

TABLE I.—ANNUITY VALUATIONS

[This table sets forth, for each indicated calendar month, the interest rates (denoted by  $i_1, i_2, \dots$ , and referred to generally as  $i_t$ ) assumed to be in effect between specified anniversaries of a valuation date that occurs within that calendar month; those anniversaries are specified in the columns adjacent to the rates. The last listed rate is assumed to be in effect after the last listed anniversary date.]

For valuation dates occurring in the month—	The values of $i_t$ are:					
	$i_t$	for t =	$i_t$	for t =	$i_t$	for t =
April 2000 .....	.0710	1-25	.0625	>25	N/A	N/A

TABLE II.—LUMP SUM VALUATIONS

[In using this table: (1) For benefits for which the participant or beneficiary is entitled to be in pay status on the valuation date, the immediate annuity rate shall apply; (2) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $0 < y \leq n_1$ ), interest rate  $i_1$  shall apply from the valuation date for a period of  $y$  years, and thereafter the immediate annuity rate shall apply; (3) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $n_1 < y \leq n_1 + n_2$ ), interest rate  $i_2$  shall apply from the valuation date for a period of  $y - n_1$  years, interest rate  $i_1$  shall apply for the following  $n_1$  years, and thereafter the immediate annuity rate shall apply; (4) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $y > n_1 + n_2$ ), interest rate  $i_3$  shall apply from the valuation date for a period of  $y - n_1 - n_2$  years, interest rate  $i_2$  shall apply for the following  $n_2$  years, interest rate  $i_1$  shall apply for the following  $n_1$  years, and thereafter the immediate annuity rate shall apply.]

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		$i_1$	$i_2$	$i_3$	$n_1$	$n_2$
78	4-1-00	5-1-00	5.25	4.50	4.00	4.00	7	8

Issued in Washington, DC, on this 3rd day of March 2000.  
**David M. Strauss,**  
*Executive Director, Pension Benefit Guaranty Corporation.*  
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**BILLING CODE 7708-01-P**

**DEPARTMENT OF DEFENSE**

**Department of the Army**

**32 CFR Part 668**

**Report On Use of Employees of Non-Federal Entities to Provide Services to Department of the Army**

**AGENCY:** Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs), and Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology, Department of the Army, DoD).  
**ACTION:** Interim rule.

**SUMMARY:** The Department of the Army requests agency and public comments on its implementation of the recently enacted Section 343 of the FY 2000 Department of Defense Authorization Act. Section 343 directs the Department of Defense to provide to Congress not later than March 1, 2001, a report summarizing the number of direct labor and indirect labor work year equivalents performed by contractors providing services to the Department of Defense in

the prior fiscal year (FY 2000), categorized by federal supply class or service code, appropriation supporting the services and major organizational element of the Department procuring the services. Since the Fiscal Year to be reported upon to Congress has already commenced, it is critical that this guidance be issued effective immediately to avoid extraordinary efforts by Government and contractor personnel attempting to collect significant reliable data retroactively.

Section 2461(g) of title 10, United States Code, requires DoD to provide an annual report to Congress on the percentage of commercial functions performed by contractors as compared to in-house employees. Section 343 provides the data collection framework for the Army to improve the accuracy and credibility of its reporting under section 2461(g) of title 10.

**DATES:** The effective date for this interim rule is March 15, 2000. Written comments on this interim rule must be submitted not later than May 15, 2000 to ensure consideration.

**ADDRESSES:** Comments concerning this interim rule should be submitted to the Office of the Assistant Secretary of the Army for Manpower & Reserve Affairs (ASA (M&RA), Attention SAMR-FMMR, Rm. 2A672, Washington, DC 20310, or contact the following persons by e-mail or phone as indicated below.

