5187. Comments received will be available at this location.

**FOR FURTHER INFORMATION CONTACT:** Mr. Samuel N. Guida, Bureau of Program Operations, Office of Contracting and Financial Management, Division of Accounts Management and Collection, Health Care Financing Administration, Room 1–E–5, Meadows East Building, 6325 Security Boulevard, Baltimore, Maryland 21207–5187. His telephone number is (410) 966–7495.

SUPPLEMENTARY INFORMATION: HCFA is proposing to amend the system notice for the "Supplemental Medical Insurance (SMI) Accounting Collection and Enrollment System (SPACE)," System No. 09–70–0505, by revising the system name, revising the purpose, and by adding new routine uses.

HCFA is proposing to change the system name to better reflect the current function of the SPACE system, which now processes Medicare premium billing information for both Part B, SMI, and Part A, HI. The proposed new name is "Supplementary Medical Insurance (SMI) and Hospital Insurance (HI) Premium Accounting, Collection and Enrollment System (SPACE)." Despite the amendment to the system name, the acronym SPACE, which refers to this system, will not be changed.

The SPACE system contains information on Medicare beneficiaries whose HI benefit and/or SMI benefit premiums are paid by a State Medicaid agency, OPM, or formal third party groups. The purpose of this system of records is being updated to include beneficiaries whose HI benefit premiums are paid by a State Medicaid agency, the U.S. Office of Personnel Management (OPM), or a formal third party group (the latter defined in 42 CFR 408.80 through 408.92). The purpose originally only references those beneficiaries whose SMI was paid by a State Medicaid agency.

Also, HCFA is proposing to add routine uses which would permit the disclosure of information to OPM and formal third party groups when necessary to perform monthly premium billing functions, to identify annuitants for whom premium collections must be initiated and to periodically reconcile third party master records. Formal third party groups are defined in 42 CFR 408.80 through 408.92, which discusses the formal group billing arrangement. OPM and formal third party groups are mandated by law to conduct these activities as detailed in both the Social Security Act and the CFR.

Sections 1818 and 1818A of the Act (42 U.S.C. sections 1395i–2 and 1395i– 2a) provide for the payment premiums for HI. Section 1840 of the Act (42 U.S.C. section 1395s) establishes the bases for the payment of premiums for SMI. Also, sections 1818(g) and 1843 of the Act (42 U.S.C. sections 1395i–2(g) and 1395v) provide that a State may enter into a buy-in agreement to secure HI and SMI coverage for certain individuals by paying the premiums on their behalf. These statutory provisions are implemented in HCFA regulations 42 CFR part 406, subpart C; part 408; and part 407, subpart C.

The first proposed new routine use would permit the release of data to OPM when necessary to perform monthly premium billing functions, to identify annuitants for whom premium collections must be initiated and to periodically reconcile third party master records. The second routine use would permit disclosure to formal third party groups for the purpose of paying Medicare premiums on behalf of their members. A third routine use would permit the disclosure of information to a contractor in connection with the maintenance of ADP software. A fourth routine use would permit the disclosure of information to an individual or organization for research. The latter two routine uses are established in all HCFA systems of records and have inadvertently been omitted from the SPACE system. Therefore, we are proposing that they be added to the system at this time.

The proposed new routine uses will be numbered (4), (5), (6) and (7) and will read as follows:

(4) To the Office of Personnel Management in order to perform monthly premium billing functions, to identify annuitants for whom premium collections must be initiated, and to periodically reconcile third party master records.

(5) To formal third party groups pursuant to agreements with the Health Care Financing Administration to pay the Medicare premiums on behalf of their members.

(6) To a contractor for the purpose of collating, analyzing, aggregating or otherwise refining or processing records in this system or for developing, modifying and/or manipulating ADP software. Data would also be disclosed to contractors incidental to consultation, programming, operation, user assistance, or maintenance for ADP or telecommunications systems containing or supporting records in the system.

(7) To an individual or organization for a research, evaluation, or epidemiologic project related to the prevention of disease or disability, or the restoration or maintenance of health, if HCFA: a. Determines that the use or disclosure does not violate legal limitations under which the record was provided, collected, or obtained:

b. Determines that the purpose for which the disclosure is to be made:

1. Cannot be reasonably accomplished unless provided in individually identifiable form.

2. Is of sufficient importance to warrant the effect and/or risk on the privacy of the individual that additional exposure of the record might bring, and

3. There is reasonable probability that the objectives for the use would be accomplished:

c. Requires the information recipient to:

1. Establish reasonable administrative, technical, and physical safeguards to prevent unauthorized use or disclosure of the record, and

2. Remove or destroy the information that allows the individual to be identified at the earliest time at which removal or destruction can be accomplished consistent with the purpose of the project, unless the recipient presents an adequate justification of a research or health nature for retaining such information, and

3. Make no further use or disclosure of the record except:

a. In emergency circumstances affecting the health or safety of an individual.

b. For use in another research project, under these same conditions, and written authorization of HFCA.

c. For disclosure to a properly identified person for the purpose of an audit related to the research project, if information that would enable research subjects to be identified is removed or destroyed at the earliest opportunity consistent with the purpose of the audit, or

d. when required by law

d. Secures a written statement attesting to the information recipient's understanding of and willingness to abide by the provisions.

Data maintained in the SPACE system are collected for the following purpose: "To process changes to HI/SMI premium payments by third parties (such as State agencies, private groups, Office of Personnel Management) on behalf of Medicare beneficiaries; for billing third parties; and for enrolling individuals for HI/SMI coverage under State buy-in agreements." The proposed new routine uses for the SPACE system are compatible with this purpose and are therefore consistent with the Privacy Act, 5 U.S.C. 552a.

In accordance with OMB Guidelines (Circular A–130, 58 Fed. Reg. 36077 July