed the amount previously available. For FY 1998 and FY 1999, no State's reserved allotment is below \$2,000,000; therefore, no pro rata adjustment was necessary.

Following is an explanation of how HCFA applied the two State-related factors specified in the statute to determine the States' child health plan reserved allotments for FY 1998 and FY 1999. The formula for determining each State's reserved allotment for FY 1998 and FY 1999 of the total available allotment is:

$$SA_i = \frac{(C_i \times SCF_i)}{\sum(C_i \times SCF_i)} \times A_{TA}$$

SA_i = Allotment for a State.

C_i = Number of Children. This is the number of certain low-income children in a State as officially reported, defined, and provided to HCFA by the Bureau of the Census. For FY 1998 and FY 1999, this is the number of children under age 19 with no health insurance whose family income is at or below 200 percent of the poverty line for a family of the same size. (section 2104(b)(2)(B))

SCF_i = The State cost factor for a State (section 2104(b)(1)(A)(ii)). This is equal to:

$$.15 + .85 \times (W_i/W_N) \text{ (section 2104(b)(3)(A).)}$$

W_i = Certain annual average wages per health industry employee for a State.

W_N = Certain annual wages per health industry employee for the 50 States and the District of Columbia.

The annual wages per employee for a State or for all States for a fiscal year is equal to the average of such wages for employees in the health industry, as reported by the *Bureau of Labor Statistics* of the Department of Labor.

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

A_{TA} = Total amount available for allotment to all States for the fiscal year. For FY 1998, this is \$4,224,262,500. For FY 1999, this is \$4,204,312,500.

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 a total of 3 years, the fiscal year for which the State child health plan is approved and 2 years following. Section 2104(f) of the Act requires the Secretary

to establish a process for redistribution of the amounts of States' allotments that are not expended during the 3-year period to States that have fully expended their allotments. HCFA will soon issue a proposed rule that will address the redistribution process and propose to incorporate the process in Federal regulations.

In accordance with section 2104(b) and (c) of the Act, the total allotment for all States for each fiscal year is available to the 50 States and District of Columbia, the Commonwealths, and the Territories. Although the statute precludes the Secretary from making an allotment to a specific State until it has an approved State child health plan, because of the statutory provisions for redistribution of unused amounts of allotments, the availability of allotments for 3 years, and the potential for retroactive effective dates of State child health plans back to October 1, 1997, we believe it is necessary to establish and publish these reserved allotment amounts for each fiscal year so that States can plan appropriately for the operation of their State children's health insurance programs under title XXI, effective as early as October 1, 1997. No payments may be made from these allotments until a State has an approved State child health plan under title XXI.

In developing the reserved allotment amounts for FY 1998 and FY 1999, we applied the following principles, for which we will be inviting public comment during the rulemaking process.

- For each fiscal year for FYs 1998 through 2007, an allotment amount will be reserved for all 50 States and the District of Columbia and for the

Commonwealths and Territories, regardless of whether every State, Commonwealth, or Territory has submitted and the Secretary has approved a State child health plan. This will provide States with the flexibility and time to develop their programs and submit their State child health plans.

- The formula for "reserving" an allotment amount for each State will be the same as the formula contained at section 2104(b) of the Act (with the only qualification being for FY 1999, as discussed above). The reserved amount is an estimate of the State's title XXI allotment upon submission and approval of the State's child health plan.

- Under sections 2101(b)(2) and 2105(a) of the Act, no payment of Federal funds from a State's allotment is available for expenditures under a State's title XXI program unless the State has an approved State child health plan. Therefore, States may be at risk for expenditures made under a title XXI child health plan that is submitted, but not yet approved.

Section 706 of the 1999 Appropriations Act, as enacted by section 101(f) of Pub. L. 105-277, provided for FY 1999 only, an additional \$32 million available for allotment only to the Commonwealths and Territories. Therefore, the total available allotment to the Commonwealths and Territories in FY 1999 is \$42,687,500 (that is, \$32,000,000 plus \$10,687,500 (.25 percent of the FY 1999 appropriation of \$4,275,000,000)).