**FOR FURTHER INFORMATION CONTACT:** Dr. John Anderson, SAMR-FMMR, Phone

703-614-8247, email: [John.Anderson@hqda.army.mil](mailto:John.Anderson@hqda.army.mil); or John R. Conklin, SAAL-ZP, e-mail: [John.Conklin@sarda.army.mil](mailto:John.Conklin@sarda.army.mil).

**SUPPLEMENTARY INFORMATION:**

1. Background: This interim rule implements section 343 of the FY 2000 Department of Defense Authorization Act, Public Law 106-65 and 10 U.S.C. 2461(g). In February 1997, the Assistant Secretary of the Army (Manpower and Reserve Affairs) included the reporting of contractor manpower as a milestone required to remedy a finding by the Secretary of Defense of material weakness in manpower requirements determination within the Army under the Federal Manager's Financial Integrity Act.

2. From May to December, 1997, the Assistant Secretary of the Army (Manpower and Reserve Affairs) and the Assistant Secretary of the Army (Research, Development, and Acquisition) participated in a joint study to identify and estimate the work-year equivalents performed by contractors providing services to the Department of the Army during fiscal year 1996. The study used existing contract reporting systems, manually accessible data, and some queries to contractors, to identify expenditures on service contracts by Federal Supply Class (FSC) Service code function, organizational name and unit identification code of the Army element contracting for the services, and the

appropriations from which the contracted services were funded.

3. The study sampled approximately 12.8 percent of the service contracts awarded in fiscal year 1996 for the purposes of obtaining direct and indirect man-hours, which were used to develop a planning factor for converting contract expenditures for specific groupings of FSC Service code functions into work-year equivalents for those functions. A commitment was made to not release the information provided by contractors for use in any governmental audits of the contractor or any other governmental purpose, since the information was being used solely for the purposes of improving Army manpower requirements planning and the accuracy of the report required by section 2461(g) of title 10. (i.e., the information provided by contractors on a voluntary basis was treated as proprietary information).

4. The contractor manpower equivalent model developed from this study was presented to the Chief of Staff of the Army in July 1998, and a decision was made to use this information in the Total Army Analysis, the Army's planning process for determining and prioritizing its manpower requirements for its force structure and infrastructure. The estimated level of contract support of an Army organization within a function was used as an offset for purposes of allocating in-house resources to meet that organization's requirements. The estimated level of contract support of an Army organization also provided, for planning purposes, a gross estimate of the organization's total capabilities in various war-fighting and non-war-fighting scenarios.

5. The contractor work year equivalents estimated from this model were also used to assist in establishing equitable competition targets among different Army organizations for purposes of implementing Defense Reform Initiative Directive 20, "Review of Inherently Governmental Functions". Army organizations were credited with the estimated contractor support work-year equivalents for purposes of determining the percentage of the in-house workforce in that organization that would be potentially subject to competition relative to the same function in other Army organizations.

In January 1998 the Army compared Army contractor expenditures reflected in the Defense budget with the level of contract manpower used as the basis for estimating the contractor percentage required by section 2461(g) of title 10. The fiscal year 1997 section 2461(g) report for the Army reported 44,000

contract manpower equivalents (CMEs), as compared with over \$21 billion in service contracts awarded by Army contracting offices during the same period. While recognizing that a small percentage of those services may not have been reportable under the CME report, the Army leadership determined to use the more comprehensive and credible Contractor Manpower Equivalent model developed for its Total Army Analysis as a basis for the FY 1998 2461(g) report as an interim measure until a more accurate data collection methodology was established. (As a result, the Army reported 269,000 CMEs in its fiscal year 1998 report, as compared to \$24 billion service contract expenditures, thereby reducing the questionable disparity between contract expenditures and CMEs reported in the fiscal year 1997 report.)

