DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

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DEPARTMENT OF HEALTH AND
HUMAN SERVICES

Centers for Medicare & Medicaid
Services

[CMS–2385–N]
RIN 0938–AR47

Medicaid Program; State Allotments
for Payment of Medicare Part B
Premiums for Qualifying Individuals
(QIs) for FY 2012

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

ACTION: Notice.

SUMMARY: This notice sets forth the
States’ final allotments available to pay
the Medicare Part B premiums for
Qualifying Individuals (QIs) for the
Federal fiscal year (FY) 2011 and the
preliminary QI allotments for FY 2012.
The amounts of these QI allotments
were determined in accordance with the
methodology set forth in regulations and
reflect funding for the QI program made
available under recent legislation as
described in this notice.

DATES: The final QI allotments for
payment of Medicare Part B premiums
for FY 2011 are effective October 1,
2010. The preliminary QI allotments for
FY 2012 are effective October 1, 2011.

FOR FURTHER INFORMATION CONTACT:

SUPPLEMENTARY INFORMATION:

I. Background

A. QI Allotments for FY 2011 and
Thereafter

Section 5005 of the American
Recovery and Reinvestment Act of 2009
(Pub. L. 111–5, enacted on February 17,
2009) (Recovery Act) extended the
authority and funding for the QI
program by providing $150 million in
additional funds for the first quarter of
FY 2011 (that is, through December 31,
2010). Section 3 of the Emergency Aid
to American Survivors of the Haiti
Earthquake Act (Pub. L. 111–127,
enacted on January 27, 2010) (Haiti
Earthquake Act) provided an additional
$15 million for States’ FY 2011 QI
allotments; that brought the total funds
available for the QI program for FY 2011
down January 31, 2010 to $165
million. Section 110 of the Medicare
and Medicaid Extenders Act of 2010
(Pub. L. 111–309, enacted on December
15, 2010) (MMEA) extended authority
and funding for the QI program for FY 2011
by providing an additional $720
million for the QI program for the last
3 quarters of FY 2011 in addition to the
previously available $165 million;
which brought the total funding
available for the QI program for FY 2011
to $885 million.

B. QI Allotments for FY 2012 and
Thereafter

Section 110 of the MMEA also
extended the authority and funding for
the QI program for the first quarter of FY
2012 (that is, through December 31,
2011) by providing $280 million
available for the first quarter of FY 2012.
Section 310 of the Temporary Payroll
Tax Cut Continuation Act of 2011 (Pub.
L. 112–78, enacted on December 23,
2011) (TPTCA) provided temporary
continued authority and an additional
$150 million in funding for the QI
program for the period January 1, 2012
through February 29, 2012. The
enactment of TPTCA, the QI program
was authorized and funded at a total
amount nationally of $430 million ($280
million plus $150 million) for FY 2012
through February 29, 2012. Most
recently, section 3101 of the Middle
Class Tax Relief and Job Creation Act of
2012 (Pub. L. 112–96, enacted on
February 22, 2012) extended the
authority and funding for the QI
program for FY 2012 by increasing the
amount of funding previously made
available under TPTCA for FY 2012
from $150 million to $450 million, and
extending the period in FY 2012 this
funding is available to September 30,
2012 (that is, to the end of FY 2012).
Therefore the total funding available for
the QI program for FY 2012 is $730
million ($280 million plus $450
million).

Finally, section 3101 of Middle Class
Tax Relief and Job Creation Act also
extended the authority and funding for
the QI program by providing $280
million to be available for the period
October 1, 2012 through December 31,
2012, the first quarter of FY 2013.

C. Methodology for Calculating the
Fiscal Year QI Allotments

The amounts of the final FY 2011 and
preliminary FY 2012 QI allotments,
contained in this notice, were
determined in accordance with the
methodology set forth in existing
regulations at 42 CFR 433.10(c)(5) and
reflect funding for the QI program made
available under the legislation discussed
above.

