

hospital unless the services are furnished under an arrangement with the hospital;

- Authorize the Department of Health and Human Services' Office of Inspector General to impose a civil money penalty against any individual or entity who knowingly presents a bill for non-physician or other bundled services not provided directly or under such an arrangement.

Because of the scope of the proposed rule, hospitals and numerous professional associations have requested more time to analyze the potential consequences of the rule. Therefore, we are extending the public comment period for an additional 60 days, until January 8, 1999.

Published elsewhere in this issue of the **Federal Register** is a notice extending for an additional 60 days, the comment period for the proposed rule published in the June 12, 1998, **Federal Register** in which we propose to rebase Medicare payment rates and update the list of approved procedures for ambulatory surgical centers (ASCs) (63 FR 32290). We are extending the comment period for the June 12, 1998, ASC proposed rule to be concurrent with the extended comment period for the September 8, 1998, hospital outpatient proposed rule because Medicare payments to ASCs are closely linked to the manner in which Medicare proposes to pay hospitals under a prospective payment system for surgical services furnished on an outpatient basis.

Authority: Secs. 1102 and 1871 of the Social Security Act (42 U.S.C. 1302 and 1395hh).
(Catalog of Federal Domestic Assistance Program No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: November 3, 1998.

Nancy-Ann Min DeParle,

Administrator, Health Care Financing Administration.

Dated: November 9, 1998.

Donna E. Shalala,

Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Parts 416 and 488

[HCFA-1885-3N]

RIN 0938-AH81

Medicare Program; Update of Ratesetting Methodology, Payment Rates, Payment Policies, and the List of Covered Procedures for Ambulatory Surgical Centers Effective October 1, 1998; Extension of Comment Period

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

ACTION: Notice of extension of comment period for proposed rule.

SUMMARY: This notice extends the comment period for the third time on a proposed rule published in the **Federal Register** on June 12, 1998, (63 FR 32290). In that rule we proposed to make various changes, including changes to the ambulatory surgical center (ASC) payment methodology and the list of Medicare covered procedures. The comment period is extended for 60 days.

DATES: The comment period is extended to 5 p.m. on January 8, 1999.

ADDRESSES: Mail written comments (one original and three copies) to the following address: Health Care Financing Administration, Department of Health and Human Services, Attention: HCFA-1885-P, P.O. Box 26688, Baltimore, MD 21207-0488.

If you prefer, you may deliver your written comments (one original and three copies) to one of the following addresses: Room 443-G, Hubert H. Humphrey Building, 200 Independence Avenue, SW, Washington, DC 20201, or Room C5-09-26, Central Building, 7500 Security Boulevard, Baltimore, MD 21244-1850.

Because of staffing and resource limitations, we cannot accept comments by facsimile (FAX) transmission. In commenting, please refer to file code HCFA-1885-P. Comments received timely will be available for public inspection as they are received, generally beginning approximately 3 weeks after publication of a document, in Room 443-G of the Department's offices at 200 Independence Avenue, SW, Washington, DC, on Monday through Friday of each week from 8:30 a.m. to 5 p.m. (phone: (202) 690-7890).

For comments that relate to information collection requirements, mail a copy of comments to:

Office of Information and Regulatory Affairs, Office of Management and

Budget, Room 10235, New Executive Office Building, Washington, DC 20503, Attn: Allison Herron Eydt, HCFA Desk Officer.

FOR FURTHER INFORMATION CONTACT: Joan H. Sanow, (410) 786-5723.

SUPPLEMENTARY INFORMATION: On June 12, 1998, we issued a proposed rule in the **Federal Register** (63 FR 32290) that would do the following:

- Update the criteria for determining which surgical procedures can be appropriately and safely performed in an ASC.

- Make additions to and deletions from the current list of Medicare covered ASC procedures based on the revised criteria.

- Rebase the ASC payment rates using cost, charge, and utilization data collected by a 1994 survey of ASCs.

- Refine the ratesetting methodology that was implemented by a final notice published on February 8, 1990, in the **Federal Register**.

- Require that ASC payment, coverage, and wage index updates be implemented annually on January 1 rather than having these updates occur randomly throughout the year.

- Reduce regulatory burden.

- Make several technical policy changes.

The proposed rule would also implement requirements of section 1833(i)(1) and (2) of the Social Security Act. We indicated that comments would be considered if we received them by August 11, 1998.

We received requests from numerous ASCs and professional associations for more time to analyze the potential consequences of the rule. We issued a notice in the **Federal Register** on August 14, 1998, (63 FR 43655) announcing extension of the public comment period to September 10, 1998.

On September 8, 1998, we published a proposed rule in the **Federal Register** entitled "Medicare Program; Prospective Payment System for Hospital Outpatient Services" (63 FR 47552). We received additional requests from ASCs and professional associations for more time to analyze the impact of the hospital outpatient proposed rule, and for a delay in the implementation of the ASC final rule to be concurrent with implementation of the hospital outpatient prospective payment system.

On October 1, 1998, we reopened the comment period for the June 12, 1998, ASC proposed rule until November 9, 1998, to coincide with the comment period for the September 8, 1998, hospital outpatient proposed rule. We also gave notice in the October 1, 1998, **Federal Register** (63 FR 52663) of a

delay in the adoption of the provisions of the June 12, 1998, ASC proposed rule as a final rule to be concurrent with the adoption as final of the hospital outpatient prospective payment system as soon as possible after January 1, 2000.

