

Board of Governors of the Federal Reserve System, January 28, 2011.

Robert deV. Frierson,

Deputy Secretary of the Board.

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BILLING CODE 6210-01-P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than February 28, 2011.

A. Federal Reserve Bank of Atlanta (Clifford Stanford, Vice President) 1000 Peachtree Street, NE., Atlanta, Georgia 30309:

1. *Peoples Bancshares, Inc.*, Mendenhall, Mississippi; to become a bank holding company by acquiring 100 percent of the outstanding voting shares of Peoples Bank, Mendenhall, Mississippi.

B. Federal Reserve Bank of St. Louis (Glenda Wilson, Community Affairs Officer) P.O. Box 442, St. Louis, Missouri 63166-2034:

1. *Cabool State Bank Employee Stock Ownership Plan*, Cabool, Missouri; to acquire an additional 1.02 percent, for a total of 32.44 percent, of the outstanding

voting shares of Cabool Bancshares, Inc., and thereby indirectly acquire additional voting shares of Cabool State Bank, both in Cabool, Missouri.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Adjusted Federal Medical Assistance Percentage (FMAP) Rate for the First Quarter of Fiscal Year 2011 (FY11)

Implementation of Section 5001 of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) for Adjustments to the First Quarter of Fiscal Year 2011 Federal Medical Assistance Percentage Rates for Medicaid and Title IV-E Foster Care, Adoption Assistance and Guardianship Assistance Programs.

AGENCY: Office of the Secretary, DHHS.

ACTION: Notice.

SUMMARY: This notice provides the adjusted Federal Medical Assistance Percentage (FMAP) rate for the first quarter of Fiscal Year 2011 (FY11) as required under Section 5001 of the American Recovery and Reinvestment Act of 2009 (ARRA). Section 5001 of the ARRA provides for temporary increases in the FMAP rates to provide fiscal relief to states and to protect and maintain state Medicaid and certain other assistance programs in a period of economic downturn. The increased FMAP rates apply during a recession adjustment period that was originally defined in ARRA as the period beginning October 1, 2008 and ending December 31, 2010. Public Law 111-226 amended ARRA to extend the recession adjustment period to June 30, 2011 and to extend the hold harmless provision that prevents a state's FMAP rate from decreasing due to a lower unemployment rate from the calendar quarter ending before July 1, 2010 to the calendar quarter ending before January 1, 2011. Public Law 111-226 also provided for a phase-down of the general FMAP increase in the last two quarters of the extended recession adjustment period, and changed the look back period for calculating the unemployment adjustment for those quarters, which will be addressed in a future Notice.

DATES: Effective Date: The percentages listed are for the first quarter of FY11 beginning October 1, 2010 through December 31, 2010.

A. Background

The FMAP is used to determine the amount of federal matching for specified state expenditures for assistance payments under programs under the Social Security Act ("the Act"). Sections 1905(b) and 1101(a)(8)(B) of the Act require the Secretary of Health and Human Services to publish the FMAP rates each year. The Secretary calculates the percentages using formulas in sections 1905(b) and 1101(a)(8)(B), and statistics from the Department of Commerce of average income per person in each state and for the Nation as a whole. The percentages must be within the upper and lower limits given in section 1905(b) of the Act. The percentages to be applied to the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands are specified separately in the Act, and thus are not based on the statutory formula that determines the percentages for the 50 states.

Section 1905(b) of the Act specifies the formula for calculating the FMAP as follows:

The FMAP for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 45 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (1) the FMAP shall in no case be less than 50 per centum or more than 83 per centum, and (2) the FMAP for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa shall be 50 per centum.

Section 4725 of the Balanced Budget Act of 1997 amended section 1905(b) to provide that the FMAP for the District of Columbia for purposes of titles XIX (Medicaid) and XXI (CHIP) shall be 70 percent. The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) (Pub. L. 110-275) amended the FMAP applied to the District of Columbia for maintenance payments under title IV-E programs to make it consistent with the 70 percent Medicaid match rate.

Section 5001 of Division B of the ARRA provides for a temporary increase in FMAP rates for Medicaid and title IV-E Foster Care, Adoption Assistance and Guardianship Assistance programs. The purpose of the increases to the FMAP rates is to provide fiscal relief to states and to protect and maintain State Medicaid and certain other assistance

programs in a period of economic downturn, referred to as the "recession adjustment period." The recession adjustment period is defined as the period beginning October 1, 2008 and ending December 31, 2010. Public Law 111-226 extends the recession adjustment period to June 30, 2011.

