and CMS document identifier, to *Paperwork@cms.hhs.gov*, or call the Reports Clearance Office on (410) 786–1326.

Written comments and recommendations for the proposed information collections must be mailed or faxed within 30 days of this notice directly to the OMB desk officer: OMB Human Resources and Housing Branch, Attention: Carolyn Lovett, New Executive Office Building, Room 10235, Washington, DC 20503, Fax Number: (202) 395–6974.

Dated: April 12, 2006.

Michelle Shortt,

Director, Regulations Development Group, Office of Strategic Operations and Regulatory Affairs.

[FR Doc. E6–5832 Filed 4–20–06; 8:45 am]

BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[Document Identifier: CMS–10193 and CMS–10133]

Agency Information Collection Activities: Proposed Collection; Comment Request

AGENCY: Centers for Medicare & Medicaid Services, HHS.

In compliance with the requirement of section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995, the Centers for Medicare & Medicaid Services (CMS) is publishing the following summary of proposed collections for public comment. Interested persons are invited to send comments regarding this burden estimate or any other aspect of this collection of information, including any of the following subjects: (1) The necessity and utility of the proposed information collection for the proper performance of the agency's functions; (2) the accuracy of the estimated burden; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

1. *Type of Information Collection Request:* New Collection; *Title of Information Collection:* Medicare Clinical Laboratory Services Competitive Bidding Demonstration Project—Bidding Form; *Use:* The Medicare Clinical Laboratory Competitive Bidding Demonstration is mandated by section 302(b) of the Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003. The purpose of the demonstration is to determine whether competitive bidding can be used to provide quality laboratory services at prices below current Medicare reimbursement rates. The application is to collect information from organizations that supply clinical laboratory services to Medicare beneficiaries in the Competitive Bidding Area (CBA). This information will be used to determine bidding status, winners under the bidding competition, and the competitively-determined fee schedule for demonstration tests. The winning laboratories will be selected based on multiple criteria, including price bid, laboratory capacity, service area, and quality. Multiple winners are expected in each competitive acquisition areas; *Form Number:* CMS–10193 (OMB#: 0938–New); *Frequency:* Reporting—Other: Once every three years; *Affected Public:* Business or other for-profit; *Number of Respondents:* 80; *Total Annual Responses:* 80; *Total Annual Hours:* 7010.

2. *Type of Information Collection Request:* Extension of a currently approved collection; *Title of Information Collection:* Competitive Acquisition Program (CAP) for Medicare Part B Drugs: Vendor Application and Bid Form; *Use:* The CAP Vendor Application and Bid Form is a collection tool which will be used by potential vendors to provide information related to the characteristics of their company and to submit their bid prices for CAP drugs. The information collected on the CAP Vendor Application and Bid Form will be used by CMS during the bidding evaluation process to evaluate the vendors bid prices, their credentials, experience and to assess their ability to provide quality service to physicians and beneficiaries. Competitive bidding is seen as a means of using the dynamics of the marketplace to provide incentives for suppliers to provide reasonably priced products and services of high quality in an efficient manner. The CAP's objectives include providing an alternative method for physicians to obtain Part B drugs to administer to Medicare beneficiaries and reducing drug acquisition and billing burdens for physicians; *Form Number:* CMS–10133 (OMB#: 0938–0955); *Frequency:* Reporting—Other, during the bidding process; *Affected Public:* Business or other for-profit; *Number of Respondents:* 12; *Total Annual Responses:* 12; *Total Annual Hours:* 480.

To obtain copies of the supporting statement and any related forms for the proposed paperwork collections referenced above, access CMS' Web Site address at *http://www.cms.hhs.gov/PaperworkReductionActof1995,* or e-mail your request, including your address, phone number, OMB number, and CMS document identifier, to *Paperwork@cms.hhs.gov,* or call the Reports Clearance Office on (410) 786–1326.

To be assured consideration, comments and recommendations for the proposed information collections must be received at the address below, no later than 5 p.m. on June 20, 2006.

CMS, Office of Strategic Operations and Regulatory Affairs, Division of Regulations Development—C, Attention: Bonnie L. Harkless, Room C4–26–05, 7500 Security Boulevard, Baltimore, Maryland 21244–1850.

Dated: April 12, 2006.

Michelle Shortt,

Director, Regulations Development Group, Office of Strategic Operations and Regulatory Affairs.

[FR Doc. E6–5833 Filed 4–20–06; 8:45 am]

BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS–2235–NC]

RIN 0938–AO38

State Children's Health Insurance Program (SCHIP); Redistribution of Unexpended SCHIP Funds From the Appropriation for Fiscal Year 2003; Additional Allotments To Eliminate SCHIP Fiscal Year 2006 Funding Shortfalls; and Provisions for Continued Authority for Qualifying States To Use a Portion of Certain SCHIP Funds for Medicaid Expenditures

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

ACTION: Notice with comment period.

SUMMARY: This notice with comment period describes the procedure for redistribution of States' unexpended Federal fiscal year (FY) 2003 SCHIP allotments remaining at the end of FY 2005 to those States that fully expended such allotments. This notice also announces the application of the provisions of the Deficit Reduction Act of 2005 (DRA, Pub. L. 109–171, enacted on February 8, 2006) concerning the availability of additional allotments

appropriated to eliminate States' funding shortfalls under the SCHIP in FY 2006. The redistributed FY 2003 allotments and the additional allotments to eliminate shortfalls in FY 2006 will be available through the end of FY 2006 (September 30, 2006).

This notice also describes the DRA amendments to the SCHIP statute relating to the provisions for ''qualifying States'' to elect to receive a portion of their available SCHIP allotments as increased Federal matching funds for certain expenditures in their Medicaid programs.

DATES: *Comment Date:* To be assured consideration, comment must be received at one of the addresses provided below, no later than 5 p.m. on May 22, 2006. *Effective Date:* April 21, 2006.

ADDRESSES: In commenting, please refer to file code CMS–2235–NC. Because of staff and resource limitations, we cannot accept comments by facsimile (fax) transmission.

You may submit comments in one of four ways (no duplicates, please):

1. *Electronically.* You may submit electronic comments on specific issues in this regulation to *http://www.cms.hhs.gov/eRulemaking.* Click on the link ''Submit electronic comments on CMS regulations with an open comment period.'' (Attachments should be in Microsoft Word, WordPerfect, or Excel; however, we prefer Microsoft Word.)

2. *By regular mail.* You may mail written comments (one original and two copies) to the following address *only:* Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS–2235–NC, P.O. Box 8010, Baltimore, MD 21244–8010.

Please allow sufficient time for mailed comments to be received before the close of the comment period.

3. *By express or overnight mail.* You may send written comments (one original and two copies) to the following address *only:* Centers for Medicare & Medicaid Services, Department of Health and Human Services, Attention: CMS–2235–NC, Mail Stop C4–26–05, 7500 Security Boulevard, Baltimore, MD 21244–1850.

4. *By hand or courier.* If you prefer, you may deliver (by hand or courier) your written comments (one original and two copies) before the close of the comment period to one of the following addresses. If you intend to deliver your comments to the Baltimore address, please call telephone number (410) 786–7195 in advance to schedule your arrival with one of our staff members.

Room 445–G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201; or 7500 Security Boulevard, Baltimore, MD 21244–1850.

(Because access to the interior of the HHH Building is not readily available to persons without Federal Government identification, commenters are encouraged to leave their comments in the CMS drop slots located in the main lobby of the building. A stamp-in clock is available for persons wishing to retain a proof of filing by stamping in and retaining an extra copy of the comments being filed.)

Comments mailed to the addresses indicated as appropriate for hand or courier delivery may be delayed and received after the comment period.

SUPPLEMENTARY INFORMATION:

Submitting Comments: We welcome comments from the public on all issues set forth in this notice with comment period to assist us in fully considering issues and developing policies. You can assist us by referencing the file code CMS–2235–NC and the specific ''issue identifier'' that precedes the section on which you choose to comment.