6. Implementation: It has been determined, after a review of numerous alternatives and Army lessons-learned, that the only way to collect the required information economically, in a timely way, accurately and credibly, with the least burden on the public and expense to the Government, is to request contemporaneous submission directly from affected contractors. Accordingly, the Army will direct Army contracting officers to include in new solicitations and contracts, and any existing contract bilaterally modified, a requirement that contractors providing services to the Army identify, itemize and report their direct labor hours of support and provide a related composite indirect labor rate so that we might estimate the relevant indirect hours. This submission is expected to be coincident with requests for payment (e.g., contract vouchers, invoices, or requests for progress payments). The information obtained will be transmitted directly to the Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs). For security and convenience, a secure web site will be established for this purpose. This reporting requirement is not viewed as violating the objectives of performance based contracting since the reported labor hours are neither being requested for, nor viewed as a basis for, payment under the contract, but rather, are to be provided to meet Congressional reporting requirements and for internal Governmental manpower planning and management uses only.

7. The reporting requirement has been tailored as narrowly as possible to comply with the law, allow the acquisition of useful data, and minimize any undue workload on respondents. It will be applied prospectively (i.e., to solicitations issued and contracts

awarded (or modified, in the case of existing contracts) after the effective date of this interim rule); for reporting contemporaneous with normal billings by the contractor (and consistent with contractor accrual and allocation practices and systems), so as to minimize the impact on contractor operations and administrative costs, and to allow uniform reporting. However respondents under preexisting contracts modified during this period, will be asked to report from October 1, 1999, or the date the contract action began, whichever is later.

8. Reporting will not be required if a contractor does not have an internal system for aggregating billable hours in the direct and indirect pools and does not otherwise have to provide this information to the Government. We believe that a global requirement to identify, collect, validate and report this information after the fact (e.g., at the end of the fiscal year) would necessitate burdensome additional record keeping and administrative efforts by contractors and Government personnel and would significantly degrade the quality and usefulness of the information collected. On the other hand, it is reasonable and not an undue burden on a contractor to provide labor hour information at the time that the contractor has readily available the labor hour records used, as a basis for meeting its payroll or charging the government for its services (or for tax purposes, or cost allocation in accordance with Generally Accepted Accounting Principles and practices).

9. Consistent with the above, the reporting requirement will not be mandated under the following categories of contracts and situations:

- a. Contracts awarded under the authority of Part 12 of the Federal Acquisition Regulations (FAR).
- b. Contracts valued at \$100,000 or below.
- c. When a contractor does not have an internal system for aggregating billable hours in the direct and indirect pools, or an internal payroll accounting system, and does not otherwise have to provide this information to the Government.

d. Contracts awarded by the Army contracting office solely as a contracting agent in support of non-Army customer(s). (We are interested in labor hour data in support of Army at this time. (If the name and address of the organization receiving the benefit of the services is an Army organization, then the labor hour data is reportable as an Army requirement, even though the appropriations funding all or part of the requirement are not Army appropriations).

10. The intent of the reporting requirement is to obtain direct and indirect labor hour data for services in support of the Army under contracts not covered by the above exclusions.

11. The labor hour information provided will be protected as company proprietary data (when associated with contract number and contractor name) and will be required at a level of detail not greater than required for the intended use. The reports will include: the Federal Supply Class or Service Code pertinent to the services reported (this can be identified by the respondent from the lists found in the Procurement Coding Manual on the internet at <http://web1.whs.osd.mil/peidhome/guide/mn02/mn02.htm>); the complete appropriations data for the appropriations funding the line item(s)/contract/order; the name, complete address and location of the Army contracting office; the name and address of the Army organization receiving the benefit of the services (*i.e.*, the most proximate Army customer reviewing and receiving work); the time period covered by the report; and the contract/order number and the associated (estimated) value. Information provided should be consistent with the contract terms and requirements and with other data provided to the Government by the reporting contractor (*e.g.*, vouchers, invoices, requests for progress payment, or other reports to the Army).

