

**Richey Bancorporation, Inc., et al.;  
Formations of; Acquisitions by; and  
Mergers of Bank Holding Companies**

The companies listed in this notice have applied for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842) and § 225.14 of the Board's Regulation Y (12 CFR 225.14) to become a bank holding company or to acquire a bank or bank holding company. The factors that are considered in acting on the applications are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

Each application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank or to the offices of the Board of Governors. Any comment on an application that requests a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing.

Unless otherwise noted, comments regarding each of these applications must be received not later than August 8, 1994.

**A. Federal Reserve Bank of  
Minneapolis (James M. Lyon, Vice  
President) 250 Marquette Avenue,  
Minneapolis, Minnesota 55480:**

1. *Richey Bancorporation, Inc.*, Glendive, Montana, to become a bank holding company by acquiring 20 percent of the voting shares of Community First Bancorp, Inc., Glendive, Montana, and thereby indirectly acquire First Fidelity Bank, Glendive, Montana.

**B. Federal Reserve Bank of Kansas  
City (John E. Yorke, Senior Vice  
President) 925 Grand Avenue, Kansas  
City, Missouri 64198:**

1. *First Pryor Bancorp, Inc.*, Pryor, Oklahoma, to become a bank holding company by acquiring 80 percent of the voting shares of First National Bank of Pryor Creek, Pryor, Oklahoma.

**C. Federal Reserve Bank of San  
Francisco (Kenneth R. Binning,  
Director, Bank Holding Company) 101  
Market Street, San Francisco, California  
94105:**

1. *Vallicorp Holdings, Inc.*, Fresno, California, to merge with King Mineral Bancorp, Inc., Visalia, California, and thereby indirectly acquire Mineral King National Bank, Visalia, California.

Board of Governors of the Federal Reserve System, July 8, 1994.

Jennifer J. Johnson,

*Associate Secretary of the Board.*

[FR Doc. 94-17072 Filed 7-13-94; 8:45 am]

BILLING CODE 5210-01-F

**DEPARTMENT OF HEALTH AND  
HUMAN SERVICES**

**Public Health Service**

**Agency for Health Care Policy and  
Research; Notice of Meeting**

In accordance with section 10(a) of the Federal Advisory Committee Act (Title 5, U.S.C., Appendix 2) announcement is made of the following special emphasis panel scheduled to meet during the month of July 1994:

*Name:* Health Care Policy and Research Special Emphasis Panel

*Date and Time:* July 21, 1994, 8:30 a.m.

*Place:* Holiday Inn Crowne Plaza, 1750 Rockville Pike, Conference Room TBA, Rockville, Maryland 20852. Open July 21, 8:30 a.m. to 9:00 a.m. Closed for remainder of meeting.

*Purpose:* This Panel is charged with conducting the initial review of grant applications related to rural managed care systems and to address subjects related to the development and management of Rural Health Demonstration Centers which will be funded through cooperative agreements to be entered into with the Agency for Health Care Policy and Research (AHCPR).

*Agenda:* The open session of the meeting on July 21 from 8:30 a.m. to 9:00 a.m. will be devoted to a business meeting covering administrative matters. During the closed session, the committee will be reviewing complex and clinically-oriented grant applications. In accordance with the Federal Advisory Committee Act, Title 5, U.S.C., Appendix 2 and Title 5, U.S.C., 552b(c)(6), the Acting Administrator, AHCPR, has made a formal determination that this latter session will be closed because the discussions are likely to reveal personal information concerning individuals associated with the grant applications. This information is exempt from mandatory disclosure.

Anyone wishing to obtain a roster of members or other relevant information should contact Gerald E. Calderone, Ph.D., Agency for Health Care Policy and Research, Suite 602, 2101 East Jefferson Street, Rockville, Maryland 20852. Telephone (301) 594-2462.

Agenda items for all meetings are subject to change as priorities dictate.

Date: June 28, 1994.