II. Charts

The final QI allotments for FY 2011
and the preliminary QI allotments,
contained in this notice, were
shown by State in Chart 1 and
Chart 2 below, respectively:

Chart 1—Final Qualifying Individuals
Allotments for October 1, 2010 through
September 30, 2011.

Chart 2—Preliminary Qualifying
Individuals Allotments for October 1,
<table>
<thead>
<tr>
<th>STATE</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
<th>L</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>43</td>
<td>3.22%</td>
<td>$23,513,109</td>
<td>$22,391,905</td>
<td>NA</td>
<td>NA</td>
<td>$1,121,204</td>
<td>0.6386%</td>
<td>$545,274</td>
<td>NA</td>
<td>$22,967,835</td>
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<tr>
<td>Alaska</td>
<td>2</td>
<td>0.15%</td>
<td>$1,093,633</td>
<td>$292,920</td>
<td>NA</td>
<td>NA</td>
<td>$801,113</td>
<td>0.4563%</td>
<td>$389,605</td>
<td>NA</td>
<td>$704,028</td>
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<tr>
<td>Arizona</td>
<td>14</td>
<td>1.05%</td>
<td>$7,655,431</td>
<td>$16,913,743</td>
<td>$9,258,312</td>
<td>10.8435%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$9,258,312</td>
<td>$16,913,743</td>
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<tr>
<td>Arkansas</td>
<td>21</td>
<td>1.57%</td>
<td>$11,483,146</td>
<td>$12,923,935</td>
<td>$1,440,789</td>
<td>1.6875%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$1,440,789</td>
<td>$12,923,935</td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>89</td>
<td>6.67%</td>
<td>$48,666,667</td>
<td>$27,372,524</td>
<td>NA</td>
<td>NA</td>
<td>$21,294,143</td>
<td>12.1291%</td>
<td>$10,355,963</td>
<td>NA</td>
<td>$38,310,703</td>
<td></td>
</tr>
<tr>
<td>Colorado</td>
<td>16</td>
<td>1.20%</td>
<td>$8,749,064</td>
<td>$5,328,003</td>
<td>NA</td>
<td>NA</td>
<td>$3,421,061</td>
<td>1.9486%</td>
<td>$1,663,762</td>
<td>NA</td>
<td>$7,085,302</td>
<td></td>
</tr>
<tr>
<td>Connecticut</td>
<td>15</td>
<td>1.12%</td>
<td>$8,202,247</td>
<td>$1,964,854</td>
<td>NA</td>
<td>NA</td>
<td>$6,237,394</td>
<td>3.5528%</td>
<td>$3,033,426</td>
<td>NA</td>
<td>$5,168,821</td>
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<tr>
<td>Delaware</td>
<td>4</td>
<td>0.30%</td>
<td>$2,187,266</td>
<td>$3,045,126</td>
<td>$857,860</td>
<td>1.0047%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$857,860</td>
<td>$3,045,126</td>
<td></td>
</tr>
<tr>
<td>District of Columbia</td>
<td>2</td>
<td>0.15%</td>
<td>$1,093,633</td>
<td>$0</td>