Inspection of Public Comments: All comments received before the close of the comment period are available for viewing by the public, including any personally identifiable or confidential business information that is included in a comment. We post all comments received before the close of the comment period on the following Web site as soon as possible after they have been received: *http://www.cms.hhs.gov/eRulemaking.* Click on the link ''Electronic Comments on CMS Regulations'' on that Web site to view public comments.

Comments received timely will also be available for public inspection as they are received, generally beginning approximately 3 weeks after publication of a document, at the headquarters of the Centers for Medicare & Medicaid Services, 7500 Security Boulevard, Baltimore, Maryland 21244, Monday through Friday of each week from 8:30 a.m. to 4 p.m. To schedule an appointment to view public comments, phone 1–800–743–3951.

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

I. Background

[If you choose to comment on issues in this section, please include the caption ''Background'' at the beginning of your comments.]

A. Availability and Redistribution of SCHIP Fiscal Year Allotments

Title XXI of the Social Security Act (the Act) sets forth the State Children's Health Insurance Program (SCHIP) to enable States, the District of Columbia, and specified Commonwealths and Territories to initiate and expand health insurance coverage to uninsured, low-income children. In this notice, unless otherwise indicated, the terms ''State'' and ''States'' refer to any or all of the 50 States, the District of Columbia, and the Commonwealths and Territories. States may implement the SCHIP through a separate child health program under title XXI of the Act, an expanded program under title XIX of the Act, or a combination of both.

Under section 2104(e) of the Act, the SCHIP allotments for a Federal fiscal year are available to match expenditures under an approved State child health plan for an initial 3-fiscal year ''period of availability,'' including the fiscal year for which the allotment was provided. After the initial period of availability, the amount of unspent allotments is reallotted and continues to be available during a subsequent period of availability, specified in the SCHIP statute. The statute directs the Secretary to redistribute allotments unexpended at the end of the initial 3-year period of availability from States that did not fully spend the allotments to States that fully spent the allotments for the fiscal year (with an exception for FY 1998 through 2001 allotments that is not relevant to allotments discussed in this notice).

B. Availability and Redistribution of SCHIP Fiscal Year 2003 Allotments

Section 2104(e) of the Act provides that amounts allotted to a State shall remain available for expenditure by the State through the end of the second succeeding fiscal year, except that amounts reallotted to the State are available for expenditure by the State through the end of the fiscal year in which they are reallotted. Section 2104(f) of the Act requires the Secretary to ''determine an appropriate procedure for redistribution of allotments'' from States that have not expended their allotments for the fiscal year to States that have fully expended their allotments.

Under sections 2104(e) and (f) of the Act, the Secretary is required to establish a procedure that provides for the treatment of States' unused SCHIP allotments. Accordingly, for purposes of this notice, in applying section 2104(f) of the Act, following the initial 3-year period of availability referenced in

section 2104(e) of the Act, the Secretary must determine an ''appropriate procedure for redistribution'' of the amounts of States' FY 2003 SCHIP allotments from States that did not expend the allotments during the 3-year period of availability for that fiscal year (that is, FY 2003 through FY 2005) only to States that fully expended their FY 2003 allotments during the 3-year period of availability.

A final notice, published in the **Federal Register** on September 29, 2005 (70 FR 56901), described the procedure for redistribution of States' unexpended FY 2002 SCHIP allotments, as authorized and required under section 2104(f) of the Act. In determining the procedure for reallocating the unused FY 2002 allotments, our primary consideration was to address, to the greatest extent possible, any projected State shortfalls for each of the redistribution States that would occur in FY 2005, the fiscal year in which the FY 2002 redistribution occurred. We determined these State shortfalls in FY 2005 by considering for each redistribution State: (1) The projected SCHIP-related expenditures in FY 2005, as reflected in the State's August 15, 2005 quarterly budget submission (Forms CMS–37 and/or CMS–21B); and (2) the total SCHIP allotments available in FY 2005 for the State, exclusive of any FY 2002 redistribution. For a redistribution State whose FY 2005 projected SCHIP-related expenditures were greater than its total SCHIP allotments available in FY 2005, the difference between the amounts under (1) and (2) for a State represents that State's ''shortfall'' for FY 2005.

In the procedure for redistributing the unexpended FY 2002 allotments described in the September 29, 2005 **Federal Register** notice, only after accounting for the FY 2005 shortfall amounts of the redistribution States did we further redistribute any remaining unexpended FY 2002 allotments to the redistribution States. For purposes of consistency with previous fiscal year redistribution methodologies, we based the redistribution of the remaining unexpended FY 2002 allotments (that is, only after first accounting for the total shortfalls for each redistribution State) on the same redistribution methodology as set forth in the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA), Pub. L. 106–554, enacted on December 21, 2000, amending section 2104(g)(1) of the Act. Specifically, we allocated the remaining amounts of the unexpended FY 2002 allotments based on the difference between each of the redistribution States' total SCHIP-related expenditures for the 3-year period of availability related to FY 2002 (that is, FY 2002 through FY 2004) and the State's FY 2002 allotment. The allocation basis is the percentage determined by dividing this difference for each redistribution State (including those redistribution States with a FY 2005 shortfall) by the total of those differences for all redistribution States.

C. Additional Allotments To Eliminate FY 2006 Funding Shortfalls

Section 6101(a) of the DRA added a new section 2104(d) of the Act to provide for additional allotments to eliminate State SCHIP funding shortfalls in FY 2006. The procedure for redistribution of the unexpended FY 2003 allotments remaining at the end of the 3-year period of availability for that fiscal year (that is, FY 2003 through FY 2005), described in this notice below, incorporates a distribution procedure for the additional allotments authorized by new section 2104(d) of the Act.

D. Expenditures, Authority for Qualifying States To Use Available SCHIP Allotments for Medicaid Expenditures, and Ordering of Allotments Elections

Under section 2105(a)(1)(A) through (D) and (a)(2) of the Act and before enactment of Pub. L. 108–74 (Extension of Availability of SHIP Allotment Act, enacted on August 15, 2003), only Federal payments for the following Medicaid and SCHIP expenditures were applied against States' available SCHIP allotments: (1) Medical assistance provided under title XIX (Medicaid) to targeted low-income children in a SCHIP-related Medicaid expansion, for which the enhanced SCHIP FMAP rate is available; (2) medical assistance provided on behalf of a child during a period of presumptive eligibility under section 1920A of the Act (these funds are matched at the regular Medicaid FMAP rate); (3) child health assistance to targeted low income children that meets minimum benefit requirements under SCHIP; and (4) expenditures in the SCHIP that are subject to the 10-percent limit on non-primary expenditures (including other child health assistance for targeted low-income children, health services initiatives, outreach, and administrative costs).

Section 1(b) of Pub. L. 108–74, as amended by Pub. L. 108–127 (Social Security Act, Technical corrections, enacted November 17, 2003), added new section 2105(g) to the Act under which certain ''qualifying States'' that met prescribed criteria may elect to use up to 20 percent of any of the States' available SCHIP allotments for FY 1998, 1999, 2000, or 2001 to increase the FMAP rate for regular Medicaid expenditures to the enhanced FMAP rate available under SCHIP. As described in the **Federal Register** published on July 23, 2004 (69 FR 44013), if a qualified State submits both 20 percent allowance expenditures and other ''regular'' SCHIP expenditures at the same time in a quarter, the 20 percent allowance expenditures will be applied first against the available fiscal year reallotments. However, the 20 percent allowance expenditures may be applied only against the specified fiscal year allotment funds (upon which the 20 percent allowances were based) and which remain available. Under section 2104(g)(1)(B)(iii) of the Act, the amounts of States' FY 2001 reallotments are only available through the end of FY 2005; therefore, the FY 2001 20 percent allowances for the qualifying States are only available through the end of FY 2005.

Section 6103 of the DRA provides for continued authority for qualifying States to use a portion of their available FY 2004 and FY 2005 SCHIP allotments to increase the FMAP rate for expenditures made under the Medicaid program on or after October 1, 2005.

II. Provisions of This Notice

[If you choose to comment on issues in this section, please include the caption ''Provisions of This Notice'' at the beginning of your comments.]