IV. Table of Reserved State Children's Health Insurance Program Allotments for FY 1998 and FY 1999

KEY TO TABLES I AND II

Column	Description
Column A = Column B =	Name of State, Commonwealth, or Territory. Number of Children. The Number of Children for each State (provided in thousands) was determined and provided by the Bureau of the Census based on the arithmetic average of the number of low-income children and low-income children with no health insurance as calculated from the 1994, 1995, and 1996 March supplements to the Current Population Survey, as adjusted in August 1998. These data represent the number of people in each State under 19 years of age whose family income is at or below 200 percent of the poverty threshold appropriate for that family, and who are reported to be not covered by health insurance. The Number of Children for each State was developed by the Bureau of the Census based on the standard methodology used to determine official poverty status and uninsured status in their annual Current Population Surveys on these topics. For FYs 1998 through 2000, the Number of Children is equal to the number of low-income children in each State with no health insurance for the fiscal year. For FY 2001, the Number of Children is equal to the sum of 75 percent of the number of low-income children in the State with no health insurance and 25 percent of the number of low-income children in the State. This is also based on a 3-year average of Census data. For FY 2002 and succeeding years, the Number of Children is equal to the sum of 50 percent of the number of low-income children in the State with no health insurance and 50 percent of the number of low-income children in the State. This is also based on a 3-year average of Census data.
Column C =	State Cost Factor. The State Cost Factor for a State is equal to the sum of: .15, and .85 multiplied by the ratio of the annual average wages in the health industry per employee for the State to the annual wages per employee in the health industry for the 50 States and the District of Columbia. The State Cost Factor for each State was calculated based on such wage data for each State as reported, determined, and provided to HCFA by the BLS in the Department of Labor for 1993, 1994, and 1995.

KEY TO TABLES I AND II—Continued

Column	Description
Column D =	Product. The Product for each State was calculated by multiplying the Number of Children in Column B by the State Cost Factor in Column C. The sum of the Products for all 50 States and the District of Columbia is below the Products for each State in Column D. The Product for each State and the sum of the Products for all States provides the basis for allotment to States.
Column E =	Percent Share of Total. This is the calculated percentage share for each State of the total allotment available to the 50 States and the District of Columbia. The Percent Share of Total is calculated as the ratio of the Product for each State in Column D to the sum of the products for all 50 States and the District of Columbia below the Products for each State in Column D.
Column F =	Allotment. This is the State Child Health Program allotment for each State, Commonwealth, or Territory. For each of the 50 States and the District of Columbia, this is determined as the Percent Share of Total in Column E for the State multiplied by the total amount available for allotment for the 50 States and the District of Columbia for the fiscal year. For each of the Commonwealths and Territories, the allotment is determined as the Percent Share of Total in Column E multiplied by the total amount available for allotment to the Commonwealths and Territories. For the Commonwealths and Territories, the Percent Share of Total in Column E is specified in section 2104(c) of the Act. For FY 1999, the Commonwealths and Territories were allotted an additional \$32 million, which is added to the total allotment available to the territories for FY 1999 determined by the formula described above. The total amount is then allotted to the Commonwealths and Territories according to the percentages specified in section 2104 of the Act.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM RESERVED ALLOTMENTS FOR FISCAL YEAR: 1998