Linda K. Demlo, Ph.D.,

*Acting Administrator.*

[FR Doc. 94-17025 Filed 7-13-94; 8:45 am]

BILLING CODE 4160-90-P

**Centers for Disease Control and  
Prevention**

[Announcement Number 440]

**Postdoctoral Fellowship Training  
Program in Infectious Diseases**

**Introduction**

The Centers for Disease Control and Prevention (CDC) announces the availability of fiscal year (FY) 1994 funds for a cooperative agreement to provide assistance for a Postdoctoral Fellowship Training Program in Infectious Diseases.

The Public Health Service (PHS) is committed to achieving the health promotion and disease prevention objectives of Healthy People 2000, a PHS-led national activity to reduce morbidity and mortality and improve the quality of life. This announcement is related to the priority area of Immunization and Infectious diseases. (For ordering a copy of Healthy People 2000, see the section Where To Obtain Additional Information.)

**Authority**

This program is authorized under sections 301 42 U.S.C. 241), 317(k)(1) and 317(k)(2), (42 U.S.C. 247b(k)(1) and 247b(k)(2)), of the Public Health Service Act, as amended. Applicable program regulations are found in 42 CFR part 52, Grants for Research Projects.

**Smoke-Free Workplace**

The Public Health Service strongly encourages all grant recipients to provide a smoke-free workplace and promote the non-use of all tobacco products. This is consistent with the PHS mission to protect and advance the physical and mental health of the American people.

**Eligible Applicants**

Assistance will be provided only to university affiliated schools of medicine with infectious disease programs accredited by the Accreditation Council for Graduate Medical Education (ACGME).

Applicants meeting the above criteria are the most appropriate organizations to conduct the work under this cooperative agreement because: The purpose of this cooperative agreement is to respond to the documented shortage of physicians trained in academic infectious diseases. Correspondingly, the infectious disease departments of university schools of medicine are the legitimate organizations in which to base a program such as that proposed in this cooperative agreement.

### Availability of Funds

Approximately \$60,000 is available in FY 1994 to fund one to two awards. It is expected that the award will begin on or about September 30, 1994, and is made for a 12-month budget period within a project period of up to 3 years. Funding estimates may vary and are subject to change.

Continuation awards within an approved project period will be made on the basis of satisfactory progress and availability of funds.

### Purpose

The purpose of this cooperative agreement is to assist the recipient in the development of a Postdoctoral Fellowship Training Program in Infectious Diseases which utilizes the combined resources of the recipient and CDC. The goal is to improve the ability of the U.S. public health system to respond to the problem of emerging infectious diseases by increasing the number of academic infectious disease physicians with demonstrated skills in the public health aspects of infectious diseases and to provide them with the essential, pertinent clinical and research skills.

The clinical training portion of the Program will occur at the recipient's facilities while the research (basic laboratory or epidemiologic) training may occur at CDC facilities in Atlanta, Georgia. In order to assure that the clinical and research training areas are coordinated to provide a suitably congruent and expedient training program, it may be necessary for both fellows and program staff to frequently commute between CDC and recipient facilities.

The program will be designed for physicians with training in infectious diseases who wish to pursue a career in academic infectious diseases. It will offer a combination of research and clinical training which will lead to eligibility for certification in infectious diseases by the American Board of Internal Medicine, Subspecialty Board of Infectious Diseases (the cognizant member board of the American Board of Medical Specialties). Specific areas of research may include: Viral and rickettsial infections, nosocomial infections, antimicrobial resistance, acquired immunodeficiency syndrome, vector-borne infectious diseases, respiratory and food-borne bacterial diseases, sexually transmitted diseases, and parasitic diseases. Specific areas of clinical concentration may include: clinical rotations in infectious diseases, infectious diseases in transplant recipients, clinical microbiology,

outpatient infectious diseases, pediatric infectious diseases, or infectious disease pharmacology. The recipient must be able to provide support for physicians of unusual ability and promise or proven achievement by giving them an opportunity to conduct clinical, laboratory, and epidemiologic research on significant public health problems caused by infectious diseases.

### Program Requirements

In conducting activities to achieve the purpose of this program, the recipient shall be responsible for the activities under A., below, and CDC shall be responsible for conducting activities under B., below:

#### A. Recipient Activities

1. Develop and conduct a Postdoctoral Fellowship Training Program (PFTP) in clinical and basic laboratory or epidemiologic research in prevention and control of infectious diseases of public health importance in which the clinical training will occur at recipient facilities and the research may occur at CDC facilities. Design and conduct the PFTP such that the clinical training and the research activities will be complementary and congruent.