The purpose of this notice with comment period is to set forth our procedure for redistributing FY 2003 unexpended allotments. In this regard, this notice applies solely to the redistribution of FY 2003 unexpended allotments and does not describe the procedure for the redistribution of any other unexpended fiscal year allotments. We anticipate publishing notices on redistribution procedures for subsequent fiscal years, unless Congress otherwise amends the Act to set forth procedures for redistributing such unexpended fiscal year allotments. This notice also describes our distribution of additional allotments in FY 2006 to eliminate State SCHIP funding shortfalls in FY 2006, and to implement the continued authority for ''qualifying States'' to elect to receive a portion of certain of their available FY 2004 and FY 2005 SCHIP allotments as increased Federal matching funds for certain expenditures in their Medicaid programs.

A. Redistribution of the FY 2003 SCHIP Allotments and Additional Allotments To Eliminate FY 2006 Funding Shortfalls

1. Current Law and Amendments

Under section 2104(f) of the Act, the Secretary must determine an appropriate procedure to redistribute the entire amount of States' unexpended SCHIP allotments following the end of the related initial 3-year period of availability only to those States that fully expended the allotments by the end of the initial 3-year period of availability (referred to in this notice as the redistribution States). Furthermore, section 2104(d) of the Act, as added by section 6101(a) of the DRA, provides for additional allotments to FY 2006 ''shortfall States.'' As described below, the appropriate procedure for redistribution of States' unexpended FY 2003 allotments remaining at the end of FY 2005 incorporates the new provisions at section 2104(d) of the Act relating to the elimination of shortfalls in the SCHIP in FY 2006.

Under section 2104(d)(2) of the Act, a shortfall State is a State with an approved child health plan under title XXI of the Act, for which the Secretary estimates based on the most recent data available to the Secretary as of December 16, 2005 that its projected FY 2006 expenditures under such plan will exceed the sum of:

i. The amount of the State's allotments for each of FYs 2004 and 2005 that were not expended by the end of FY 2005;

ii. The amount, if any, that is redistributed to the State during fiscal year 2006; and

iii. The amount of the State's allotment for FY 2006.

We determined the amount of each State's unexpended FY 2004 and FY 2005 allotments that were not expended by the end of FY 2005 based on States' quarterly expenditure reports (Forms CMS–21 and CMS–64) as submitted and certified by States through November 30, 2005. The amounts of the States' allotments for FY 2006 are as published in the **Federal Register** on June 24, 2005 (70 FR 36615).

In determining the appropriate procedure for reallocating the unexpended FY 2003 allotments remaining at the end of FY 2005, we incorporated the above definition of shortfall State under section 2104(d)(2) of the Act, except that we did not include the amount of any FY 2003 redistribution (number ii. above). That is, before we could determine the amounts of any unexpended FY 2003 allotments to be redistributed to States in FY 2006 under number ii. above (and which would be redistributed in association with the additional amounts to be allotted to States to eliminate any shortfall in FY 2006), we first determined whether the amounts of States' available allotments under i. and iii. above were sufficient to meet the States' projected expenditures for FY 2006. A shortfall would be considered to exist for a State whose available allotments would be insufficient to meet its projected expenditures. We refer to the shortfall in FY 2006 determined without including the FY 2003 redistribution as the ''initial FY 2006 shortfall.'' In particular, the ''initial FY 2006 shortfall'' for a State is equal to the difference (greater than zero) of a State's projected FY 2006 SCHIP expenditures and the total allotments available to the State in FY 2006 (determined as the sum of i. and iii. above).

The following describes the FY 2003 redistribution procedure established under section 2104(f) of the Act and which incorporates the FY 2006 shortfall provisions referenced under section 2104(d)(2) of the Act.

a. *FY 2003 Redistribution Amounts and Additional Allotment Amounts for the Commonwealths and Territories.*

Section 2104(g)(1)(A)(ii) of the Act specifies the methodology for determining the FY 1998 through FY 2001 redistributed allotments for the Commonwealths and Territories that fully expended their SCHIP allotments related to those fiscal years. We applied the same methodology for purposes of determining an appropriate procedure under section 2104(f) of the Act to redistribute the unexpended FY 2003 allotments remaining at the end of FY 2005; we had also applied this methodology in redistributing the unexpended FY 2002 allotments remaining at the end of FY 2004. Under this procedure, the total FY 2003 allotment amount available for redistribution to the Commonwealths and Territories is determined by multiplying the total amount of the unexpended FY 2003 allotments available for redistribution nationally by 1.05 percent. For the FY 2003 redistribution calculation, this amount is $1,820,404 (1.05 percent of $173,371,863, the total unexpended FY 2003 allotments remaining at the end of FY 2005). Only those Commonwealths and Territories that have fully expended their FY 2003 allotments will receive an allocation of this amount, equal to a specified percentage of the $1,820,404; with respect to the FY 2003 allotments, all five Commonwealths and Territories fully expended those allotments by the end of FY 2005. The specified percentage is the amount determined by dividing the respective SCHIP FY 2003 allotment for each Commonwealth or Territory that fully expended its FY 2003 allotment by the total of such allotments for such Commonwealths and Territories.

Furthermore, section 2104(d)(3)(B) of the Act, as added by the DRA, requires that 1.05 percent of the total $283,000,000 be provided to the Commonwealths and Territories as additional allotments; this amount must be allocated among the jurisdictions in the same proportions as those specified in section 2104(c) of the Act. Therefore, a total of $2,971,000 (1.05 percent of $283,000,000) is available to be allocated as additional allotments for the Commonwealths and Territories in FY 2006.

b. *Calculation of Additional Allotments and FY 2003 Redistributed Allotments for Shortfall States.* Based on States' quarterly expenditure reports as reported and certified through November 30, 2005 (Forms CMS–21 and CMS–64), we determined the amounts of States' unexpended FY 2004 and FY 2005 allotments remaining at the end of FY 2005; these amounts combined with States' FY 2006 SCHIP allotments are available in FY 2006. We then determined those States with FY 2006 initial shortfalls by comparing each States' projected FY 2006 expenditures with the total of its FY 2004, FY 2005, and FY 2006 allotments available in FY 2006. States for which such available allotments in FY 2006 would be insufficient to meet their projected FY 2006 expenditures are considered to have a shortfall equal to the difference of the projected expenditures and such total available allotments.

We then determined the total additional amounts available for allotment to eliminate the States' initial shortfalls. Under section 2104(d)(1) of the Act, a total of $283,000,000 is appropriated to provide for additional allotments to address States' shortfalls in FY 2006. However, as indicated above, under section 2104(d)(3)(B) of the Act, $2,971,500 of the $283,000,000 must be allotted to the Commonwealths and Territories. Therefore, a total of $280,028,500 ($283,000,000 minus $2,971,500) is available for additional allotments in FY 2006 to shortfall States.

In determining the amounts of additional allotment to eliminate the shortfalls for the shortfall States, we also needed to comply with section 2104(d)(4) of the Act, as added by the DRA, which provides that the additional allotments are only available for amounts expended under a SCHIP State

plan for child health assistance for targeted low-income children. In that regard, we established the amounts of the shortfall States' projected FY 2006 expenditures representing child health assistance for targeted low-income children. Next, we allocated the $280,028,500 among each of the shortfall States such that the additional allotment for each shortfall State did not exceed its initial shortfall amount or the amount of its targeted low-income children expenditures. We then subtracted the additional allotments from the initial shortfall to determine the amount of the remaining shortfall for each shortfall State.

Finally, we determined the total amount of the unexpended FY 2003 allotments to be redistributed to those shortfall States that had fully expended their FY 2003 allotments by the end of FY 2005 and the amount of that total, if any, to be redistributed to each of the shortfall States. The total amount of the unexpended FY 2003 allotments available to be redistributed to the States is $171,551,449, calculated as $173,371,853 (the total unexpended FY 2003 allotments at the end of FY 2005) minus $1,820,404 (the amount of these funds redistributed to the Commonwealths and Territories). Since the total remaining shortfalls at that point were $174,298,185, we determined the remaining shortfall amount (if any) for each shortfall State as a percentage of the total remaining shortfalls. We then multiplied the total amount available for redistribution to the States ($171,551,449) by the remaining shortfall percentages to determine the amount of the redistribution to each of the shortfall States.