State (A)	Number of children (000) (B)	State cost factor (C)	Product (D)	Percent share of totals ³ (E)	Allotment ¹ (F)
ALABAMA	154	0.9510	146.46	2.04	\$85,975,213
ALASKA	11	1.0669	11.74	0.16	6,889,296
ARIZONA	190	1.0472	198.97	2.76	116,797,799
ARKANSAS	92	0.8871	81.61	1.13	47,907,958
CALIFORNIA	1,281	1.1365	1,455.92	20.23	854,644,807
COLORADO	72	0.9888	71.19	0.99	41,790,547
CONNECTICUT	53	1.1237	59.55	0.83	34,959,075
DELAWARE	13	1.0553	13.72	0.19	8,053,463
DISTRICT OF COLUMBIA	16	1.2857	20.57	0.29	12,076,002
FLORIDA	444	1.0368	460.32	6.40	270,214,724
GEORGIA	214	0.9923	212.36	2.95	124,660,136
HAWAII	13	1.1722	15.24	0.21	8,945,304
IDAHO	31	0.8726	27.05	0.38	15,879,707
ILLINOIS	211	0.9892	208.73	2.90	122,528,573
INDIANA	131	0.9169	120.12	1.67	70,512,432
IOWA	67	0.8253	55.30	0.77	32,460,463
KANSAS	60	0.8704	52.22	0.73	30,656,520
KENTUCKY	93	0.9146	85.06	1.18	49,932,527
LOUISIANA	194	0.8934	173.31	2.41	101,736,841
MAINE	24	0.8863	21.27	0.30	12,486,977
MARYLAND	100	1.0498	104.98	1.46	61,627,358
MASSACHSETTS	69	1.0576	72.97	1.01	42,836,231
MICHIGAN	156	1.0001	156.02	2.17	91,585,508
MINNESOTA	50	0.9675	48.37	0.67	28,395,980
MISSISSIPPI	110	0.8675	95.43	1.33	56,017,103
MISSOURI	97	0.9075	88.03	1.22	51,673,123
MONTANA	24	0.8333	20.00	0.28	11,740,395
NEBRASKA	30	0.8440	25.32	0.35	14,862,926
NEVADA	43	1.2046	51.80	0.72	30,407,067
NEW HAMPSHIRE	20	0.9760	19.52	0.27	11,458,404
NEW JERSEY	134	1.1241	150.62	2.09	88,417,899
NEW MEXICO	117	0.9169	107.28	1.49	62,972,705
NEW YORK	399	1.0914	435.47	6.05	255,626,409
NORTH CAROLINA	138	0.9815	135.45	1.88	79,508,462
NORTH DAKOTA	10	0.8587	8.59	0.12	5,040,741
OHIO	205	0.9617	197.16	2.74	115,734,364
OKLAHOMA	170	0.8588	145.99	2.03	85,699,061
OREGON	67	0.9947	66.65	0.93	39,121,663
PENNSYLVANIA	200	1.0005	200.9	2.78	117,456,521
RHODE ISLAND	19	0.9580	18.20	0.25	10,684,422
SOUTH CAROLINA	110	0.9843	108.27	1.50	63,557,819
SOUTH DAKOTA	17	0.8559	14.55	0.20	8,541,224
TENNESSEE	115	0.9799	112.69	1.57	66,153,082
TEXAS	1,031	0.9275	956.25	13.29	561,331,521

STATE CHILDREN'S HEALTH INSURANCE PROGRAM RESERVED ALLOTMENTS FOR FISCAL YEAR: 1998—Continued

State (A)	Number of children (000) (B)	State cost factor (C)	Product (D)	Percent share of totals ³ (E)	Allotment ¹ (F)
UTAH	46	0.8977	41.30	0.57	24,241,159
VERMONT	7	0.8604	6.02	0.08	3,535,445
VIRGINIA	118	0.9862	116.38	1.62	68,314,915
WASHINGTON	85	0.9352	79.49	1.10	46,661,213
WEST VIRGINIA	45	0.8937	40.21	0.56	23,606,744
WISCONSIN	75	0.9229	69.22	0.96	40,633,039
WYOMING	15	0.9858	13.14	0.18	7,711,638
TOTAL STATES ONLY .....	.....	.....	7,196.17	100.00	4,224,262,500
ALLOTMENTS FOR COMMONWEALTHS AND TERRITORIES ²					
PUERTO RICO .....	.....	.....	.....	91.60	9,835,550
GUAM .....	.....	.....	.....	3.50	375,813
VIRGIN ISLANDS .....	.....	.....	.....	2.60	279,175
AMERICA SAMOA .....	.....	.....	.....	1.20	128,850
N. MARIANA ISLANDS .....	.....	.....	.....	1.10	118,113
TOTAL COMMONWEALTHS AND TERRITORIES ONLY .....	.....	.....	.....	100.00	10,737,500
TOTAL STATES AND COMMONWEALTH AND TERRITORIES .....	.....	.....	.....	.....	4,235,000,000

Footnotes:

(1) Total amount available for allotment to the 50 States and the District of Columbia is \$4,224,262,500; determined as the fiscal year appropriation (\$4,295,000,000) reduced by the total amount available for allotment to the Commonwealths and Territories (\$10,737,500) and amounts for Special Diabetes Grants (\$60,000,000) under sections 4921 and 4922 of BBA.