2. Design and conduct the PFTP such that, upon completion of the fellowship, fellows will become eligible for certification in infectious diseases by the American Board of Internal Medicine.

3. Promote a wide distribution of the PFTP announcement soliciting applicants for fellowships. Contribute to the racial and gender diversity of the PFTP by assuring a wide distribution of the announcement among eligible women and minority physicians.

4. Provide preceptors for the training at recipient's facilities.

5. Develop a pre- and post-application review and approval process. Based on this review process, select applicants to be awarded fellowships.

6. Provide administrative support to fellows during their tenure including the payment of a stipend in accordance with the PHS policy.

7. Develop a plan for monitoring and evaluating the progress of fellows and progress toward achieving program goals.

#### B. CDC Activities

1. Provide assistance in the development and management of a PFTP.

2. Provide preceptors for training at CDC facilities.

3. Assist in the development of a plan for monitoring and evaluating the

progress of fellows and of the progress toward achieving program goals.

### Evaluation Criteria

The applications will be reviewed and evaluated based on the following criteria:

1. The extent to which the applicant describes the history of the organization for promoting the field of academic infectious diseases. The extent to which the applicant has promoted the field of academic infectious diseases by conducting regular national meetings and workshops devoted to current topics. The extent to which the applicant documents experience in education and training in academic infectious diseases, including documentation of relevant degree programs offered and evidence of experience in successfully preparing students for certification in infectious diseases by the American Board of Internal Medicine. (15 points)

2. The extent to which the applicant provides evidence of staff and program expertise. The extent to which the applicant provides evidence of a plan to actively promote racial and gender diversity in recruiting and placing postdoctoral fellowship candidates. (15 points)

3. The extent to which the applicant describes their experience in managing postdoctoral fellowship training programs for physicians. (30 points)

4. The extent to which the proposed plan, including the review process for the selection of fellows, addresses CDC program goals and objectives. The extent to which the proposed plan addresses all of the program requirements. The extent to which the proposed plan coordinates the clinical and research activities so that they comprise a complementary and congruent training program, including the extent to which the plan provides for periodic travel by fellows and program officials between CDC and applicant agency. (30 points)

5. The quality of the proposed plan for monitoring and evaluating progress in relation to program activities and objectives. (10 points)

6. The extent to which the proposed budget is reasonable, clearly justifiable, and consistent with the intended use of cooperative agreement funds. (not scored)

### Executive Order 12372 Review

Applications are not subject to review as governed by Executive Order 12372 (45 CFR part 100), Intergovernmental Review of Federal Programs.

### Public Health System Reporting Requirements

This program is not subject to the Public Health System Reporting Requirements.

### Catalog of Federal Domestic Assistance Number

The Catalog of Federal Domestic Assistance Number is 93.283.

### Other Requirements

#### Human Subjects

If the proposed project involves research on human subjects, the applicant must comply with the Department of Health and Human Services Regulations (45 CFR part 46) regarding the protection of human subjects. Assurance must be provided which demonstrate that the project will be subject to initial and continuing review by an appropriate institutional review committee. The applicant will be responsible for providing evidence of this assurance in accordance with the appropriate guidelines and forms provided in the application kit.

### Application Submission and Deadline

The original and two copies of the application PHS Form 5161-1 must be submitted to Edward L. Dixon, Grants Management Officer, Grants Management Branch, Procurement and Grants Office, Centers for Disease Control and Prevention (CDC), 255 East Paces Ferry Road, NE., Room 314, Mailstop E-18, Atlanta, Georgia 30305, on or before August 15, 1994.

1. **Deadline:** Applications shall be considered as meeting the deadline if they are either:

(a) Received on or before the deadline date; or

(b) Sent on or before the deadline date and received in time for submission to the objective review group. (Applicants must request a legibly dated U.S. Postal Service postmark or obtain a legibly dated receipt from a commercial carrier or U.S. Postal Service. Private metered postmarks shall not be acceptable as proof of timely mailing.)

2. **Late Applications:** Applications which do not meet the criteria in 1.(a) or 1.(b) above are considered late applications. Late applications will not be considered in the current competition and will be returned to the applicant.

