Act. Nebraska's preliminary State DSH allotment has been determined in accordance with this exception.

We are publishing in this notice the preliminary FFY 1995 national DSH target and State DSH allotments based on the best available data we have at this time from the States as adjusted by HCFA. This data is taken from each State's August 1994 Form HCFA–37 and is adjusted as necessary. The final FFY 1995 DSH allotments will be published in the **Federal Register** by April 1, 1995.

II. Calculations of the Preliminary FFY 1995 DSH Limits

The total of the preliminary State DSH allotments for FFY 1995 is equal to the sum of the base allotments for all high-DSH States, the FFY 1994 State DSH allotments for all low-DSH States, and the growth amounts for all low-DSH States. A State-by-State breakdown is presented in section III of this notice.

We classified States as high-DSH or low-DSH States. If a State's base allotment exceeded 12 percent of its total unadjusted medical assistance expenditures (excluding administrative costs) projected to be made under the State's approved plan in FFY 1995, we classified that State as a "high-DSH" State. If a State's base allotment was 12 percent or less of its total unadjusted medical assistance expenditures projected to be made under the State's approved State plan under title XIX of the Act in FFY 1995, we classified that State as a "low-DSH" State. There are 34 low-DSH States and 16 high-DSH States for FFY 1995 as a result of this classification.

Using the most recent data from the August 1994 budget projections (Form HCFA–37), we estimate the States' FFY 1995 national total medical assistance expenditures to be \$155,059,961,000. Thus, the overall preliminary national FFY 1995 DSH expenditure target is approximately \$18.6 billion (12 percent of \$155.1 billion).

In addition, in the preliminary FFY 1995 State DSH allotments we provide a total of \$752,609,000 (\$417,509,000 Federal share) in growth amounts for the 34 low-DSH States. The growth factor percentage for each of the low-DSH States was determined by

calculating the Medicaid program growth percentage for each low-DSH State between FFY 1994 and FFY 1995. To compute this percentage, we first ascertained each low-DSH State's estimate of total FFY 1994 medical assistance and administrative expenditures as reported on the State's Medicaid Budget Report (Form HCFA-37) submitted in August 1994. Next, we compared those estimates to each low-DSH State's total estimated unadjusted FFY 1995 medical assistance and administrative expenditures as reported to HCFA on the State's August 1994 Form HCFA-37 submission.

The growth factor percentage was multiplied by the low-DSH State's final FFY 1994 DSH allotment amount to establish the State's preliminary growth amount for FFY 1995.

Since the sum of the total of the base allotments for high-DSH States, the total of the State DSH allotments for the previous FFY for low-DSH States, and the growth for low-DSH States (\$19,242,708,000) is greater than the preliminary FFY 1995 national target (\$18,607,195,000), there is no preliminary FFY 1995 redistribution pool.

The low-DSH State's growth amount was then added to the low-DSH State's final FFY 1994 DSH allotment amount to establish the preliminary total low-DSH State DSH allotment for FFY 1995. If a State's growth amount, when added to its final FFY 1994 DSH allotment amount, exceeds 12 percent of its FFY 1995 estimated medical assistance expenditures, the State only receives a partial growth amount which, when added to its final FFY 1994 allotment, limits its total State DSH allotment for FFY 1995 to 12 percent of its estimated FFY 1995 medical assistance expenditures. For this reason, seven of the low-DSH States received partial growth amounts.

As we explained above, in accordance with the minimum payment adjustments required by Medicare methodology, Nebraska's preliminary FFY 1995 State DSH allotment is \$11 million.

In summary, the total of all preliminary State DSH allotments for FFY 1995 is \$19,242,708,000

(\$10,978,517,000 Federal share). This total is composed of the prior FFY's final State DSH allotments (\$18,490,099,000) plus growth amounts for all low-DSH States (\$752,609,000) plus supplemental amounts for low-DSH States (\$0). The total of all preliminary FFY 1995 State DSH allotments is 12.6 percent of the total medical assistance expenditures (excluding administrative costs) projected to be made by these States in FFY 1995. The total of all preliminary DSH allotments for FFY 1995 is \$635,513,000 over the FFY 1995 preliminary national target amount of \$18,607,195,000.

Each State should monitor and make any necessary adjustments to its DSH spending during FFY 1995 to ensure that its actual FFY 1995 DSH payment adjustment expenditures do not exceed its final State DSH allotment for FFY 1995 which will be published by April 1, 1995. As the ongoing reconciliation between actual FFY 1995 DSH payment adjustment expenditures and the final FFY 1995 DSH allotments takes place, each State should amend its plans as may be necessary to make any adjustments to its FFY 1995 DSH payment adjustment expenditure patterns so that the State will not exceed its final FFY 1995 DSH allotment.

The FFY 1995 reconciliation of DSH allotments to actual expenditures will take place on an ongoing basis as States file expenditure reports with HCFA for DSH payment adjustment expenditures applicable to FFY 1995. In addition, additional DSH payment adjustment expenditures made in succeeding FFYs that are applicable to FFY 1995 will continue to be reconciled back to each State's final FFY 1995 DSH allotment as additional expenditure reports are submitted to ensure that the final FFY 1995 DSH allotment is not exceeded. Any DSH payment adjustment expenditures in excess of the final DSH allotment will be disallowed.

Any DSH expenditures that are disallowed will be subject to the normal Medicaid disallowance procedures.

III. Preliminary FFY 1995 DSH Allotments Under Public Law 102-234

KEY TO CHART

Column	Description	
Column A =	= Name of State.	

Column B =

Final FFY 1994 DSH Allotments For All States. For a high-DSH State, this is the State's base allotment which is the greater of the State's FFY 1992 allowable DSH payment adjustment expenditures applicable to FFY 1992, or \$1,000,000. For a low-DSH State, this is equal to the final DSH allotment for FFY 1994 which was published in the Federal Register on May 2, 1994.