<td>NA</td>
<td>NA</td>
<td>$1,093,633</td>
<td>0.6299%</td>
<td>$531,866</td>
<td>NA</td>
<td>$561,767</td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>83</td>
<td>6.22%</td>
<td>$45,385,768</td>
<td>$67,607,679</td>
<td>$22,221,911</td>
<td>26.0268%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$22,221,911</td>
<td>$67,607,679</td>
<td></td>
</tr>
<tr>
<td>Hawaii</td>
<td>5</td>
<td>0.37%</td>
<td>$2,734,082</td>
<td>$1,266,245</td>
<td>NA</td>
<td>NA</td>
<td>$1,467,838</td>
<td>0.8361%</td>
<td>$713,852</td>
<td>NA</td>
<td>$2,020,230</td>
<td></td>
</tr>
<tr>
<td>Idaho</td>
<td>6</td>
<td>0.45%</td>
<td>$3,280,899</td>
<td>$2,341,408</td>
<td>NA</td>
<td>NA</td>
<td>$939,491</td>
<td>0.5351%</td>
<td>$456,902</td>
<td>NA</td>
<td>$2,823,997</td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>64</td>
<td>4.79%</td>
<td>$34,996,255</td>
<td>$29,128,891</td>
<td>NA</td>
<td>NA</td>
<td>$5,867,364</td>
<td>3.3420%</td>
<td>$2,853,470</td>
<td>NA</td>
<td>$32,142,785</td>
<td></td>
</tr>
<tr>
<td>Indiana</td>
<td>39</td>
<td>2.92%</td>
<td>$21,325,843</td>
<td>$6,989,431</td>
<td>NA</td>
<td>NA</td>
<td>$14,336,411</td>
<td>8.1660%</td>
<td>$6,972,215</td>
<td>NA</td>
<td>$34,353,628</td>
<td></td>
</tr>
<tr>
<td>Iowa</td>
<td>16</td>
<td>1.20%</td>
<td>$8,749,064</td>
<td>$4,434,254</td>
<td>NA</td>
<td>NA</td>
<td>$4,314,810</td>
<td>2.4577%</td>
<td>$2,098,418</td>
<td>NA</td>
<td>$6,650,646</td>
<td></td>
</tr>
<tr>
<td>Kansas</td>
<td>19</td>
<td>1.42%</td>
<td>$10,389,513</td>
<td>$4,720,678</td>
<td>NA</td>
<td>NA</td>
<td>$5,668,835</td>
<td>3.2290%</td>
<td>$2,756,920</td>
<td>NA</td>
<td>$7,632,939</td>
<td></td>
</tr>
<tr>
<td>Kentucky</td>
<td>32</td>
<td>2.40%</td>
<td>$17,498,127</td>
<td>$15,140,999</td>
<td>NA</td>
<td>NA</td>
<td>$2,357,129</td>
<td>1.3426%</td>
<td>$1,146,340</td>
<td>NA</td>
<td>$16,351,787</td>
<td></td>
</tr>
<tr>
<td>Louisiana</td>
<td>28</td>
<td>2.10%</td>
<td>$15,310,861</td>
<td>$20,301,932</td>
<td>$4,991,071</td>
<td>5.8457%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$4,991,071</td>
<td>$20,301,932</td>
<td></td>
</tr>
<tr>
<td>Maine</td>
<td>6</td>
<td>0.45%</td>
<td>$3,280,899</td>
<td>$5,502,494</td>
<td>$2,221,595</td>
<td>2.6020%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$2,221,595</td>
<td>$5,502,494</td>
<td></td>
</tr>
</tbody>
</table>
## CHART 2 - PRELIMINARY QUALIFYING INDIVIDUALS ALLOTMENTS FOR OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012