### Where to Obtain Additional Information

A complete program description, information on application procedures, an application package and business management technical assistance may

be obtained from Nealean K. Austin, Grants Management Specialist, Grants Management Branch, Procurement and Grants Office, Centers for Disease Control and Prevention (CDC), 255 East Paces Ferry Road, NE., Room 300, Atlanta, Georgia 30305, telephone (404) 842-6512.

Programmatic technical assistance may be obtained from Greg Jones, Program Specialist, Office of Administrative Services, National Center for Infectious Diseases, Centers for Disease Control and Prevention (CDC), Mailstop C-19, 1600 Clifton Road, NE., Atlanta, Georgia 30333, telephone (404) 639-2434. Please refer to Announcement Number 440 when requesting information regarding this program.

Potential applicants may obtain a copy of Healthy People 2000 (Full Report, Stock No. 017-001-00474-0) or Healthy People 2000 (Summary Report, Stock No. 017-001-00473-1) referenced in the Introduction through the Superintendent of Documents, Government Printing Office, Washington, DC 20402-9325, telephone (202) 783-3238.

Dated: July 8, 1994.

**Martha Katz,**

*Acting Associate Director for Management and Operations, Centers for Disease Control and Prevention (CDC).*

[FR Doc. 94-17067 Filed 7-13-94; 8:45 am]  
BILLING CODE 4163-18-P

[CDC-458]

### Announcement of Cooperative Agreement to the World Health Organization

#### Summary

The Centers for Disease Control and Prevention (CDC) announces the availability of fiscal year (FY) 1994 funds for a sole source cooperative agreement with the World Health Organization (WHO) for Hantavirus Pulmonary Syndrome (HPS) research in epidemiology, pathogenesis and vaccine development. The activities are intended to strengthen the knowledge base of the epidemiology and pathogenesis of hantaviruses, improve diagnostics capabilities, and assist in the further development of a hantavirus vaccine. These programs will provide information for public policy and for targeting strategies for hantavirus-associated respiratory disease prevention and treatment programs. Approximately \$60,000 is available in FY 1994 to fund one award. It is expected that the award will begin on or about September 30, 1994, and will be

made for a 12-month budget period within a project period of up to two years. Funding estimates may vary and are subject to change. A continuation award within an approved project period will be made on the basis of satisfactory progress and availability of funds.

The purpose for this program is to assist research on hantaviruses that will help researchers in the U.S. to understand the epidemiology and mechanisms of immunity and immunopathology of hantavirus infection. It is also intended that the agreement assure that proper observations of vaccine trials are reliably made should further vaccine development be necessary in this country.

The Public Health Service (PHS) is committed to achieving the health promotion and disease prevention objectives of Healthy People 2000, a PHS-led national activity to reduce morbidity and mortality and improve the quality of life. This announcement is related to the priority area of Immunization and Infectious Diseases. (For ordering a copy of Healthy People 2000, see the Section Where to Obtain Additional Information.)

#### Authority

This program is authorized under section 301(a) (42 U.S.C. 241(a)), 311 (42 U.S.C. 243), and 317(k)(3) (42 U.S.C. 247b(k)(3)) of the Public Health Service Act, as amended, Pub. L. 95-626. Applicable program regulations are found in 42 CFR part 52, Grants for Research Projects.

#### Smoke-Free Workplace

The Public Health Service strongly encourages all grant recipients to provide a smoke-free workplace and promote the non-use of all tobacco products. This is consistent with the PHS mission to protect and advance the physical and mental health of the American people.

#### Eligible Applicant

Assistance will be provided only to the World Health Organization (WHO). No other applications are solicited. The program announcement and application kit have been sent to WHO.

WHO is the coordinating agency for WHO Regional Offices including Pan American Health Organization (PAHO), European Regional Office (EURO), South East Asia Regional Office (SEARO), and Western Pacific Regional Office (WPRO) where assistance will be provided. WHO is the appropriate agency to establish collaboration among

research groups to improve training, technology transfer and share comparative results.