As indicated above, we would base both the amounts of the additional allotments and the FY 2003 redistribution on the November 2005 submissions of the estimates of States' FY 2006 expenditures, which we used to calculate the initial shortfall amount for each State. For the FY 2003 redistribution amounts only, however, we are reviewing further whether to use more current estimates to determine the remaining shortfall as of the date of the final notice in our calculations. We invite comments on this issue.

2. Ordering of Expenditures

In applying State's expenditures against their available SCHIP allotments, we follow the order of expenditures as provided under section 2105(a)(1)(A) through (D) and (a)(2) of the Act as follows:

(i) Title XIX SCHIP-related expenditures for which payment is made at the enhanced Federal medical assistance percentage (FMAP) (section 2105(a)(1)(A) of the Act);

(ii) Title XIX expenditures for medical assistance provided during a presumptive eligibility period under section 1920A of the Act (section 2105(a)(1)(B) of the Act);

(iii) Child health assistance for targeted low-income children in the form of providing health benefits coverage that meets the requirements of section 2103 (section 2105(a)(1)(C) of the Act);

(iv) Expenditures listed in section 2105(a)(1)(D)(i) through (iv) of the Act, respectively: Other child health assistance for targeted low-income children; health services initiatives under the plan for improving the health of children (including targeted low-income children and other low-income children); expenditures for outreach activities; and administration expenditures.

As discussed previously, Pub. L. 108–74, as amended by Pub. L. 108–127, also added new section 2105(g) to the Act, under which a ''qualifying State'' meeting specified criteria could, at its option, elect to use up to 20 percent of any of the State's available SCHIP allotments for FY 1998, 1999, 2000, or 2001 for payments under the State's Medicaid program, instead of expenditures under the State's SCHIP. Furthermore, as amended by section 6103 of the DRA, qualifying States may elect to use up to 20 percent of their available FY 2004 and FY 2005 allotments for such purpose. As described in the **Federal Register** published on July 23, 2004 (69 FR 44013), if a qualified State submits both 20 percent allowance expenditures and other ''regular'' SCHIP expenditures at the same time in a quarter (based on the allotment priority order they both must apply against any available fiscal year allotments), the 20 percent allowance expenditures will be applied first against any remaining 20 percent allowance allotments amounts. We will apply the same approach with respect to the FY 2004 and FY 2005 20 percent allowances determined in accordance with section 6103 of the DRA.

In general, in accordance with the ordering of allotments and expenditures provisions, the expenditures of States eligible for the FY 2003 redistribution will be applied against the FY 2003 redistribution amounts.

3. Ordering Election for FY 2003 Redistributed Amounts and Additional Allotments To Eliminate the FY 2006 Shortfall

We believe that the States eligible for the FY 2003 redistribution and additional allotments to eliminate the FY 2006 shortfall should be afforded the flexibility to decide whether the FY 2003 redistributed funds and additional allotments to eliminate the FY 2006 shortfalls would be used before or after other available allotment funds to allow them to optimize the use of such funds. Therefore, we offered States that will receive FY 2003 redistributed amounts and the additional allotment amounts the option of choosing the order of when the funds would be expended during FY 2006 among the other available allotments during FY 2006. In the previous redistributions for the unexpended FY 1998 through FY 2002 allotments, the redistribution States had the same ordering of allotment choice for the redistributed allotment.

An FY 2003 redistribution State (a State that has fully expended its FY 2003 allotment by the end of FY 2005) may have a maximum of four possible choices for the order of the application of FY 2003 redistributed allotments and the additional allotments in FY 2005, depending on the other fiscal year allotments that are available to the States in FY 2006:

(i) Before FY 2004 unexpended allotments;

(ii) After FY 2004 allotments and before FY 2005 allotments;

(iii) After FY 2005 and before FY 2006 allotments;

(iv) After FY 2006 allotments.

As specified in section 2104(e) of the Act, the FY 2003 reallotted amounts for a fiscal year will be available for allowable SCHIP expenditures reported by the redistribution States through the end of the fiscal year in which such amounts are reallotted. Therefore, amounts of the States' FY 2003 reallotments will be available through September 30, 2006 (the end of FY 2006). Under section 2104(d)(5) of the Act, as added by the DRA, the additional allotments to eliminate the FY 2006 shortfall are only available for expenditure by the State through September 30, 2006 and shall not be subject to any further redistribution.

As part of the redistribution process, prior to making the FY 2003 redistribution funds actually available, we contacted all of the States eligible for the FY 2003 redistribution in order to explain the provisions of this notice and to obtain their ordering elections for the FY 2003 redistributed allotment

amounts and the additional allotment amounts. In this regard, those Shortfall/redistribution States that will receive an additional allotment/FY 2003 redistributed allotment must provide their decision to us regarding their elections for the ordering of the additional allotments and the FY 2003 redistributed allotment amounts. This is essentially the same process we have used in prior years for obtaining prior fiscal year redistribution States' ordering elections.

Consistent with past fiscal year redistribution processes, under the FY 2003 redistribution methodology, once a State chooses the order of the FY 2003 redistribution amounts and the additional allotment amounts to eliminate any FY 2006 shortfall, it cannot change that order at a later date. We then incorporated the amounts of States' FY 2003 redistributed amounts and additional allotment and such States' ordering elections with respect to such amounts on Form CMS–21C (Allocation of Title XIX and Title XXI Expenditures to the SCHIP Fiscal Year Allotment). Form CMS–21C is used for tracking States' expenditures against their available SCHIP allotments. The FY 2003 redistributed allotment amounts and the additional allotment amounts will be automatically entered on this form, and the Medicaid and SCHIP expenditure system will automatically apply expenditures reported on the quarterly expenditure reports for the period of October 1, 2005 through September 30, 2006 against the FY 2003 redistributed amounts and additional allotment amounts available through September 30, 2006 and the other SCHIP allotments available in FY 2006.

4. Unexpended FY 2003 Allotments

In Table 1 of this notice, we set forth the initial FY 2006 shortfall calculation for the 50 States and the District of Columbia. In Table 2 of this final notice, we set forth the amount of States' unexpended FY 2003 allotments, as reflected by the States' expenditure submissions through November 30, 2005. These amounts are used to determine the States' FY 2003 redistributed allotment amounts. We established the amount of States' unexpended FY 2003 allotments at the end of the initial 3-year period of availability, based on the SCHIP-related expenditures, as reported and certified by States to us on the quarterly expenditure reports (Form CMS–64 and/or Form CMS–21) by November 30, 2005. These expenditures are applied and tracked against the States' FY 2003 allotments (as published in the **Federal Register** on October 1, 2002 (67 FR 61632)) and other available allotments, on Form CMS–21C, Allocation of the Title XIX and Title XXI Expenditures to SCHIP Fiscal Year Allotment.

By November 30, 2005, all States reported and certified their FY 2005 fourth quarter expenditures (representing the last quarter of the 3-year period of availability for FY 2003). Expenditures reflected in Table 2 below were taken from our Medicaid Budget and Expenditure System/State Children's Health Program Budget and Expenditure System (MBES/CBES) ''masterfile,'' which represents the State's official certified SCHIP and Medicaid expenditure reporting system records related to FY 2003 allotments. Based on States' expenditure reports submitted and certified through November 30, 2005, the total amount of States' FY 2002 SCHIP allotments that were unexpended at the end of the 3-year period ending September 30, 2005, is $173,371,853.

5. Tables for Calculating the SCHIP FY 2003 Redistributed Allotments and Additional Allotments To Eliminate FY 2006 Shortfalls

The following describes Table 1 and Table 2, which together present the calculation of the FY 2003 SCHIP redistribution amounts and the additional allotments to eliminate FY 2006 shortfalls.