Published elsewhere in this issue of the **Federal Register** is a notice extending for 60 days the comment period for the September 8, 1998, hospital outpatient proposed rule (63 FR 47552). Because Medicare payments to ASCs are closely linked to the way Medicare proposes to pay hospitals under a prospective payment system for surgical services furnished on an outpatient basis, we are extending the comment period for the June 12, 1998, ASC proposed rule for 60 days to be concurrent with the extended comment period for the September 8, 1998, hospital outpatient proposed rule. The comment period will close at 5 p.m. on January 8, 1999.

Authority: Secs. 1102 and 1871 of the Social Security Act (42 U.S.C. 1302 and 1395hh).

(Catalog of Federal Domestic Assistance Program No. 93.774, Medicare—Supplementary Medical Insurance Program)

Dated: November 3, 1998.

Nancy-Ann Min DeParle,
Administrator, Health Care Financing Administration.

Dated: November 9, 1998.

Donna E. Shalala,
Secretary.

[FR Doc. 98-30389 Filed 11-9-98; 3:10 pm]

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FEDERAL EMERGENCY MANAGEMENT AGENCY

44 CFR Part 62

RIN 3067-AC86

National Flood Insurance Program; Advance Notice of Determining the Write-Your-Own Expense Allowance

AGENCY: Federal Emergency Management Agency (FEMA).

ACTION: Advance notice of proposed rulemaking.

SUMMARY: We, FEMA, are considering changes under the flood insurance Write-Your-Own (WYO) program to our rules on marketing incentives, performance measures, compensation under the WYO expense allowance, agent compensation, and compensation for unallocated loss expenses. Before publishing any rule change in these areas, we want the advice and comments of WYO companies, agents,

consumers, and any other interested parties.

DATES: We invite your advice and comments on the proposal. Please send your comments on or before January 12, 1999.

We intend to hold a public meeting for oral submissions in early 1999. We will publish notice in the **Federal Register** with the date and location of the public meeting after the comment period expires for this advance notice of proposed rulemaking.

ADDRESSES: Please send your written comments to the Rules Docket Clerk, Office of the General Counsel, Federal Emergency Management Agency, 500 C Street SW., Washington, DC 20472, (telefax) (202) 646-4536, or (email) rules@fema.gov.

FOR FURTHER INFORMATION CONTACT: Claudia I. Murphy, Federal Emergency Management Agency, Federal Insurance Administration, 500 C Street SW., room 429, Washington, DC 20472, (202) 646-2775, (email) claudia.murphy@fema.gov.

SUPPLEMENTARY INFORMATION:

Background

The WYO program is a cooperative venture between the Federal Government and private insurance companies. Goals of the program include: increase the flood insurance policy base and the geographic distribution of policyholders; improve service to policyholders and agents; increase the National Flood Insurance Program's (NFIP) ability to settle claims promptly when catastrophes occur; and give private insurers experience operating the NFIP. The duties and responsibilities of the Federal Government and the private insurers participating in the WYO program and the terms for compensation are spelled out each year in the Financial Assistance/Subsidy Arrangement. (44 CFR Part 62, Appendix A.)

FEMA believes the WYO program is the most effective vehicle for delivering flood insurance to consumers and supporting the floodplain management goals of the NFIP. As pressure to raise flood insurance rates continues, particularly regarding reducing premium subsidies, FEMA must examine ways to contain operating costs and determine the most equitable and cost-effective ways to compensate companies that sell and service flood insurance policies.

Marketing and Promotional Expense

We invite your comments on the reasonableness of adjusting the expense allowance for WYO companies to reflect

the expense incurred by the FIA in funding marketing efforts. In recent years, FIA marketing and promotional expenses have been about one percent of total flood insurance premiums written. We did not incur similar marketing expense when the WYO expense allowance formula was established. FIA effectively incurs the type of expense that would be considered "other acquisition expense" when incurred by a private insurer. Because "other acquisition expense" is one of the expense components reflected in the WYO expense allowance calculation, it may be reasonable to reflect some or all of the marketing expense incurred by FIA as an offset to the marketing expense we allow in determining the overall WYO expense allowance.

Marketing Incentives

We adjust a company's base expense allowance depending on how well the company met the marketing goals for the arrangement year contained in the marketing guidelines established pursuant to Article II.G. of the Arrangement. We seek your comments on whether a company's compensation should be contingent on meeting the marketing guidelines and if the marketing incentive is the most effective way to encourage the marketing of flood insurance.

As a separate consideration, we ask for your comments on options regarding the marketing incentive adjustment that has been a feature of the expense calculation since arrangement year 1994-95. We have identified possible approaches to the marketing incentive allowance:

- (1) Change the current maximum addition to the basic WYO expense allowance from 1.3 percentage points to some other amount, such as 1.0 or 0.5 percentage points;
- (2) Eliminate the marketing incentive program; or
- (3) Continue the current marketing incentive program.

Performance Measures

We also invite your comments on how performance should be considered in determining the expense allowance of a particular WYO company. Incorporating performance measures into the determination of a company's expense allowance would create incentives to maximize efficiency in areas such as the settlement of NFIP claims, underwriting accuracy, customer services, financial and statistical reporting, and to maximize the cost effectiveness of the WYO program.