The CDC will collaborate in providing: Consultation, scientific and technical assistance and training for transfer of laboratory technology and logistics management for study of epidemiology of pathogenic hantaviruses in the Americas; scientific and technical assistance in the observation of the inactivated vaccine trials in both China and Russia; and training and on-site assistance in technical areas of expertise for investigating the mechanisms of immunity and immunopathology of hantavirus infection in Korea.

#### Executive Order 12372 Review

This application is not subject to review under Executive Order 12372, Intergovernmental Review of Federal Programs.

#### Public Health System Reporting Requirements

This program is not subject to the Public Health System Reporting Requirements.

#### Catalog of Federal Domestic Assistance Number

The Catalog of Federal Domestic Assistance Number for this program is 93.283.

#### Other Requirements

##### Human Subjects

If the proposed project involves research on human subjects, the applicant must comply with the Department of Health and Human Services Regulations (45 CFR part 46) regarding the protection of human subjects. Assurance must be provided to demonstrate that the project will be subject to initial and continuing review by an appropriate institutional review committee. The applicant will be responsible for providing assurance in accordance with the appropriate guidelines and form provided in the application kit.

#### Where to Obtain Additional Information

If you are interested in obtaining additional information on this program, please refer to Announcement Number 458 and contact Gordon R. Clapp, Grants Management Specialist, Grants Management Branch, Procurement and Grants Office, Centers for Disease Control and Prevention (CDC), 255 East Paces Ferry Road, NE., Room 314, Mailstop E-18, Atlanta, GA 30305, telephone (404) 842-6508.

A copy of Healthy People 2000 (Full Report: Stock No. 017-001-00474-0) or Healthy People 2000 (Summary Report: Stock No. 017-001-00473-1), referenced in the SUMMARY section, may be obtained through the Superintendent of Documents, Government Printing Office, Washington, DC 20402-9325, telephone (202) 783-3238.

Dated: July 8, 1994.

Martha Katz,

Acting Associate Director for Management and Operations, Centers for Disease Control and Prevention (CDC).

[FR Doc. 94-17063 Filed 7-13-94; 8:45 am]

BILLING CODE 4163-18-P

#### Food and Drug Administration

[Docket No. 94F-0222]

#### Ramico Foods Inc.; Filing of Food Additive Petition

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

**SUMMARY:** The Food and Drug Administration (FDA) is announcing that Ramico Foods Inc., has filed a petition proposing that the food additive regulations be amended to provide for the safe use of calcium disodium EDTA (ethylenediaminetetraacetate) to promote color retention in canned, cooked fava beans.

**DATES:** Written comments on the petitioner's environmental assessment by September 12, 1994.

**ADDRESSES:** Submit written comments to the Dockets Management Branch (HFA-305), Food and Drug Administration, rm. 1-23, 12420 Parklawn Dr., Rockville, MD 20857.

**FOR FURTHER INFORMATION CONTACT:** Mary E. LaVecchia, Center for Food Safety and Applied Nutrition (HFS-217), Food and Drug Administration, 200 C St. SW., Washington, DC 20204, 202-254-9519.

**SUPPLEMENTARY INFORMATION:** Under the Federal Food, Drug, and Cosmetic Act (sec. 409(b)(5) (21 U.S.C. 348(b)(5))), notice is given that a food additive petition (FAP 3A4404) has been filed by Ramico Foods Inc., 8245 Le Creusot, St-Leonard, Quebec, CANADA H1P 2A2. The petition proposes to amend the food additive regulations in § 172.120 *Calcium Disodium EDTA* (21 CFR 172.120) to provide for the safe use of calcium disodium EDTA to promote color retention in canned cooked fava beans.

The potential environmental impact of this action is being reviewed. To

encourage public participation consistent with regulations promulgated under the National Environmental Policy Act (40 CFR 1501.4(b)), the agency is placing the environmental assessment submitted with the petition that is the subject of this notice on public display at the Dockets Management Branch (address above) for public review and comment. Interested persons may, on or before September 12, 1994, submit to the Dockets Management Branch (address above) written comments. Two copies of any comments are to be submitted, except that individuals may submit one copy. Comments are to be identified with the docket number found in brackets in the heading of this document. Received comments may be seen in the office above between 9 a.m. and 4 p.m., Monday through Friday. FDA will also place on public display any amendments to, or comments on, the petitioner's environmental assessment without further announcement in the *Federal Register*. If, based on its review, the agency finds that an environmental impact statement is not required and this petition results in a regulation, the notice of availability of the agency's finding of no significant impact and the evidence supporting that finding will be published with the regulation in the *Federal Register* in accordance with 21 CFR 25.40(c).