<table>
<thead>
<tr>
<th>STATE</th>
<th>Number of Individuals /3 (000s)</th>
<th>Initial QI Allotment Col C x</th>
<th>FY 2012 Estimated QI Expenditures /1</th>
<th>Need (Difference) If E&gt;D, E-D</th>
<th>Pct of Tot. Need States F(Tot. of F)</th>
<th>Reduction Pool for Non-Need States If D &gt;= E, D-E</th>
<th>Pct of Tot. Non-Need States H(Tot. of H)</th>
<th>Reduction Adj. For Non-Need States Col. I x</th>
<th>Increase Adj. For Need States Col. G x</th>
<th>Preliminary FY 2012 QI Allotment /2</th>
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<tbody>
<tr>
<td>Maryland</td>
<td>19</td>
<td>$10,389,513</td>
<td>$7,940,024</td>
<td>NA</td>
<td>NA</td>
<td>$2,449,489</td>
<td>1.3952%</td>
<td>$1,191,258</td>
<td>NA</td>
<td>$9,198,255</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>34</td>
<td>$18,591,760</td>
<td>$9,865,515</td>
<td>NA</td>
<td>NA</td>
<td>$8,726,245</td>
<td>4.9705%</td>
<td>$4,243,828</td>
<td>NA</td>
<td>$14,347,933</td>
</tr>
<tr>
<td>Michigan</td>
<td>39</td>
<td>$21,325,843</td>
<td>$16,527,241</td>
<td>NA</td>
<td>NA</td>
<td>$4,798,602</td>
<td>2.7333%</td>
<td>$2,333,700</td>
<td>NA</td>
<td>$18,992,143</td>
</tr>
<tr>
<td>Minnesota</td>
<td>21</td>
<td>$11,483,146</td>
<td>$6,331,442</td>
<td>NA</td>
<td>NA</td>
<td>$5,151,704</td>
<td>2.9344%</td>
<td>$2,505,424</td>
<td>NA</td>
<td>$8,977,722</td>
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<td>Mississippi</td>
<td>19</td>
<td>$10,389,513</td>
<td>$14,073,559</td>
<td>$3,684,045</td>
<td>4.3148%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$3,684,045</td>
</tr>
<tr>
<td>Missouri</td>
<td>35</td>
<td>$19,138,577</td>
<td>$4,610,033</td>
<td>NA</td>
<td>NA</td>
<td>$14,528,544</td>
<td>8.7555%</td>
<td>$7,065,655</td>
<td>NA</td>
<td>$12,072,922</td>
</tr>
<tr>
<td>Montana</td>
<td>7</td>
<td>$3,827,715</td>
<td>$1,634,468</td>
<td>NA</td>
<td>NA</td>
<td>$2,193,247</td>
<td>1.2493%</td>
<td>$1,066,640</td>
<td>NA</td>
<td>$2,761,075</td>
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<td>Nebraska</td>
<td>7</td>
<td>$3,827,715</td>
<td>$2,290,755</td>
<td>NA</td>
<td>NA</td>
<td>$1,536,961</td>
<td>0.8755%</td>
<td>$747,469</td>
<td>NA</td>
<td>$3,080,247</td>
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<td>Nevada</td>
<td>9</td>
<td>$4,921,348</td>
<td>$4,571,315</td>
<td>NA</td>
<td>NA</td>
<td>$350,034</td>
<td>0.1994%</td>
<td>$170,232</td>
<td>NA</td>
<td>$4,751,117</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>5</td>
<td>$2,732,084</td>
<td>$2,423,106</td>
<td>NA</td>
<td>NA</td>
<td>$310,976</td>
<td>0.1711%</td>
<td>$151,237</td>
<td>NA</td>
<td>$2,582,846</td>
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<tr>
<td>New Jersey</td>
<td>29</td>
<td>$15,857,678</td>
<td>$10,951,168</td>
<td>NA</td>
<td>NA</td>
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<td>2.7947%</td>
<td>$2,386,179</td>
<td>NA</td>
<td>$13,471,499</td>
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<tr>
<td>New Mexico</td>
<td>10</td>
<td>$5,468,165</td>
<td>$4,465,903</td>
<td>NA</td>
<td>NA</td>
<td>$1,002,262</td>
<td>0.5709%</td>
<td>$487,429</td>
<td>NA</td>
<td>$4,980,736</td>
</tr>
<tr>
<td>New York</td>
<td>78</td>
<td>$42,651,685</td>
<td>$48,773,400</td>
<td>$6,121,715</td>
<td>7.1699%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$6,121,715</td>
</tr>
<tr>
<td>North Carolina</td>
<td>47</td>
<td>$25,708,375</td>
<td>$27,251,247</td>
<td>$1,550,872</td>
<td>1.8164%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$1,550,872</td>
</tr>
<tr>
<td>North Dakota</td>
<td>3</td>
<td>$1,640,449</td>
<td>$657,258</td>
<td>NA</td>
<td>NA</td>
<td>$983,191</td>
<td>0.5600%</td>
<td>$478,154</td>
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<td>58</td>
<td>$31,715,356</td>
<td>$24,059,429</td>