#### Procedural Requirements

##### A. Information Collection Requirements

This interim rule contains collection of information requirements. Information collection is required to provide documentation of various support services from contractors in compliance with Section 343 of Public Law 106-65 (FY 2000 National Defense Authorization Act), and Section 2461(g) of Title 10 United States Code (10 U.S.C. 2461(g)). The Paperwork Reduction Act of 1995, 44 U.S.C. 3507 (d) and 5 CFR 1320.11, require Federal agencies to submit collections of information contained in rules to the Office of Management and Budget (OMB) for review. To request more details pertaining to the collection of information requirements or to obtain a copy of the associated collection instruments, please write to the above address or call Department of the Army Reports Clearance Officer at (703) 614-0454.

*Title:* Report required by National Defense Authorization Act for Fiscal Year 2000, Section 343; and to comply fully with the reporting requirements at 10 U.S.C. 2461(g).

*Needs and Uses:* Section 343 of the FY2000 National Defense Authorization Act; Section 2461(g) of Title 10; and the Total Army Analysis. Army requires contract manpower data to remedy its declared material weakness in manpower requirements determinations and to improve the accuracy of related reports to Congress. Data will be used in the Total Army Analysis force structure planning, Functional Area Assessments, and to support HQDA decision-making. Data will also provide a more complete picture of organizations, functions and capabilities in war fighting and non-war fighting scenarios.

*Affected Public:* Primarily business or other for profit.

*Annual Burden Hours:* 33,928.

*Number of Respondents:* 7,400.

*Responses Per Respondent:* 55.24.

*Average Per Respondent:* .083 hours.

*Frequency:* Contemporaneous with submission of requests for payment (vouchers, invoices or requests for progress payment), usually monthly (dependent on contractor's internal systems for allocating costs and contract requirements).

##### B. Regulatory Flexibility Act

The rule does not require the preparation of a regulatory flexibility analysis since it is not expected to have a significant economic impact on a substantial number of small entities (*i.e.* small and small disadvantaged businesses).

##### C. Unfunded Mandates Act

The rule does not impose an enforceable duty among small governments (*i.e.* States and local governments).

##### D. Paperwork Reduction Act

Pursuant to the Paperwork Reduction Act of 1995, the reporting provisions of this rule have been approved by the Office of Management and Budget (OMB) and assigned OMB control Number 0702-0112, with an expiration date of August 31, 2000.

In compliance with Section 3506(c)(2)(A) of the Paperwork Reduction Act, the Office of the Assistant Secretary of the Army for Manpower & Reserve Affairs (ASA (M&RA)) announces a public information collection requirement as described in this rule and seeks public comment on the provisions thereof. Comments are invited on (1) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (2) the accuracy of the agency's estimates of burden of the

information collection; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and, (4) ways to minimize the burden of the information collection on respondents, including the use of automated collection techniques or other forms of information technology.

Comments on these requirements should be submitted to the Office of the Assistant Secretary of the Army for Manpower & Reserve Affairs (ASA (M&RA)), Attention: SAMR-FMMR, Rm. 2A672, Washington, DC 20310-0111. When the Department of the Army promulgates the Final Rule, the Department will also respond to comments or the public regarding the information collection provision requirements of the rule.

##### E. Executive Order 12866 (Regulatory Planning and Review)

This is not a significant regulatory action in that it is not likely to result in a rule that will have an annual effect on the economy of \$100 million or more or adversely affect productivity, the environment, public health or safety.

##### F. Executive Order 13132 (Federalism)

It has been determined that this rule does not have sufficient Federalism implications to warrant the preparation of a Federalism Assessment. The provisions contained in this rule will have little or no direct effect on States or local governments.

##### G. Submission to Congress and the General Accounting Office (GAO)

Pursuant to 5 U.S.C., Chapter 8, the rule will be forwarded to both Houses of Congress and the GAO in the final rule announcement together with the GAO prescribed special reporting form for this purpose.

##### List of Subjects in 32 CFR Part 668

Government contracts, Reporting and recordkeeping requirements.