Dated: July 1, 1994.

Fred R. Shank,

Director, Center for Food Safety and Applied Nutrition.

[FR Doc. 94-17075 Filed 7-13-94; 8:45 am]

BILLING CODE 4160-01-F

#### Health Care Financing Administration

[BPO-116-FN]

#### Medicare Program: Data, Standards, and Methodology Used To Establish Fiscal Year 1994 Budgets for Fiscal Intermediaries and Carriers

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

ACTION: Final notice.

**SUMMARY:** This notice is published in accordance with sections 1816(c)(1) and 1842(c)(1) of the Social Security Act which require us to publish the final data, standards, and methodology used to establish budgets for Medicare intermediaries and carriers. In this notice, we respond to the comments received in response to our notice of October 5, 1993 and we announce the adoption of the proposed data, standards, and methodology that we

used to establish the Medicare fiscal intermediary and carrier budgets for fiscal year (FY) 1994, beginning October 1, 1993, as final and without revision.

**EFFECTIVE DATE:** This final notice is effective on July 14, 1994.

**FOR FURTHER INFORMATION CONTACT:** Phyllis Mosmiller, (410) 966-7528.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

Fiscal intermediaries and carriers are public or private entities that participate in the administration of the Medicare program by performing benefit payment and claims processing functions. On October 5, 1993, we published in the *Federal Register* (58 FR 51827) a proposed notice that described the data, standards, and methodology we intended to use to establish budgets for Medicare program carriers and fiscal intermediaries, referred to as Medicare contractors, for the Federal fiscal year (FY) 1994, beginning October 1, 1993. The notice was published in accordance with sections 1816(c)(1) and 1842(c)(1) of the Social Security Act (the Act), which require us to publish for public comments the data, standards, and methodology we propose to use to establish budgets for these Medicare contractors.

**II. Provisions of the Proposed Notice**

Following the same format we have used in prior notices, the October 5, 1993 proposed notice described the budget development process in general and gave an overview of how we intend to use the contractor budget data, standards, and methodology to establish the FY 1994 budgets.

We indicated in the notice that the contractor budget would be structured to coincide with the seven functional areas of responsibilities performed by fiscal intermediaries for Part A and nine functional areas of responsibilities performed by carriers for Part B of the Medicare program. The intermediary functional area responsibilities for Part A are: (1) Bill Payment, (2) Reconsideration and Hearings; (3) Medicare Secondary Payer; (4) Medical Review and Utilization Review; (5) Provider Audit (Desk Review, Field Audit, and Provider Settlement); (6) Provider Reimbursement; and (7) Productivity Investments. The carrier functional area responsibilities for Part B are: (1) Claim Payment; (2) Review and Hearing; (3) Beneficiary/Physician Inquiry; (4) Medical Review and Utilization Review; (5) Benefit Integrity (formerly Fraud and Abuse); (6) Medicare Secondary Payer; (7) Participating Physicians; (8) Provider

Education and Training; and (9) Productivity Investments. These functions are funded from the Hospital Insurance Trust Fund (HI) and the Supplementary Medical Insurance Trust Fund (SMI).

We proposed that final funding for the contractor functions listed above would be allocated in accordance with the current claims processing trends, legislative mandates, administrative initiatives, current year performance standards and criteria, and the availability of funds appropriated by the Congress.

The FY 1994 Budget and Performance Requirements (BPRs) gave the contractors the authority to manage their budgets on a bottom line basis. Once funding is issued, each contractor will have the flexibility to optimally manage the budget in accordance with the statement of work contained in the BPRs. With the exception of the line item for Payment Safeguards, Productivity Investments, and "Other" line items, contractors have total flexibility in the use of funds. There is a 5 percent limitation on the amount of funds that may be shifted out of individual Payment Safeguards, with unlimited shifting into Payment Safeguards. Shifting into or out of Productivity Investments and "Other" line item funding, not governed by contract modifications, may not exceed 5 percent. Each "Other" line item is treated separately. The Productivity Investment line item is treated as a whole and not by a separate project. Funding that is governed by contract modifications may not be shifted to other functions or line items.