(2) Total amount available for allotment to the Commonwealths and Territories is \$10,737,500; determined as .25 percent of the fiscal year appropriation (\$4,295,000,000).

(3) Percent share of total amount for allotment to the Commonwealths and Territories is as specified in section 2104(c) of the Social Security Act.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM RESERVED ALLOTMENTS FOR FISCAL YEAR: 1999

State (A)	Number of children (000) (B)	State cost factor (C)	Product (D)	Percent share of total ³ (E)	Allotment ¹ (F)
ALABAMA	154	0.9510	146.46	2.04	\$85,569,176
ALASKA	11	1.0669	11.74	0.16	6,856,760
ARIZONA	190	1.0472	198.97	2.76	116,246,196
ARKANSAS	92	0.8871	81.61	1.13	47,681,702
CALIFORNIA	1,281	1.1365	1,455.92	20.23	850,608,561
COLORADO	72	0.9888	71.19	0.99	41,593,182
CONNECTICUT	53	1.1237	59.55	0.83	34,793,973
DELAWARE	13	1.0553	13.72	0.19	8,015,429
DISTRICT OF COLUMBIA	16	1.2857	20.57	0.29	12,018,971
FLORIDA	444	1.0368	460.32	6.40	268,938,576
GEORGIA	214	0.9923	212.36	2.95	124,071,402
HAWAII	13	1.1722	15.24	0.21	8,903,057
IDAHO	31	0.8726	27.05	0.38	15,804,712
ILLINOIS	211	0.9892	208.73	2.90	121,949,905
INDIANA	131	0.9169	120.12	1.67	70,179,422
IOWA	67	0.8253	55.30	0.77	32,307,161
KANSAS	60	0.8704	52.22	0.73	30,511,738
KENTUCKY	93	0.9146	85.06	1.18	49,696,709
LOUISIANA	194	0.8934	173.31	2.41	101,256,366
MAINE	24	0.8863	21.27	0.30	12,428,004
MARYLAND	100	1.0498	104.98	1.46	61,363,309
MASSACHUSETTS	69	1.0576	72.97	1.01	42,633,928
MICHIGAN	156	1.0001	156.02	2.17	91,152,976
MINNESOTA	50	0.9675	48.37	0.67	28,261,873
MISSISSIPPI	110	0.8675	95.43	1.33	55,752,550
MISSOURI	97	0.9075	88.03	1.22	51,429,086
MONTANA	24	0.8333	20.00	0.28	11,684,948
NEBRASKA	30	0.8440	25.32	0.35	14,792,733
NEVADA	43	1.2046	51.80	0.72	30,263,463
NEW HAMPSHIRE	20	0.9760	19.52	0.27	11,404,289
NEW JERSEY	134	1.1241	150.62	2.09	88,000,326