A total of $3,175,200,000 was allotted nationally for FY 2003, representing $3,142,125,000 in allotments to the 50 States and the District of Columbia, and $33,075,000 in allotments to the Commonwealths and Territories. Based on the quarterly expenditure reports, submitted and certified by November 30, 2005, 40 States fully expended their FY 2003 allotments, 11 States did not fully expend their FY 2003 allotments, and all 5 of the Commonwealths and Territories fully expended their FY 2003 allotments. Furthermore, of the 40 States that fully expended their FY 2003 allotments by the end of FY 2005, there are 12 States that are projected to have a FY 2006 shortfall totaling $454,326,685. For the 11 States that did not fully expend their FY 2003 allotments, their total FY 2003 allotments were $586,678,632 and the total expenditures applied against their FY 2003 allotments were $413,306,779. Therefore, the total amount of unexpended FY 2003 allotments at the end of FY 2005 equaled $173,371,853 ($586,678,632 minus $413,306,779).

In accordance with the redistribution calculation for FY 2003 described above, of the total $173,371,853 in unexpended FY 2003 allotments, $1,820,404 is available for redistribution to the five Commonwealths and Territories, and $171,551,449 is available for redistribution to the 12 FY 2006 shortfall redistribution States. Of the $283,000,000 available to eliminate States' FY 2006 shortfalls, $2,971,500 is allocated to the Commonwealths and Territories, and the remaining $280,020,500 is available for the shortfall States. The FY 2003 redistributed allotment amounts and the additional allotment amounts to eliminate the shortfall will remain available through the end of FY 2006.

Key to Table 1—Initial FY 2006 Shortfall

Table 1 presents the initial FY 2006 shortfall calculation for the 50 States and the District of Columbia.

Column/Description

Column A = State.

Name of State, District of Columbia, the Commonwealth or Territory. This is the only column in Table 1 that includes Commonwealths and Territories. The initial FY 2006 shortfall calculation in Table 1 is not applicable to the Commonwealths and Territories and, therefore, the entries for the Commonwealths and Territories in the rest of the Columns in Table 1 are ''NA''.

Column B = FY 2004 Allotments Carried Over From FY 2005. This column contains the amounts of States' FY 2004 allotments carried over from FY 2005 and available in FY 2006.

Column C = FY 2005 Allotments Carried Over From FY 2005. This column contains the amounts of States' FY 2005 allotments carried over from FY 2005 and available in FY 2006.

Column D = FY 2006 Allotments Initially Available Beginning FY 2006. This column contains the FY 2006 SCHIP allotments, which are initially available in FY 2006, and were published in the **Federal Register** on June 24, 2005 (70 FR 36615).

Column E = Total Available Allotments In FY 2006 Not Including FY 2003 Redistributions. This column contains the States' total allotment amounts (not including any FY 2003 redistribution amounts) available in FY 2006. This amount is the sum of Columns B, C, and D.

Column F = Projected Expenditures FY 2006 From November 2005 Estimates. This column contains the amounts of States' projected FY 2006 SCHIP and SCHIP-related expenditures as contained in the States' November 15, 2005 quarterly budget submission, as available to the Secretary through December 16, 2005.

Column G = Initial FY 2006 Shortfall (SF) Not Including FY 2003 Redistributions. This column contains the States' projected initial FY 2006 shortfall amounts, calculated as Column F minus Column E.

Key to Table 2—Additional Shortfall Allotments for FY 2006 and Redistribution of the Unexpended SCHIP Allotments for Fiscal Year: 2003

Table 2 contains the calculation of the States' FY 2003 redistributed allotments and the additional allotments to eliminate the States' FY 2006 shortfalls.

Column/Description

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

Column B = FY 2003 Allotments. This column contains the FY 2003 SCHIP allotments for all States, which were published in the **Federal Register** on October 1, 2002 (67 FR 61632).

Column C = Expenditures Applied Against FY 2003 Allotment. This column contains the cumulative expenditures applied against the FY 2003 allotments, as reported and certified by all States through November 30, 2005.

Column D = Unexpended FY 2003 Allotments or ''None''. This column contains the amounts of unexpended FY 2003 SCHIP allotments for States that did not fully expend the allotments during the 3-year period of availability for FY 2003 (FYs 2003 through 2005), and is equal to the difference between the amounts in Column B and Column C. For States that did fully expend their FY 2003 allotments during the 3-year period of availability, the entry in this column is ''None.'' $173,371,853 represents the total amount available for the FY 2003 redistribution.

Column E = Initial FY 2006 Shortfall (SF) From Column G Table 1. This column contains the amount, if any, of the ''Initial FY 2006 Shortfall'' for each State and the District of Columbia, taken from Column G, Table 1. If there is no projected shortfall for the State or District of Columbia, the entry in this column is ''NO SF.'' For the Commonwealths and Territories, the entry in Column E is ''NA.''

Column F = SF States Only FY 2006 Targeted Low-Income Children Expend. This column provides the Shortfall States' projected targeted low-income children (TLIC) expenditures. For the Commonwealths and Territories, the entry in Column F is ''NA.''

Column G = FY 2006 Additional Allotments to Eliminate FY 2006 SF. This column provides the FY 2006 additional allotments to eliminate shortfalls in FY 2006. For the States, this amount will not exceed the lesser of each shortfall State's initial shortfall amount in Column E or the amount of the TLIC expenditures in Column F. For the Commonwealths and Territories, the total of the additional allotments in Column G is equal to $2,971,500 (1.05 percent of $283,000,000); that total amount was then allocated amount the jurisdictions in accordance with the percentages specified in section 2104(c) of the Act.

Column H = Remaining Shortfall. For each shortfall State, the amount in this column is equal to the amount in Column E (the initial SF) minus the amount in Column G (the additional allotments). For the Commonwealths and Territories, the entry in Column H is ''NA.''

Column I = Percentage of Total. This column presents the remaining shortfall amount (if any) for each shortfall State from Column H as a percentage of the total remaining shortfalls in Column H for all shortfall States. For the Commonwealths and Territories, the entry in Column I is ''NA.''

Column J = FY 2003 Redistribution. This column contains the States'' FY 2003 redistribution, calculated as the percentage in column I multiplied by $171,551,449, the total amount available for redistribution to the States. For the Commonwealths and Territories, the entry in Column J is the jurisdiction's proportionate share of a total $1,820,404 (1.05 percent of $173,371,853, the total unexpended FY 2003 allotments).

Column K = Total of FY 2006 Additional Allotments + FY 2003 Redistribution. This Column shows the sum of the additional allotment amounts in Column G and the FY 2003 redistribution amount in Column J.