Final BPRs were sent to each contractor in June 1993 to assist in the preparation of their FY 1994 budget requests. The contractors are expected to perform the work as described in the BPR package and in accordance with the standards contained in the Contractor Performance Evaluation Program for FY 1994 that was published in the *Federal Register* (58 FR 51085) on September 30, 1993. While the contractors were preparing their budget requests, we developed preliminary budget allocations for the 16 functional areas that were based on historical patterns, workload growth, inflation assumptions, statistical forecasting reports, and any other available information.

A key step in this budget process is the development of contractor unit costs for processing Part A bills and Part B claims. As in FY 1993, the FY 1994 budget process incorporates a bottom line unit cost approach that encompasses all budget line items except Provider Audit, Productivity

Investments, and Other. For funding the bills/claims processing function, the Complexity Index (CI) was continued in FY 1994. In the FY 1993 budget process, we arrayed the contractors' unit costs and identified the contractor at the 60th Percentile. Each contractor with a unit cost higher than the 60th Percentile was held to the 60th Percentile unit cost multiplied by the contractor's CI. Each contractor at or below the 60th Percentile retained its own unit cost multiplied by its CI. The only difference in the unit cost calculation in FY 1994 was the use of the 70th Percentile instead of the 60th Percentile.

It was also noted that limitations on the FY 1994 budget could require across-the-board cost cutting measures. Should this occur, each of HCFA's Regional Offices will determine the amount of budget reduction for its contractors.

**III. Analysis of and Responses to Public Comments**

In response to our request for public comment in the October 5, 1993 proposed notice, we received four timely items of correspondence. Comments were received from a national specialty association, a beneficiary advocacy association, and two national health insurance associations. Several issues that were raised by the commenters are outside the scope of the proposed notice and are not addressed in this final notice. However, those comments have been referred to the appropriate HCFA components for review and analysis to determine if operational adjustments are required or warranted. In this final notice, we are responding to the comments that are related to the proposed notice.

*Comment:* Three commenters reflected the concern that the proposed notice was published after the beginning of FY 1994. It was felt that untimely publication of the proposed notice denied interested parties the opportunity to comment before implementation of the budget.

*Response:* We have taken steps to publish these proposed notices as timely as possible. Although we did not publish the proposed notice before the beginning of the fiscal year (due to considerations in reviewing data and developing a budget), we did provide adequate opportunity for all affected parties to comment on the data, standards, and methodology. We were fully prepared to issue revised Budget and Performance Requirements (BPRs) to intermediaries and carriers based on the comments received. If necessary, we were prepared to renegotiate any

affected areas of intermediary and carrier budgets within the levels of funding made available by the Congress.

*Comment:* Two commenters indicated that the contractor unit cost calculations are derived from a Complexity Index (CI) formula which is methodologically incorrect.

*Response:* The CI includes full consideration of each individual contractor's workload mix and its actual costs as reported on the Final Administrative Cost Proposals. Therefore, we believe that the CI methodology is an equitable and efficient method of formulating contractor unit cost targets.

*Comment:* One commenter expressed the opinion that the notice lacks specificity about the development of the contractor budgets that the Omnibus Budget Reconciliation Act of 1987 was intended to elicit. The commenter also stated that most of the methodology described in the notice is general and could apply to any contractor budget year.

*Response:* The intent of the Congress requires that we provide sufficient description of the data, standards, and methodology used in determining the annual budgets. We believe the notice complies with that intent. The commenter is correct that some methodologies are retained from year to year. However, we always publish the most recent data. Additionally, legislative changes and budget priorities or constraints affect the standards.

Our notices are intended to include only the data, standards, and methodology to be used to establish budgets for fiscal intermediaries and carriers for a given fiscal year. Specific instructions on how to implement and monitor certain initiatives, for example, beneficiary inquiries, participating physician, physician payment reform, etc., are presented through program memoranda, manual instructions, BPRs, etc.