Accordingly, Subchapter L consisting of part 668 is added to 32 CFR chapter V to read as follows:

#### SUBCHAPTER L—ARMY CONTRACTING

##### PART 668—CONTRACTOR MANHOUR REPORTING REQUIREMENT

Sec.  
668.1 General.  
668.2 Contract administration data.

**Authority:** Sec. 343 of Pub. L. 106-65, 113 Stat. 569 (10 U.S.C. 2461(g)).

##### § 668.1 General.

(a) *Purpose.* This part sets forth policies and procedures for reporting

requirements on labor work year equivalents performed by contractors in support of the Army.

(b) *Applicability.* This requirement applies to all Department of the Army agencies, commands, and activities.

(1) The following applies to all Army solicitations issued and contracts awarded, and to all bilateral modifications of existing Army contracts, after March 15, 2000 except the following:

(i) Contracts awarded under the authority of Part 12 of the Federal Acquisition Regulation (48 CFR part 12).

(ii) Contracts valued at \$100,000 or below.

(iii) When the contractor does not have an internal system for aggregating billable hours in the direct and indirect pools, or an internal payroll accounting system, and does not otherwise have to provide this information to the Government.

(iv) Contracts awarded by the Army contracting office solely as a contracting agent in support of non-Army customer(s).

(2) We are interested in labor hour data in support of Army at this time. For

this purpose, if the name and address of the organization receiving the benefit of the services is an Army organization, then the labor hour data is reportable as an Army requirement, even though the appropriations funding all or part of the requirement are not Army appropriations.

#### **§ 668.2 Contract administration data.**

The requirement in this section will be cited in Part I—The Schedule, in Section G, Contract Administration Data, or its equivalent, in solicitations or contracts not employing the standard contract format:

(a) Report on Use of Employees of Non-Federal Entities to Provide Services to Department of the Army. The contractor is required to submit direct labor hours and a relevant composite indirect labor rate associated with the reporting period (generally contemporaneous with submission of a request for payment (e.g., voucher, invoice or request for progress payment)). The composite indirect labor rate will be used to grossly calculate the number of indirect hours associated with services reported in each period.

(b) The information submitted will be treated as contractor proprietary information when associated with a contractor name or contract number. The Assistant Secretary of the Army (Manpower and Reserve Affairs) will oversee the aggregation of this information and will exclude contract number and contractor name from any use of this data. The planning factor(s) derived from this data by ASA (M&RA) and its contract support (if any) will be used solely for manpower planning purposes and will not be applied to specific acquisitions. Detailed data by contract number and name will not be released to any other governmental entity other than ASA (M&RA) and will only be used for the stated purposes (reporting and planning).

(c) Reporting format: The information required should be reported electronically to the M&RA data collection point. The following information, per contract and/or task/delivery order, will be needed to complete all of the data fields under this data collection program:

**BILLING CODE 3710-08-P**

CONTRACTOR NAME AND ADDRESS \_\_\_\_\_.  
 CONTRACT NUMBER (INCLUDE TASK/DELIVERY ORDER NUMBER) \_\_\_\_\_.  
 TOTAL ESTIMATED CONTRACT OR TASK/DELIVERY ORDER VALUE \_\_\_\_\_.  
 DIRECT LABOR HOURS EXPENDED DURING REPORTING PERIOD: (ALSO  
 INCLUDE ESTIMATED VALUE, INCLUDING ALL LOADINGS (needed for final  
 data reconciliation by Army)) \_\_\_\_\_ Est'd. Value \_\_\_\_\_.  
 CONTRACT LINE ITEM NUMBER (S) (CLIN) (S) \_\_\_\_\_ (as  
 applicable).  
 FEDERAL SUPPLY CLASS OR SERVICE CODE relevant to the services  
 reported (if you do not have this information, it can be found  
 at: <http://web1.whs.osd.mil/peidhome/guide/mn02/SECT1.HTM>;  
 The entire Procurement Coding Manual is at:  
<http://web1.whs.osd.mil/peidhome/guide/mn02/mn02.htm>; select the  
 most appropriate code for the predominant services reported per  
 contract or order, and CLIN when applicable). If you are  
 supporting an R&D organization, as opposed to performing R&D,  
 please use the "Other Services and Construction Codes". Please  
 do not use the "Supplies and Equipment Codes" but find the  
 closest fit in Part B, "Other Services and Construction".  
 ARMY/DOD/PURCHASE REQUEST/PROCUREMENT REQUISITION  
 NUMBER/PROCUREMENT WORK DIRECTIVE NUMBER (PR&C, PWD, etc.) (from  
 Contract or Task/Delivery Order award document \_\_\_\_\_.  
 APPROPRIATION DATA PERTAINING TO THE SPECIFIC CONTRACT OR  
 TASK/DELIVERY ORDER (if multiple appropriation, by CLIN, when  
 applicable) \_\_\_\_\_ and ESTIMATED VALUE FOR EACH  
 APPROPRIATION \_\_\_\_\_ (needed for final data reconciliation  
 with Defense Finance and Accounting System data).  
 PERIOD FOR WHICH THIS DATA PERTAINS (e.g., from 01 Nov 1999 to 30  
 Nov 1999).  
 FROM: Mo/Day/Year  
 TO: Mo/Day/Year  
 [NOTE: For preexisting contracts, the first report should start  
 01 Oct 1999, or start of the contract, whichever is later]  
 RELEVANT COMPOSITE INDIRECT LABOR RATES FOR THE SERVICES AND  
 PERIOD REPORTED (One composite indirect labor rate will be used  
 to estimate the number of indirect hours and a second composite  
 indirect labor rate will be used to estimate the value of  
 indirect hours (needed for data quality control and  
 rationalization)  
 NAME AND ADDRESS OF ARMY ORGANIZATION SUPPORTED (immediate Army  
 customer receiving/reviewing work).  
 NAME AND ADDRESS OF CONTRACTING OFFICE (office that issued the  
 Contract or Task/Delivery Order) \_\_\_\_\_.  
 CONTRACTOR POC, PHONE NUMBER, E-MAIL ADDRESS (will only be used  
 to contact the respondent for clarification regarding data  
 submission) \_\_\_\_\_.

(d) The information required shall be reported electronically to the ASA (M&RA) data collection point at the following secure web site drawing on the relevant data elements cited in paragraph (c) of this section: <http://contractormanpower.us.army.mil>

**Robert Bartholomew III,**

*Acting Deputy Assistant Secretary (Force Management, Manpower and Resources).*

**Kenneth J. Oscar,**

*Deputy Assistant Secretary of the Army (Procurement).*

[FR Doc. 00-6336 Filed 3-14-00; 8:45 am]

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Health Care Financing Administration**

**42 CFR Parts 405 and 410**

[HCFA-1813-F]

RIN 0938-AJ87

**Medicare Program; Coverage of, and Payment for, Paramedic Intercept Ambulance Services**

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

**ACTION:** Final rule.

**SUMMARY:** This final rule responds to public comments received on a final rule with comment period published on January 25, 1999 that implemented section 4531(c) of the Balanced Budget Act of 1997 concerning Medicare coverage of, and payment for, paramedic intercept ambulance services in rural communities. It also implements section 412 of the Medicare, Medicaid, and State Children's Health Insurance Programs Balanced Budget Refinement Act of 1999 by adding a new definition of a rural area.

**EFFECTIVE DATE:** These regulations are effective on April 14, 2000.

**FOR FURTHER INFORMATION CONTACT:** Robert Niemann, (410) 786-4569.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

In general, Medicare payment for ambulance services provided in accordance with section 1861(s)(7) of the Social Security Act (the Act) may be made only to the ambulance supplier furnishing the ambulance transport. Paramedic intercept services are advanced life support (ALS) services delivered by paramedics who furnish services separately from the agency that furnishes the ambulance transport.