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TABLE 1 - INITIAL FY 2006 SHORTFALL						
State	FY 2004 Allotments Carried Over From FY 2005	FY 2005 Allotments Carried Over From FY 2005	FY 2006 Allotments Initially Available Beginning FY 2006	Total Available Allotments In FY 2006 Not Including FY 2003 Redistributions Col B + C + D	Projected Expenditures FY 2006 From Nov 05 Estimates	Initial FY 2006 SF Not Including FY 2003 Redistributions Col F - E
A	B	C	D	E	F	G
Alabama	$21,923,818	$68,041,101	$64,182,128	$154,147,047	$94,956,000	NO SF
Alaska	$6,568,506	$9,020,449	$9,100,310	$24,689,265	$23,794,000	NO SF
Arizona	$0	$24,542,809	$107,365,854	$131,908,663	$110,468,000	NO SF
Arkansas	$33,164,459	$48,661,587	$43,795,428	$125,621,474	$47,179,000	NO SF
California	$322,779,705	$667,443,669	$646,682,123	$1,636,905,497	$1,082,970,000	NO SF
Colorado	$44,105,271	$57,951,287	$57,951,287	$160,007,845	$58,538,000	NO SF
Connecticut	$27,975,129	$36,560,595	$34,535,088	$99,070,812	$18,651,000	NO SF
Delaware	$7,817,461	$9,045,920	$9,045,121	$25,908,502	$7,104,000	NO SF
District of Columbia	$6,953,291	$9,635,097	$9,557,107	$26,145,495	$8,219,000	NO SF
Florida	$154,284,918	$249,246,758	$249,329,871	$652,861,547	$374,893,000	NO SF
Georgia	$0	$80,636,835	$129,457,875	$210,094,710	$201,645,000	NO SF
Hawaii	$6,271,940	$12,404,524	$12,404,524	$31,080,988	$13,604,000	NO SF
Idaho	$16,958,002	$20,747,545	$20,610,739	$58,316,286	$26,719,000	NO SF
Illinois	$0	$40,862,369	$169,198,045	$210,060,414	$328,534,000	$118,473,586
Indiana	$46,252,017	$73,421,543	$73,000,528	$192,674,088	$81,415,000	NO SF
Iowa	$0	$20,236,074	$26,986,944	$47,223,018	$53,332,000	$6,108,982
Kansas	$20,646,082	$28,479,189	$27,489,909	$76,615,180	$50,416,000	NO SF
Kentucky	$39,286,749	$54,060,786	$57,764,350	$151,111,885	$78,109,000	NO SF
Louisiana	$9,168,698	$77,477,697	$77,133,066	$163,779,461	$135,152,000	NO SF
Maine	$9,474,540	$12,462,201	$11,928,229	$33,864,970	$24,033,000	NO SF
Maryland	$31,919,427	$48,348,957	$48,707,931	$128,976,315	$142,687,000	$13,710,685
Massachusetts	$10,400,075	$59,401,346	$59,401,346	$129,202,767	$151,108,000	$21,905,233
Michigan	$12,843,238	$111,345,557	$117,165,211	$241,354,006	$176,702,000	NO SF
Minnesota	$0	$20,989,818	$39,376,933	$60,366,751	$80,630,000	$20,263,249
Mississippi	$0	$16,277,809	$49,916,118	$66,193,927	$139,776,000	$73,582,073
Missouri	$0	$37,055,432	$56,289,799	$93,345,231	$101,300,000	$7,954,769
Montana	$8,987,112	$12,284,292	$12,558,064	$33,829,468	$15,876,000	NO SF
Nebraska	$0	$572,232	$16,847,571	$17,419,803	$33,163,000	$15,743,197
Nevada	$31,163,957	$40,387,249	$41,896,088	$113,447,294	$28,248,000	NO SF
New Hampshire	$8,013,366	$9,272,609	$9,192,336	$26,478,311	$7,341,000	NO SF
New Jersey	$0	$49,776,430	$89,476,287	$139,252,717	$245,705,000	$106,452,283
New Mexico	$32,788,606	$42,156,779	$42,156,779	$117,102,164	$31,118,000	NO SF
New York	$216,455,790	$270,142,080	$272,452,310	$759,050,180	$395,003,000	NO SF
North Carolina	$40,219	$110,255,024	$110,255,024	$220,550,267	$223,362,000	$2,811,733
North Dakota	$2,622,340	$6,384,719	$6,346,156	$15,353,215	$14,319,000	NO SF
Ohio	$10,643,307	$125,842,184	$124,632,131	$261,117,622	$179,140,000	NO SF
Oklahoma	$25,681,408	$57,370,830	$57,370,830	$140,423,068	$69,798,000	NO SF
Oregon	$38,056,795	$47,255,380	$46,886,967	$132,199,142	$21,922,000	NO SF
Pennsylvania*	$64,892,307	$130,963,777	$134,097,011	$329,953,095	$151,721,000	NO SF
Rhode Island	$0	$0	$9,781,641	$9,781,641	$76,558,000	$66,776,359
South Carolina	$29,427,226	$54,306,115	$55,545,268	$139,278,609	$59,080,000	NO SF
South Dakota	$0	$7,489,253	$7,828,211	$15,317,464	$15,862,000	$544,536
Tennessee	$57,957,983	$78,904,574	$80,406,910	$217,269,467	$0	NO SF
Texas	$330,851,514	$449,972,119	$454,741,626	$1,235,565,259	$365,455,000	NO SF
Utah	$20,095,626	$31,699,161	$32,207,704	$84,002,491	$38,217,000	NO SF
Vermont	$3,813,156	$4,902,630	$4,817,413	$13,533,199	$2,837,000	NO SF
Virginia	$29,344,491	$76,254,851	$72,302,825	$177,902,167	$96,377,000	NO SF
Washington	$50,326,484	$64,705,479	$64,705,479	$179,737,442	$30,902,000	NO SF
West Virginia	$17,128,008	$24,422,724	$23,349,395	$64,900,127	$37,277,000	NO SF
Wisconsin	$7,278,288	$51,870,414	$55,764,106	$114,912,808	$96,276,000	NO SF
Wyoming	$4,697,841	$6,364,535	$5,881,004	$16,943,380	$6,663,000	NO SF
TOTAL STATES ONLY	$1,819,059,150	$3,647,912,394	$4,039,875,000	$9,506,846,544	$5,854,154,000	$454,326,685
COMMONWEALTHS AND TERRITORIES						
Puerto Rico	NA	NA	NA	NA	NA	NA
Guam	NA	NA	NA	NA	NA	NA
Virgin Islands	NA	NA	NA	NA	NA	NA
American Samoa	NA	NA	NA	NA	NA	NA
N. Mariana Islands	NA	NA	NA	NA	NA	NA
TOTAL	NA	NA	NA	NA	NA	NA
NATIONAL TOTAL	$1,819,059,150	$3,647,912,394	$4,039,875,000	$9,506,846,544	$5,854,154,000	$454,326,685

TABLE 2 - ADDITIONAL SHORTFALL ALLOTMENTS FOR FY 2006 AND REDISTRIBUTION OF THE UNEXPENDED SCHIP ALLOTMENTS FOR FISCAL YEAR: 2003