*Comment:* One commenter stated that HCFA has not provided adequate data, thus preventing the reader from reaching an informed opinion regarding the accuracy of the resulting budgets and unit costs.

*Response:* As we believe the Congress intended, our proposed notice provides a general description of the budget development process. Specific guidelines and data for the development of individual contractor budgets are found in the current year BPRs.

*Comment:* There was no mention of the Medicare Transaction System (MTS) in the proposed notice, as stated by another commenter.

*Response:* We believe that a discussion of MTS is not relevant to the development of the FY 1994 contractor budget.

*Comment:* One commenter stated that there were no "true budget negotiations" with the contractors in FY 1994.

*Response:* We disagree. The Regional Offices (ROs) held discussions with the intermediaries and carriers to develop their FY 1994 budgets. A constant effort was made by all ROs to work out any differences with the intermediaries and carriers. The resulting FY 1994 contractor budgets reflect the efforts made during these negotiations.

*Comment:* One commenter would like a policy to be established in situations where the budget appropriation is not passed by the Congress at the beginning of the fiscal year.

*Response:* If the budget appropriation is not passed at the beginning of a fiscal year, we inform all carriers and intermediaries through correspondence of the appropriate actions to take until the appropriation is passed. Therefore, we believe it is not necessary to describe these procedures in a notice whose only purpose is to provide a general description of the process to develop the budget.

*Comment:* Another commenter stated there is a lack of both description and assumptions for savings in every Medicare budget line item identified, including the savings identified by increasing goals for receiving Electric Means Claims (EMC) claims.

*Response:* The proposed notice is intended to be a general description of the budget process. Contractors receive more detailed information on savings descriptions and assumptions in the BPRs and during contract negotiations with ROs.

*Comment:* A commenter wanted to know whether the contract or the BPRs controls the contractor's ability to shift funds.

*Response:* Contractor budget flexibility refers to each contractor's authority to shift funds within its Notice of Budget Approval, once issued. The same rules apply in FY 1994 as in FY 1993. With the exception of the Payment Safeguards, Productivity Investments, and "Other" line items, contractors have complete flexibility with regard to the use of funds for "bottom line" functions/line items. As stated in the BPRs, "Funding governed by contract modifications may not be shifted." Existing HCFA policy ensures that adequate funds always will be available to fund Payment Safeguards, an area that is vitally important to the

protection of HI and SMI Trust Fund dollars.

*Comment:* A final commenter stated that, in the Benefits Integrity line, staff increases could improve the quality of claims processed and help eliminate problems which could appear to be fraud and abuse.

*Response:* We agree that proper staffing for the initial processing of fraud complaints/claims is important to the successful operation of the fraud units. HCFA will continue to fund this area so as to respond to fraud complaints in a timely and accurate manner.

#### IV. Provisions of the Final Notice

Based on our review of the comments submitted, we are making no changes to the data, standards, and methodology as published in our notice on October 5, 1993. Therefore, we are adopting as final the notice as proposed.

In accordance with Executive Order 12866, this final notice was not reviewed by the Office of Management and Budget.

#### V. Information Collection Requirements

This document does not impose information collection and recordkeeping requirements. Consequently, it need not be reviewed by the Office of Management and Budget under the authority of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.).

**Authority:** Sections 1816(c)(1) and 1842(c)(1) of the Social Security Act (42 U.S.C. 1395h(c)(1) and 1395u(c)(1)). (Catalog of Federal Domestic Assistance Program No. 93.773, Medicare—Hospital Insurance; and Program No. 93.774, Medicare—Supplementary Medical Insurance Program.)

Dated: April 12, 1994.

**Bruce C. Vladeck,**  
Administrator, Health Care Financing Administration.

[FR Doc. 94-17010 Filed 7-13-94; 8:45 am]  
BILLING CODE 4120-01-P

[BPD-799-GN]

#### Medicare Program; Medicare Secondary Payer (MSP) Amendments

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

ACTION: General notice.

SUMMARY: This notice—

1. Describes the changes made to the MSP for the disabled provision by sections 13561(b) and 13561(e) of the Omnibus Budget Reconciliation Act of 1993, Public Law 103-66, hereafter referred to as OBRA '93; and