B. Calculation of the Increased FMAP Rates Under ARRA

Section 5001 of the ARRA specifies that the FMAP rates shall be temporarily increased for the following: (1) Maintenance of FMAP rates for FY09, FY10, and first three calendar quarters of FY11, so that the FMAP rate will not decrease from the prior year, determined by using as the FMAP rate for the current year, the greater of any prior fiscal year FMAP rates between 2008-2010 or the rate calculated for the current fiscal year; (2) in addition to any maintenance increase, the application of a general percentage point increase in each state's FMAP of 6.2 percentage points (decreasing during the last two quarters of the extended recession adjustment period); and (3) an additional percentage point increase based on the state's increase in unemployment during the recession adjustment period. The resulting increased FMAP cannot exceed 100 percent. Each state's FMAP will be recalculated each fiscal quarter beginning October 2008. Availability of certain components of the increased FMAP is conditioned on states meeting statutory programmatic requirements, such as the maintenance of effort requirement, which are not part of the calculation process.

Expenditures for which the increased FMAP is not available under title XIX include expenditures for disproportionate share hospital payments, certain eligibility expansions, services received through an IHS or tribal facility (which are already paid at a rate of 100 percent and therefore not subject to increase), and expenditures that are paid at an enhanced FMAP rate. The increased FMAP is available for expenditures under part E of title IV (including Foster Care, Adoption Assistance and Guardianship Assistance programs) only to the extent of a maintenance increase (hold harmless), if any, and the general percentage point increase. The increased FMAP does not apply to other parts of title IV, including part D (Child Support Enforcement Program).

For title XIX purposes only, for each qualifying state with an unemployment rate that has increased at a rate above the statutory threshold percentage, ARRA provides additional relief above the general percentage point increase in

FMAP through application of a separate increase calculation. For those states, the FMAP for each qualifying state is increased by the number of percentage points equal to the product of the state matching percentage (as calculated under section 1905(b) and adjusted if necessary for the maintenance of FMAP without reduction from the prior year, and after applying half of the general percentage point increase in the federal percentage) and the applicable percent determined from the state unemployment increase percentage for the quarter.

The unemployment increase percentage for calendar quarters other than the last two quarters of the recession adjustment period is equal to the number of percentage points (if any) by which the average monthly unemployment rate for the state in the most recent previous 3-consecutive-month period for which data are available exceeds the lowest average monthly unemployment rate for the state for any 3-consecutive-month period beginning on or after January 1, 2006. A state qualifies for additional relief based on an increase in unemployment if that state's unemployment increase percentage is at least 1.5 percentage points. A different but related methodology for an unemployment adjustment applies for the last two quarters of the recession adjustment period.

The applicable percent is: (1) 5.5 percent if the state unemployment increase percentage is at least 1.5 percentage points but less than 2.5 percentage points; (2) 8.5 percent if the state unemployment increase percentage is at least 2.5 percentage points but less than 3.5 percentage points; and (3) 11.5 percent if the state unemployment increase percentage is at least 3.5 percentage points.

If the state's applicable percent is less than the applicable percent for the preceding quarter, then the higher applicable percent shall continue in effect for any calendar quarter beginning on or after January 1, 2009 and ending before January 1, 2011, as amended by Public Law 111-226. This hold harmless provision is not in effect from January 1, 2011 to June 30, 2011.

Under section 5001(b)(2) of ARRA, Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and America Samoa were given the option to make a special one-time election between (1) a 30 percent increase in their cap on Medicaid payments (as determined under subsections (f) and (g) of section 1108 of the Act), or (2) applying the general 6.2 percentage point increase in the FMAP plus a 15 percent increase in

the cap on Medicaid payments. There is no quarterly unemployment adjustment for territories. All territories and the Commonwealth of the Northern Mariana Islands elected the 30 percent increase in their spending cap on Medicaid payments; therefore there is no recalculation of their FMAP rate.

D. Adjusted FMAPs for the First Quarter of FY2011

ARRA adjustments to FMAPs are shown by state in the accompanying table. The hold harmless FY11 FMAP is the higher of the original FY08, FY09, FY10 or FY11 FMAP. The 6.2 percentage point increase is added to the hold harmless FY11 FMAP. The unemployment adjustment is calculated according to the unemployment tier and added to the hold harmless FY11 FMAP with the 6.2 percentage point increase.

For the first quarter of FY11, the unemployment tier is determined by comparing the average unemployment rate for the three consecutive months preceding the start of the fiscal quarter to the lowest consecutive 3-month average unemployment rate beginning January 1, 2006. If the state's applicable percent is less than the applicable percent for the fourth quarter of FY10, then the higher applicable percent shall continue for the first quarter of FY11.

As indicated in the August 4, 2009 **Federal Register** Notice that proposed the methodology for the FMAP unemployment adjustment calculations (74 FR 38630), we utilize annual updates to the historical Bureau of Labor Statistics (BLS) data to make changes to the States' lowest unemployment rate beginning with the fourth quarter FMAP rate adjustment calculation each year. As such, the rates calculated and presented in the accompanying table are based on updates to the historical BLS data used to determine the States' average lowest unemployment rate for any 3 consecutive months beginning January 1, 2006.