Except in the very limited circumstances described below, Medicare program payment for these services may be made only to the ambulance company furnishing the ambulance transport. Paramedic intercept services are most often furnished for an emergency ambulance transport in which a local volunteer ambulance that can furnish only basic life support (BLS) services is dispatched to transport a beneficiary. If the beneficiary needs ALS services (such as EKG monitoring, chest decompression, or IV therapy), another agency (typically a hospital or proprietary emergency medical service) dispatches a paramedic to meet the BLS ambulance at the scene or enroute to the hospital. The ALS paramedics then furnish the ALS services to the beneficiary. This tiered approach to life-saving may be cost effective in some areas because most volunteer ambulances do not charge for their services, and one paramedic service can cover many communities.

*A. Balanced Budget Act of 1997*

Section 4531(c) of the Balanced Budget Act of 1997 (BBA) provided that the Secretary could include limited coverage of these intercept services furnished in a rural area: that is, payment may be made directly to the agency furnishing the paramedic service in a rural area. The services, however, are covered only if they are furnished under contract with one or more volunteer ambulance services and they are medically necessary based on the condition of the beneficiary receiving the ambulance service. In addition, by law, the volunteer ambulance service involved must meet all of the following requirements:

- Furnish only BLS services at the time of the intercept.
- Be prohibited by State law from billing for any service.

Finally, the entity furnishing the ALS paramedic intercept service must meet the following requirements:

- Be certified as qualified to furnish the ambulance services under the Medicare program (including compliance with State laws and regulations).
- Bill all recipients who receive ALS paramedic intercept services from the entity, regardless of whether or not those recipients are Medicare beneficiaries.

*B. The Final Rule with Comment Period*

On January 25, 1999, we published a final rule with comment period in the **Federal Register** (64 FR 3637), which, in part, revised 42 CFR 410.40 to implement section 4531(c) of the BBA.

In implementing the law, we defined "rural area" in the same way it is defined for purposes of the Medicare hospital inpatient prospective payment system under section 1886(d)(2)(D) of the Act and in regulations at § 412.62(f). That is, a rural area is any area outside of a Metropolitan Statistical Area (MSA) or New England County Metropolitan Area as defined by the Office of Management and Budget.

Although it provided the Secretary with the authority to cover paramedic intercept services under certain conditions, section 4531(c) of the BBA did not specify what the payment should be for those services. After considering several options, we decided to pay for paramedic intercept services based on the difference between the ALS payment rate and the BLS payment rate for each carrier's geographic pricing locality. We believed that this option balanced considerations for access to care and consistency with current ambulance payment policy. We would be providing the intercept company with a reasonable payment while not providing the same amount of payment that we generally would provide to an ambulance company that furnishes both the transport and the paramedic service. We reasoned that if we paid the difference between the ALS and BLS rates to the intercept company, we would be acknowledging the BLS rate that would have been paid to the volunteer company had it been permitted by the State to bill the program for the transport.

*C. Balanced Budget Refinement Act of 1999*

Section 412 of the Medicare, Medicaid, and State Children's Health Insurance Programs Balanced Budget Refinement Act of 1999 (BBRA) (Pub. L. 106-113), enacted on November 29, 1999, amends section 4531(c) of the BBA. Section 412 states "\* \* \* an area shall be treated as a rural area if it is designated as a rural area by any law or regulation of the State or if it is located in a rural census tract of a metropolitan statistical area (as determined under the most recent Goldsmith Modification, originally published in the **Federal Register** on February 27, 1992, (57 FR 6725))." (The Goldsmith Modification is a methodology to identify small towns and rural areas within large metropolitan counties that are isolated from central areas by distance or other features. This Modification has been useful for expanding the eligibility for Federal programs that assist rural populations to include isolated rural populations of large metropolitan counties).