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<td>NA</td>
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<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$1,393,033</td>
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<tr>
<td>Oregon</td>
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<td>$9,295,880</td>
<td>$15,585,720</td>
<td>$6,289,840</td>
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<td>Need</td>
<td>Need</td>
<td>Need</td>
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<td>Pennsylvania</td>
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<td>$31,174,879</td>
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<td>NA</td>
<td>$4,915,008</td>
<td>2.7996%</td>
<td>$2,390,312</td>
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<td>$33,699,576</td>
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<td>0.3094%</td>
<td>$264,155</td>
<td>NA</td>
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<td>South</td>
<td>26</td>
<td>$14,217,228</td>
<td>$12,453,000</td>
<td>NA</td>
<td>NA</td>
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<td>1.0049%</td>
<td>$857,996</td>
<td>NA</td>
<td>$13,359,233</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------------------------</td>
<td>-------------------------------------</td>
<td>------------------------------</td>
<td>----------------------------------</td>
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<td>---------------------------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Carolina</td>
<td>4</td>
<td>0.30%</td>
<td>$2,187,266</td>
<td>$1,945,379</td>
<td>NA</td>
<td>NA</td>
<td>$241,887</td>
<td>0.1378%</td>
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<td>NA</td>
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<td>South Dakota</td>
<td>32</td>
<td>2.40%</td>
<td>$17,498,127</td>
<td>$8,348,262</td>
<td>9.7777%</td>
<td>Need</td>
<td>Need</td>
<td>Need</td>
<td>$8,348,262</td>
<td>$25,846,389</td>
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<td>Tennessee</td>
<td>105</td>
<td>7.87%</td>
<td>$57,415,730</td>
<td>$32,047,796</td>
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<td>NA</td>
<td>$25,367,935</td>
<td>14.4496%</td>
<td>$12,337,166</td>
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<td>$2,734,082</td>
<td>$2,410,794</td>
<td>NA</td>
<td>NA</td>
<td>$323,288</td>
<td>0.1841%</td>
<td>$157,224</td>
<td>NA</td>
</tr>
<tr>
<td>Utah</td>
<td>2</td>
<td>0.15%</td>
<td>$1,093,633</td>
<td>$3,658,188</td>
<td>$2,564,555</td>
<td>3.0037%</td>
<td>Need</td>
<td>Need</td>
<td>$2,564,555</td>
<td>$3,658,188</td>
</tr>
<tr>
<td>Vermont</td>
<td>25</td>
<td>1.87%</td>
<td>$13,670,412</td>
<td>$11,425,182</td>
<td>NA</td>
<td>NA</td>
<td>$2,245,230</td>
<td>1.2789%</td>
<td>$1,091,921</td>
<td>NA</td>
</tr>
<tr>
<td>Virginia</td>
<td>26</td>
<td>1.95%</td>
<td>$14,217,228</td>
<td>$9,948,702</td>
<td>NA</td>
<td>NA</td>
<td>$4,268,527</td>
<td>2.4314%</td>
<td>$2,075,909</td>
<td>NA</td>
</tr>
<tr>
<td>Washington</td>
<td>16</td>
<td>1.20%</td>
<td>$8,749,064</td>
<td>$6,525,062</td>
<td>NA</td>
<td>NA</td>
<td>$2,224,001</td>
<td>1.2668%</td>
<td>$1,081,597</td>
<td>NA</td>
</tr>
<tr>
<td>West Virginia</td>
<td>27</td>
<td>2.02%</td>
<td>$14,764,045</td>
<td>$5,362,178</td>
<td>NA</td>
<td>NA</td>
<td>$9,401,867</td>
<td>5.3553%</td>
<td>$4,572,402</td>
<td>NA</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>3</td>
<td>0.22%</td>
<td>$1,640,449</td>
<td>$887,851</td>
<td>NA</td>
<td>NA</td>
<td>$752,599</td>
<td>0.4287%</td>
<td>$366,011</td>
<td>NA</td>
</tr>
<tr>
<td>Total</td>
<td>1,335</td>
<td>100.00%</td>
<td>$730,000,000</td>
<td>$639,818,999</td>
<td>$85,380,846</td>
<td>$100.0000%</td>
<td>$175,561,847</td>
<td>100.0000%</td>
<td>$85,380,846</td>
<td>$85,380,846</td>
</tr>
</tbody>
</table>