STATE CHILDREN'S HEALTH INSURANCE PROGRAM RESERVED ALLOTMENTS FOR FISCAL YEAR: 1999—Continued

State (A)	Number of children (000) (B)	State cost factor (C)	Product (D)	Percent share of total ³ (E)	Allotment ¹ (F)
NEW MEXICO	117	0.9169	107.28	1.49	62,675,303
NEW YORK	399	1.0914	435.47	6.05	254,419,158
NORTH CAROLINA	138	0.9815	135.45	1.88	79,132,966
NORTH DAKOTA	10	0.8587	8.59	0.12	5,016,935
OHIO	205	0.9617	197.16	2.74	115,187,783
OKLAHOMA	170	0.8588	145.99	2.03	85,294,328
OREGON	67	0.9947	66.65	0.93	38,936,902
PENNSYLVANIA	200	1.0005	200.09	2.78	116,901,807
RHODE ISLAND	19	0.9580	18.20	0.25	10,633,962
SOUTH CAROLINA	110	0.9843	108.27	1.50	63,257,653
SOUTH DAKOTA	17	0.8559	14.55	0.20	8,500,886
TENNESSEE	115	0.9799	112.69	1.57	65,840,660
TEXAS	1,031	0.9275	956.25	13.29	558,680,510
UTAH	46	0.8977	41.30	0.57	24,126,675
VERMONT	7	0.8604	6.02	0.08	3,518,748
VIRGINIA	118	0.9862	116.38	1.62	67,992,282
WASHINGTON	85	0.9352	79.49	1.10	46,440,845
WEST VIRGINIA	45	0.8937	40.21	0.56	23,495,256
WISCONSIN	75	0.9229	69.22	0.96	40,441,141
WYOMING	15	0.8758	13.14	0.18	7,675,218
TOTAL STATES ONLY .....	.....	.....	7,196.17	100.00	4,204,312,500
ALLOTMENTS FOR COMMONWEALTHS AND TERRITORIES: ²					
PUERTO RICO .....	.....	.....	.....	91.60	39,101,750
GUAM .....	.....	.....	.....	3.50	1,494,063
VIRGIN ISLANDS .....	.....	.....	.....	2.60	1,109,875
AMERICAN SAMOA .....	.....	.....	.....	1.20	512,250
N. MARIANA ISLANDS .....	.....	.....	.....	1.10	469,563
TOTAL COMMONWEALTHS AND TERRITORIES ONLY .....	.....	.....	.....	100.00	42,687,500
TOTAL STATES AND COMMONWEALTH AND TERRITORIES	.....	.....	.....	.....	4,247,000,000

Footnotes:

(1) Total amount available for allotment to the 50 States and the District of Columbia is \$4,204,312,500; determined as the fiscal year appropriation (\$4,275,000,000) reduced by the total amount available for allotment to the Commonwealths and Territories (\$10,687,500) and amounts for Special Diabetes Grants (\$60,000,000) under sections 4921 and 4922 of BBA.

(2) Total amount available for allotment to the Commonwealths and Territories is \$42,687,500; determined as \$10,687,500 (.25 percent of \$4,275,000,000, the fiscal year appropriation) plus \$32,000,000.

(3) Percent share of total amount available for allotment to the Commonwealths and Territories is as specified in section 2104(c) of the Social Security Act.

V. Impact Statement

HCFA has examined the impact of this notice as required by Executive Order 12866. Executive Order 12866 directs agencies to assess all costs and benefits of available regulatory alternatives and, when rules are necessary, to select regulatory approaches that maximize net benefits (including potential economic environments, public health and safety, other advantages, distributive impacts, and equity). We believe that this notice is consistent with the regulatory philosophy and principles identified in the Executive Order.

This notice merely provides notification of the reserved FY 1998 and FY 1999 State CHIP allotments available to provide Federal funding to individual States, Commonwealths, and Territories for expenditures in the new Children's

Health Insurance Program and the assumption and methodology that HCFA used to determine these reserved allotments. The formula for State allotments is specified in the statute. This notice by itself has no economic impact. Final State CHIP allotments for each State will be calculated using the statutory formula and may vary from these reserved amounts depending upon the number of States that submit approved State plans under title XXI. (As noted above, the allotment process will be set forth in more detail in future rulemaking.)

We believe this notice will have an overall positive impact by informing States of the extent to which they will be permitted to expend funds under approved State child health plans in FY 1998 and FY 1999. States will be able to conduct advance planning necessary

for implementation of the State Child Health Insurance Program if they choose, beginning October 1, 1997.

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: December 18, 1998.

Nancy Ann Min DeParle,
Administrator, Health Care Financing Administration.

Dated: January 5, 1999.

Donna E. Shalala,
Secretary.

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