				Total To Eliminate FY 2006 SF /1:		$283,000,000		Total Unexpended FY 2003 Allotments:		$173,371,853			
				Total for Jurisdictions /2:		$2,971,500		Total Needed for Redistribution for Jurisdictions /5:		$1,820,404			
	UNEXPENDED FY 2003 ALLOTMENTS			For SF States /3:		$280,028,500		Total Available for Shortfall Redistribution to States /6:		$171,551,449			
State	FY 2003 Allotments	Expenditures Applied Against FY 2003 Allotment	Unexpended FY 2003 Allotments or "None"	Initial FY 2006 Shortfall (SF) Fr. Col G Table 1	SF States Only FY 2006 Targeted Low-Income Children Expand.	FY 2006 Additional Allotments to Eliminate FY 06 SF /4	Remaining Shortfall Col E - G	Percentage of Total Col H/Tot. of H	FY 2003 Redistribution Col I x $171,551,449	Total of FY 06 Additionall Allotments + FY 03 Redistribution Col G + J			
A	B	C	D	E	F	G	H	I	J	K			
Alabama	$51,972,697	$51,972,697	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Alaska	$7,430,455	$7,430,455	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Arizona	$87,709,090	$87,709,090	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Arkansas	$34,154,500	$34,154,500	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
California	$548,807,933	$548,807,933	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Colorado	$37,914,522	$37,914,522	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Connecticut	$24,361,434	$17,985,044	$6,376,390	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Delaware	$8,686,068	$4,338,657	$4,347,411	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
District of Columbia	$7,201,920	$7,201,920	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Florida	$171,990,713	$171,990,713	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Georgia	$96,976,597	$96,976,597	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Hawaii	$9,847,963	$9,847,963	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Idaho	$16,795,479	$16,598,402	$197,077	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Illinois	$132,153,277	$132,153,277	None	$118,473,586	$208,510,700	$56,196,814	$62,276,972	35.73%	$61,295,559	$117,492,17			
Indiana	$53,709,869	$53,709,869	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Iowa	$21,368,268	$21,368,268	None	$6,108,982	$53,332,000	$6,108,982	$0	NA	NA	$6,108,98			
Kansas	$24,443,683	$24,443,683	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Kentucky	$37,984,461	$37,984,461	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Louisiana	$61,290,629	$61,290,629	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Maine	$9,688,881	$9,688,881	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Maryland	$33,648,564	$33,648,564	None	$13,710,685	$142,687,000	$13,710,685	$0	NA	NA	$13,710,68			
Massachusetts	$46,201,047	$46,201,047	None	$21,905,233	$151,108,000	$21,905,233	$0	NA	NA	$21,905,23			
Michigan	$95,696,032	$95,696,032	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Minnesota	$30,626,504	$30,626,504	None	$20,263,249	$15,048,000	$7,137,850	$13,125,399	7.53%	$12,918,559	$20,056,40			
Mississippi	$37,672,898	$37,672,898	None	$73,582,073	$139,776,000	$73,582,073	$0	NA	NA	$73,582,07			
Missouri	$43,424,901	$43,424,901	None	$7,954,769	$101,300,000	$7,954,769	$0	NA	NA	$7,954,76			
Montana	$11,326,534	$11,326,534	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Nebraska	$15,414,316	$15,414,316	None	$15,743,197	$33,163,000	$15,743,197	$0	NA	NA	$15,743,19			
Nevada	$30,436,463	$26,574,447	$3,862,016	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
New Hampshire	$8,903,739	$4,420,871	$4,482,868	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
New Jersey	$89,346,099	$89,346,099	None	$106,452,283	$118,072,000	$50,494,444	$55,957,839	32.10%	$55,076,008	$105,570,45			
New Mexico	$32,788,606	$0	$32,788,606	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
New York	$227,517,050	$227,517,050	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
North Carolina	$81,748,254	$81,748,254	None	$2,811,733	$223,362,000	$2,811,733	$0	NA	NA	$2,811,73			
North Dakota	$5,436,695	$5,436,695	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Ohio	$114,614,244	$114,614,244	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Oklahoma	$44,621,756	$44,621,756	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Oregon	$40,706,703	$37,190,523	$3,518,180	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Pennsylvania	$100,845,639	$100,845,639	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Rhode Island	$7,318,673	$7,318,673	None	$66,776,359	$28,980,213	$23,838,384	$42,937,975	24.63%	$42,261,323	$66,099,70			
South Carolina	$43,402,180	$43,402,180	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
South Dakota	$6,151,723	$6,151,723	None	$544,536	$15,862,000	$544,536	$0	NA	NA	$544,53			
Tennessee	$58,354,512	$0	$58,354,512	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Texas	$311,503,988	$287,658,739	$23,845,249	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Utah	$24,693,700	$24,693,700	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Vermont	$3,813,156	$3,664,187	$148,969	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Virginia	$53,437,771	$53,437,771	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Washington	$50,326,484	$14,875,909	$35,450,575	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
West Virginia	$18,550,788	$18,550,788	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Wisconsin	$43,824,792	$43,824,792	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
Wyoming	$5,480,750	$5,480,750	None	NO SF	NO SF	NO SF	NO SF	NA	NA	NA			
TOTAL STATES ONLY	$3,142,125,000	$2,968,753,147	$173,371,853	$454,326,685	$1,231,200,913	$280,028,500	$174,298,185	100.00%	$171,551,449	$451,579,94			
COMMONWEALTHS AND TERRITORIES													
Puerto Rico	$30,296,700	$30,296,700	None	NA	NA	$2,721,894	NA	NA	$1,667,490	$4,389,38			
Guam	$1,157,625	$1,157,625	None	NA	NA	$104,002	NA	NA	$63,714	$167,71			
Virgin Islands	$859,950	$859,950	None	NA	NA	$77,269	NA	NA	$47,331	$124,59			
American Samoa	$396,900	$396,900	None	NA	NA	$35,658	NA	NA	$21,845	$57,50			
N. Mariana Islands	$383,825	$383,825	None	NA	NA	$32,887	NA	NA	$20,024	$52,71			
TOTAL	$33,075,000	$33,075,000	$0	NA	NA	$2,971,500	NA	NA	$1,820,404	$4,791,90			
NATIONAL TOTAL	$3,175,200,000	$3,001,828,147	$173,371,853	$454,326,685	$1,231,200,913	$283,000,000	$174,298,185	100%	$173,371,853	$456,371,85			

Footnotes:
/1 Under Section 2104(d)(1) of the Social Security Act (the Act), as amended by DRA, $283,000,000 is available for providing additional allotments to Shortfall States
/2 Under Section 2104(d)(3)(B) of the Act, as amended by DRA, $2,971,500, calculated as 1.05 percent of the $283,000,000, is available for the Jurisdictions
/3 The total amount available for additional allotments to eliminate States' shortfalls is $280,028,500, calculated as $283,000,000 minus $2,971,500 (the amount available for allotment to the Jurisdictions)
/4 Additional allotments to eliminate States' shortfall in Column G do not exceed shortfalls in Column E and are available for targeted low-income children expenditures in Column F
/5 Total redistribution amounts for Commonwealths and Territories is $1,820,404, calculated as 1.05 percent of $173,371,853 (the total unexpended FY 2003 allotments at the end of FY 2005)
/6 Total amount available for shortfall redistribution to States is $171,551,449, calculated as $173,371,853 (the total unexpended FY 2003 allotments at the end of FY 2005) minus $1,820,404 (the redistribution to the Commonwealths/Territories)

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B. Continued Authority for Qualifying States To Use Certain Funds for Medicaid Expenditures

Section 1(b) of Pub. L. 108–74, as amended by Pub. L. 108–127, added new section 2105(g) to the Act under which certain ''qualifying States'' that met prescribed criteria could elect to use up to 20 percent of the States' available SCHIP allotments for FY 1998, 1999, 2000, or 2001 as additional

Federal financial participation for expenditures under the State's Medicaid program, instead of expenditures under the State's SCHIP. The **Federal Register** published on July 23, 2004 (69 FR 44013) described the definition of qualifying State and indicated how the 20 percent allowances for such States would be calculated and applicable expenditures tracked against them. Section 6103 of the DRA amended section 2105(g)(1)(A) of the Act to provide for continued authority for qualifying States to use a portion of their available FY 2004 and FY 2005 SCHIP allotments. The 20 percent allowances for qualifying States associated with the FY 2004 and FY 2005 allotments have been calculated in the same way as we determined and tracked the 20 percent allowances associated with the FY 1998 through FY 2002 fiscal years. The availability of the 20 percent allowances for FY 2004 and FY 2005, and the application of expenditures against such allowances, will be in accordance with the same provisions as in the July 23, 2004 **Federal Register**.

III. Regulatory Impact Statement

[If you choose to comment on issues in this section, please include the caption ''Regulatory Impact Statement'' at the beginning of your comments.]

We have examined the impact of this rule 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 Unfunded Mandates Reform Act of 1995 (Pub. L. 104–4), and Executive Order 13132.

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). We have determined that with respect to the FY 2003 redistribution amounts, this notice is not a major rule. The States' FY 2003 SCHIP allotments, totaling $3,175,200,000 were originally published in a notice in the **Federal Register** (67 FR 61632) and allotted to States in FY 2003. This notice does not revise the amount of the 2003 allotments originally made available to the States, but rather, sets forth the procedure for redistributing the amounts of those FY 2003 allotments which were unexpended at the end of FY 2004 (the end of the 3-year period of availability referenced in section 2104(e) of the Act), and announces the amount of the FY 2003 allotments to be redistributed to the redistribution States and the availability of the unexpended FY 2003 allotment amounts to the end of 2006, in accordance with SCHIP statute.

This notice also describes the process for distributing additional allotments to States that are projected to have a shortfall in FY 2006 in SCHIP funds; specifically, under section 2104(d) of the Act, as amended by section 6101(a) of the DRA, $283 million was appropriated and was specifically authorized to eliminate FY 2006 shortfalls. Since the aggregate amount of the additional allotments is $283 million, with respect to this provision this notice is considered a major rule. In that regard, as indicated above, this notice describes the basis for determining the amount of the additional allotment of each State to eliminate the FY 2006 shortfalls in accordance with the provisions of this legislation. In determining the regulatory impact analysis for this provision of the DRA, the primary considerations were to ensure that: (1) The calculation of the amounts of the additional amounts was determined in accordance with the legislation, and (2) the amounts of the additional allotments were used for the purposes specified in the legislation. As indicated in the tables 1 and 2 in this notice, with respect to the first consideration, we determined that the total shortfall in the 12 States having such shortfalls was $454 million. With respect to the second consideration, we considered the amounts of each of these 12 States' estimated targeted low income children expenditures and the amounts of their FY 2006 shortfalls to ensure that the additional allotments did not exceed these amounts. Therefore, the aggregate economic impact of the additional allotments determined in this way will be to provide Federal funds to the impacted States in the aggregate amount of $283 million, and that these amounts may only be used by the States to pay for the targeted low-income children expenditures.