FOR FURTHER INFORMATION CONTACT: Rose Chu or Thomas Musco, Office of Health Policy, Office of the Assistant Secretary for Planning and Evaluation, Room 447D—Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201, (202) 690-6870.

(Catalog of Federal Domestic Assistance Program Nos. 93.778: Medical Assistance Program; 93.658: Foster Care; 93.659: Adoption Assistance; 93.090: Guardianship Assistance)

Dated: January 26, 2010.

Kathleen Sebelius,
Secretary.

ARRA ADJUSTMENTS TO Q1 FY11

State	Hold harmless FY11	Hold harmless FY11 FMAP with 6.2% pt increase	Unemployment tier	Unemployment adjustment Q1 FY11	1st Quarter FY11 FMAP unem- ployment ad- justment	Final 1st quar- ter FY11 FMAP unem- ployment ad- justment
Alabama	68.54	74.74	11.50	3.26	78.00	78.00
Alaska	52.48	58.68	5.50	2.44	61.12	62.46
Arizona	66.20	72.40	11.50	3.53	75.93	75.93
Arkansas	72.94	79.14	8.50	2.04	81.18	81.18
California	50.00	56.20	11.50	5.39	61.59	61.59
Colorado	50.00	56.20	11.50	5.39	61.59	61.59
Connecticut	50.00	56.20	11.50	5.39	61.59	61.59
Delaware	53.15	59.35	11.50	5.03	64.38	64.38
Dist of Columbia	70.00	76.20	11.50	3.09	79.29	79.29
Florida	56.83	63.03	11.50	4.61	67.64	67.64
Georgia	65.33	71.53	11.50	3.63	75.16	75.16
Hawaii	56.50	62.70	11.50	4.65	67.35	67.35
Idaho	69.87	76.07	11.50	3.11	79.18	79.18
Illinois	50.32	56.52	11.50	5.36	61.88	61.88
Indiana	66.52	72.72	11.50	3.49	76.21	76.21
Iowa	63.51	69.71	8.50	2.84	72.55	72.55
Kansas	60.38	66.58	8.50	3.10	69.68	69.68
Kentucky	71.49	77.69	11.50	2.92	80.61	80.61
Louisiana	72.47	78.67	11.50	2.81	81.48	81.48
Maine	64.99	71.19	8.50	2.71	73.90	74.86
Maryland	50.00	56.20	11.50	5.39	61.59	61.59
Massachusetts	50.00	56.20	11.50	5.39	61.59	61.59
Michigan	65.79	71.99	11.50	3.58	75.57	75.57
Minnesota	50.00	56.20	8.50	3.99	60.19	61.59
Mississippi	76.29	82.49	11.50	2.37	84.86	84.86
Missouri	64.51	70.71	11.50	3.72	74.43	74.43
Montana	68.53	74.73	11.50	3.26	77.99	77.99
Nebraska	60.56	66.76	5.50	2.00	68.76	68.76
Nevada	52.64	58.84	11.50	5.09	63.93	63.93
New Hampshire	50.00	56.20	5.50	2.58	58.78	61.59
New Jersey	50.00	56.20	11.50	5.39	61.59	61.59
New Mexico	71.35	77.55	11.50	2.94	80.49	80.49
New York	50.00	56.20	11.50	5.39	61.59	61.59
North Carolina	65.13	71.33	11.50	3.65	74.98	74.98
North Dakota	63.75	69.95	0.00	0.00	69.95	69.95
Ohio	63.69	69.89	11.50	3.82	73.71	73.71
Oklahoma	67.10	73.30	11.50	3.43	76.73	76.73
Oregon	62.85	69.05	11.50	3.92	72.97	72.97
Pennsylvania	55.64	61.84	11.50	4.74	66.58	66.58
Rhode Island	52.97	59.17	11.50	5.05	64.22	64.22
South Carolina	70.32	76.52	11.50	3.06	79.58	79.58
South Dakota	62.72	68.92	5.50	1.88	70.80	70.80
Tennessee	65.85	72.05	11.50	3.57	75.62	75.62
Texas	60.56	66.76	11.50	4.18	70.94	70.94
Utah	71.68	77.88	11.50	2.90	80.78	80.78
Vermont	59.45	65.65	5.50	2.06	67.71	69.96
Virginia	50.00	56.20	11.50	5.39	61.59	61.59
Washington	51.52	57.72	11.50	5.22	62.94	62.94
West Virginia	74.25	80.45	11.50	2.60	83.05	83.05
Wisconsin	60.21	66.41	11.50	4.22	70.63	70.63
Wyoming	50.00	56.20	11.50	5.39	61.59	61.59

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