Footnotes:

1/ FY 2012 Estimates from January 2012 CMS Survey of States; Estimates Are For Months October 2011 Through September 2012

2/ For Need States, Preliminary FY 2012 QI Allotment is equal to Initial QI Allotment in Column D increased by amount in Column K

3/ For Non-Need States, Preliminary FY 2012 QI Allotment is equal to Initial QI Allotment in Column D reduced by amount in Column J

3/ Three-year average (2008-2010) of number (000) of Medicare beneficiaries in State who are not enrolled in Medicaid but whose incomes are at least 120% but less than 135% of Federal poverty level

Source: Census Bureau Annual Social and Economic Supplement (ASEC) to the 2011 Current Population Survey (CPS)
The following describes the information contained in the columns of Chart 1 and Chart 2:

**Column A—State.** Column A shows the name of each State. Columns B through D show the determination of an Initial QI Allotment for FY 2011 (Chart 1) or FY 2012 (Chart 2) for each State, based only on the indicated Census Bureau data.

**Column B—Number of Individuals.** Column B contains the estimated average number of Medicare beneficiaries for each State that are not covered by Medicaid whose family income is at least 120 but less than 135 percent of the federal poverty level. With respect to the final FY 2011 QI allotment (Chart 1), Column B contains the number of such individuals for the years 2007 through 2009, as obtained from the Census Bureau’s Annual Social and Economic Supplement to the 2010 Current Population Survey. With respect to the preliminary FY 2012 QI allotment (Chart 2), Column B contains the number of such individuals for the years 2008 through 2010, as obtained from the Census Bureau’s Annual Social and Economic Supplement to the 2011 Current Population Survey.

**Column C—Percentage of Total.** Column C provides the percentage of the total number of individuals for each State, that is, the Number of Individuals for the State in Column B divided by the sum total of the Number of Individuals for all States in Column B.

**Column D—Initial QI Allotment.** Column D contains each State’s Initial QI Allotment for FY 2011 (Chart 1) or FY 2012 (Chart 2), calculated as the State’s Percentage of Total in Column C multiplied by the total amount available nationally for QI allotments for the fiscal year. The total amount available nationally for QI allotments each fiscal year is $885,000,000 for FY 2011 (Chart 1) and $730,000,000 for FY 2012 (Chart 2).

Columns E through L show the determination of the States’ Final QI Allotments for FY 2011 (Chart 1) or Preliminary QI Allotments for FY 2012 (Chart 2).

**Column E—FY 2011 Estimated QI Expenditures.** Column E contains the States’ estimates of their total QI expenditures for FY 2011 (Chart 1) or FY 2012 (Chart 2) based on information obtained from States in the summer of 2011. The projected QI expenditures for FY 2012 were updated in January 2012 to reflect the extended funding and authority for the QI program for FY 2012.

**Column F—Need (Difference).** Column F contains the additional amount of QI allotment needed for those States whose estimated expenditures in Column E exceeded their Initial QI allotments in Column D for FY 2011 (Chart 1) or for FY 2012 (Chart 2) for such States, Column F shows the amount in Column E minus the amount in Column D. For other “Non-Need” States, Column F shows “NA”.

**Column G—Percent of Total Need States.** For States whose projected QI expenditures in Column E are greater than their initial QI allotment in Column D for FY 2011 (Chart 1) or FY 2012 (Chart 2), respectively, Column G shows the percentage of total need, determined as the amount for each State in Column F divided by the sum of the amounts for all States in Column F, for Non-Need States, the entry in Column G is “NA”.