Because State participation in the SCHIP program is voluntary, any payments and expenditures States make or incur on behalf of the program that are not reimbursed by the Federal Government are made voluntarily. The RFA requires agencies to analyze options for regulatory relief of small businesses. For purposes of the RFA, small entities include small businesses, nonprofit organizations, and small governmental jurisdictions. Most hospitals and most other providers and suppliers are small entities, either by nonprofit status or by having revenues of $6 million to $29 million in any 1 year. Individuals and States are not included in the definition of a small entity. We are not preparing an analysis for the RFA because we have determined that this final notice will not have a significant economic impact on a substantial number of small entities.

In addition, section 1102(b) of the Act requires us to prepare a regulatory impact analysis if a rule may have a significant impact on the operations of a substantial number of small rural hospitals. This analysis must conform to the provisions of section 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 Core-Based Statistical Area and has fewer than 100 beds. We are not preparing an analysis for section 1102(b) of the Act because we have determined that this final notice will not have a significant impact on the operations of a substantial number of small rural hospitals.

Section 202 of the Unfunded Mandates Reform Act of 1995 also requires that agencies assess anticipated costs and benefits before issuing any rule whose mandates require spending in any 1 year of $100 million in 1995 dollars, updated annually for inflation. That threshold level is currently approximately $120 million. This final notice will not create an unfunded mandate on States, tribal, or local governments. Therefore, we are not required to perform an assessment of the costs and benefits of this notice.

Executive Order 13132 establishes certain requirements that an agency must meet when it publishes a proposed rule (and subsequent final rule) that imposes substantial direct requirement costs on State and local governments, preempts State law, or otherwise has Federalism implications. We have reviewed this final notice and have determined that it does not significantly affect States' rights, roles, and responsibilities.

Low-income children will benefit from payments under this program through increased opportunities for health insurance coverage. We believe this final notice will have an overall positive impact by informing States, the District of Columbia, and Commonwealths and Territories of the extent to which they are permitted to expend funds under their child health

plans using the FY 2003 allotment's redistribution amounts.

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

IV. Waiver of Delay in Effective Date

[If you choose to comment on issues in this section, please include the caption ''Waiver of Notice of Proposed Rulemaking and Delayed Effective Date'' at the beginning of your comments.]

We ordinarily publish a proposed notice in the **Federal Register** to provide a period of public comment before the provisions of a notice, such as this, are effective in accordance with section 553(b) of the Administrative Procedure Act (APA) (5 U.S.C. 553(b)). We also ordinarily provide a 30-day delay in the effective date of the provisions of a notice in accordance with section 553(d) of the APA (5 U.S.C. 553(d)). However, we can waive both the notice of proposed rulemaking and the 30-day delay in effective date if the Secretary finds, for good cause, that it is impracticable, unnecessary, or contrary to the public interest, and incorporates a statement of the finding and the reasons in the notice.

We find there is good cause to waive notice of proposed rulemaking and the delay in the effective date of this issuance of the FY 2003 redistributed allotments and the additional allotments to eliminate the FY 2006 shortfall in SCHIP funding because such notice of proposed rulemaking and the delay in the effective date would be contrary to the public interest.

We determined the amounts of the FY 2003 redistributed allotments and additional allotments to eliminate the FY 2006 shortfall as expeditiously as possible in order to make them available to the States as soon as possible. To that end, all States had until November 30, 2005 to submit their required fourth quarter FY 2005 expenditure reports. In determining the FY 2003 redistributed amounts, we used State projected expenditures as contained in the most recent (November, 2005) States' quarterly budget report submissions. The redistributed FY 2003 allotments make available Federal funds to the recipient redistribution States, which is especially important for those redistribution States that may need such funds.

Furthermore, under section 2104(e) of the Act and section 2104(d)(5) of the Act, the FY 2003 redistributed allotments and the additional allotments to eliminate the FY 2006 shortfall in SCHIP funding, are only available through the end of the fiscal year in which they are redistributed/distributed, for example, until the end of FY 2006 (September 30, 2006). We believe it is important that we issue these redistributed allotments and additional allotments as soon as possible. Delay in States receiving those funds could result in disruption of program operations. Therefore, in the interest of ensuring that the FY 2003 redistributed allotments and the additional allotments to eliminate the FY 2006 shortfall in SCHIP funding are made available without delay to those States that need such funds, we are waiving notice of proposed rulemaking and the 30-day delay in effective date, and are publishing this issuance of the **Federal Register** as a notice with comment period.

Accordingly, we provisionally will make the FY 2003 redistributed funds and the additional allotments to eliminate the FY 2006 shortfall in SCHIP funding available to any State that has spent all of its available SCHIP allotments effective immediately upon publication of this notice with comment period. These FY 2003 redistributed funds are subject to final adjustment based on comments received in response to this notice with comment period. Any such adjustments resulting from review and analysis of comments will be published in the **Federal Register** within 60 days of the close of the comment period. (Section 1102 of the Social Security Act (42 U.S.C. 1302).)

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

(Catalog of Federal Domestic Assistance Program No. 93.767, State Children's Health Insurance Program)

Dated: March 17, 2006.

Mark B. McClellan,

Administrator, Centers for Medicare & Medicaid Services.

Dated: April 6, 2006.

Michael O. Leavitt,

Secretary.

[FR Doc. 06–3833 Filed 4–19–06; 12 pm]

BILLING CODE 4120–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

MicroArray Quality Control Project on the Evaluation of Analysis Protocols for Deoxyribonucleic Acid Microarray Data

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice of solicitation.

SUMMARY: The Food and Drug Administration (FDA) is soliciting gene expression datasets from deoxyribonucleic acid (DNA) microarray studies, as well as proposals to analyze these datasets in order to evaluate the impact of different analysis protocols on the selection of genes and their associated signatures for biomarker pattern development. This project is being coordinated by FDA as a followup to the MicroArray Quality Control (MAQC) Project. This evaluation process is open to the public.

DATES: Datasets and proposals for participation in the project must be received by the National Center for Toxicological Research on or before 4:30 p.m. c.s.t. on May 31, 2006, or be postmarked on or before May 31, 2006.

ADDRESSES: Datasets and proposals should be sent to Leming Shi, National Center for Toxicological Research, Food and Drug Administration, 3900 NCTR Rd., Jefferson, AR 72079, 870–543–7387, FAX: 870–543–7686; e-mail: *leming.shi@fda.hhs.gov*.

SUPPLEMENTARY INFORMATION: FDA's Critical Path Initiative (*http://www.fda.gov/oc/initiatives/criticalpath*) identifies pharmacogenomics as a key opportunity in advancing medical product development and personalized medicine. FDA issued the ''Guidance for Industry: Pharmacogenomic Data Submissions'' (*http://www.fda.gov/cder/guidance/6400fnl.pdf*) to facilitate scientific progress in the field of pharmacogenomic data integration in drug development and medical diagnostics.

A microarray is a tool for analyzing gene expression. It consists of a small membrane or glass slide containing samples of many genes arranged in a regular pattern. DNA is a nucleic acid—usually in the form of a double helix—that contains the genetic instructions specifying the biological development of all cellular forms of life and most viruses. DNA microarray is a collection of microscopic DNA spots attached to a solid surface, such as glass, plastic or silicon chip forming an array. DNA microarrays represent a core technology in pharmacogenomics and toxicogenomics; however, before this technology can be reliably applied in clinical practice and regulatory decisionmaking, further evaluation is needed of the process for the analysis of hybridization data that results in predictive signatures.

The MAQC project involves six FDA centers, major providers of microarray platforms and ribonucleic acid (RNA) samples, government agencies, academic laboratories, and other