**Column H—Reduction Pool for Non-Need States.** Column H shows the amount of the pool of surplus QI allotments for FY 2011 (Chart 1) or FY 2012 (Chart 2), respectively, for those States that project QI expenditures for the fiscal year that are less than the Initial QI allotment for the fiscal year (referred to as non-need States). For States whose estimates of QI expenditures for FY 2011 or FY 2012, respectively, in Column E are equal to or less than their Initial FY 2011 or FY 2012 QI allotments in Column D for FY 2011 or FY 2012, Column H shows the amount in Column D minus the amount in Column E. For the States with a need, Column H shows “Need”. The reduction pool of excess QI allotments is equal to the sum of the amounts in Column H.

**Column I—Percent of Total Non-Need States.** For States whose projected QI expenditures in Column E are less than their Initial QI allotment in Column D for FY 2011 (Chart 1) or FY 2012 (Chart 2), Column I shows the percentage of the total reduction pool in Column H, determined as the amount for each Non-Need State in Column H divided by the sum of the amounts for all States in Column H. For Need States, the entry in Column I is “Need”.

**Column J—Reduction Adjustment for Non-Need States.** Column J shows the amount of adjustment needed to reduce the Initial QI allotments in Column D for FY 2011 (Chart 1) or FY 2012 (Chart 2) for Non-Need States in order to address the total need shown in Column F. The amount in Column J is determined as the percentage in column I for Non-Need States multiplied by the lesser of the total need in Column F (equal to the sum of Needs in Column F) or the total Reduction Pool in Column H (equal to the sum of the Non-Need amounts in Column H). For Need States, the entry in Column J is “Need”.

**Column K—Increase Adjustment for Need States.** Column K shows the amount of adjustment to increase the Initial QI Allotment in Column D for FY 2011 (Chart 1) or FY 2012 (Chart 2) for Need States in order to address the total need shown for the fiscal year in Column F. The amount in Column K is determined as the percentage in Column G for Need States multiplied by the lesser of the total need in Column F (equal to the sum of Needs in Column F) or the total Reduction Pool in Column H (equal to the sum of the Non-Need amounts in Column H). For Non-Need States, the entry in Column K is “NA”.

**Column L—Final FY 2011 QI Allotment (Chart 1) or Preliminary FY 2012 QI Allotment (Chart 2).** Column L contains the Final QI Allotment for each State for FY 2011 (Chart 1) or the Preliminary QI Allotment for FY 2012 (Chart 2). For States that need additional QI allotments for the fiscal year based on Estimated QI Expenditures in Column E as compared to their Initial QI allotments in Column D for the fiscal year (States with a projected need amount are shown in Column F), Column L is equal to the Initial QI Allotment in Column D for FY 2011 (Chart 1) or FY 2012 (Chart 2) plus the amount determined in Column K for Need States. For Non-Need States (States with a projected surplus in Column H), Column L is equal to the QI Allotment in Column D reduced by the Reduction Adjustment amount in Column J.

### III. Waiver of Notice With Comment and 30-Day Delay in Effective Date

We ordinarily publish a notice with comment in the Federal Register and invite public comment. The notice with comment includes a reference to the legal authority under which the notice is proposed, and the terms and substance of the notice with comment, or a description of the subjects and issues involved. This procedure can be waived, however, if an agency finds good cause that a notice-and-comment procedure is impracticable, unnecessary, or contrary to the public interest, and incorporates a statement of the finding and its reasons in the notice issued. In addition, we also normally provide a delay of 30 days in the effective date. However, if adherence to this procedure would be impractical, unnecessary, or contrary to public interest, we may waive the delay in the effective date in accordance with the Administrative Procedure Act (5 U.S.C. 553 et seq).

We are publishing this notice without a comment period or delay in effective
date because of the need to notify individual States of the limitations on Federal funds for their Medicaid expenditures for payment of Medicare Part B premiums for qualifying individuals. Some States have experienced deficits in their current allotments that have caused them to consider denying benefits to eligible applicants, while other States project a surplus in their allotments. This notice adjusts the allocation of Federal funds, which will reduce the impact of States potentially denying coverage to eligible QIs when there is sufficient funding to cover all or some of these individuals. Because access to Medicare Part B coverage for QIs, who without this coverage would have difficulty paying for needed health care, is critically important, we believe that it is in the public interest to waive the usual notice and comment procedure which we undertake before making a notice final. Moreover, we are not making any changes to the process we use for allocating allotments. We are simply implementing a process already set forth in regulations. For these reasons, we also believe a notice and comment process would be unnecessary.

Therefore, for the reasons discussed above, we find that good cause exists to dispense with the normal requirement that a notice cannot become effective any earlier than 30 days after its publication. States that will have access to additional funds for QIs need to know that these funds are available as soon as possible. While we believe the surplus States that will have diminished amounts for this FY will have sufficient funds for enrolling all potential QIs in their States, they also need to know as soon as possible that a certain amount of their unused allocation will no longer be available to them for this FY.

IV. Collection of Information Requirements

This notice does not impose any information collection or recordkeeping requirements. Consequently, it does not need Office of Management and Budget review under the authority of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.).

V. Regulatory Impact Statement

We have examined the impact of this notice as required by Executive Order 12866 (September 1993, Regulatory Planning and Review), the Regulatory Flexibility Act (RFA) (September 19, 1980, Pub. L. 96–354), section 1102(b) of the Social Security Act, (the Act), the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4), and Executive Order 13132 on Federalism and the Congressional Review Act (5 U.S.C. 804(2)).

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 in any one year). This notice does not reach the economic threshold and thus is not considered a major rule.

The RFA requires agencies to analyze options for regulatory relief for small businesses. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of $7 million to $34.5 million in any one year. Individuals and States are not included in the definition of a small entity.

This notice codifies our procedures for implementing provisions of the Balanced Budget Act of 1997 (Pub. L. 105–33, enacted on August 5, 1997) to allocate, among the States, Federal funds to provide Medicaid payment for Medicare Part B premiums for low-income Medicare beneficiaries. The total amount of Federal funds available during a Federal fiscal year and the formula for determining individual State allotments are specified in the law. We have applied the statutory formula for the State allotments. Because the data specified in the law were not initially available, we used comparable data from the U.S. Census Bureau on the number of possible qualifying individuals in the States. This notice also permits, in a specific circumstance, reallocation of funds to enable enrollment of all eligible individuals to the extent of the available funding. We believe that the statutory provisions implemented in this notice will have a positive effect on States and individuals. Federal funding at the 100 percent matching rate is available for Medicare cost-sharing for Medicare Part B premiums for qualifying individuals and, with the reallocation of the State allotments, a greater number of low-income Medicare beneficiaries will be eligible to have their Medicare Part B premiums paid under Medicaid. The changes in allotments will not result in fewer individuals receiving the QI benefit in any State.

Section 1102(b) of the Act requires us to prepare a regulatory impact analysis for any rule that may have a significant impact on the operations of a substantial number of small rural hospitals. The analysis must conform to the provisions of section 604 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 are not preparing analyses for either the RFA or section 1102(b) of the Act because we have determined and certify that this notice will not have a significant economic impact on a substantial number of small entities or a significant impact on the operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 (Pub. L. 104–04, enacted on March 22, 1995), also requires that agencies assess anticipated costs and benefits before issuing any rule that may result in expenditure in any one year by State, local, or tribal governments, in the aggregate, or by the private sector, of $139 million. This notice will have no consequential effect on the governments mentioned or on the private sector.

Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a rule that imposes substantial direct requirement costs on State and local governments, preempts State law, or otherwise has federalism implications. Since this notice does not impose any costs on State or local governments, the requirements of E.O. 13132 are not applicable.

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

(Catalog of Federal Domestic Assistance Program No. 93.778, Medical Assistance Program)


Marilyn Tavenner,
Acting Administrator, Centers for Medicare & Medicaid Services.

Dated: June 8, 2012.

Kathleen Sebelius,
Secretary.