Authority: Secs. 1102, 1871, and 1881(b)(l) of the Social Security Act (42 U.S.C. 1302, 1395hh, and 1395rr(b)(l)).

- 2. Nomenclature change. In part 414, in the following locations, the words "physicians' services" are revised to read "physician services": §§ 414.1, 414.2 (in the definition of the term, the introductory text and paragraph (2)), 414.22, 414.24 (heading and paragraph (c)(2)), 414.30, 414.32 (heading and paragraph (b)), 414.40 (paragraph (b) introductory text), 414.44 (paragraphs (a)(1), (b) introductory text, (d), (e), and (f)), and 414.58 (heading and paragraph (a)).
- 3. The authority citation at the beginning of subpart A is removed.
- 4. Section 414.1 is revised to read as follows:

§ 414.1 Basis and scope.

This part implements the indicated provisions of the following sections of the Act:

1833—Rules for payment for most Part B services.

1834(a) and (h)—Amounts and frequency of payments for durable medical equipment and for prosthetic devices and orthotics and prosthetics.

1848—Fee schedule for physician services. 1881(b)—Rules for payment for services to ESRD beneficiaries.

1887—Payment of charges for physician services to patients in providers.

PART 420—PROGRAM INTEGRITY: MEDICARE

G. Part 420 is amended as set forth below.

The authority citation for part 420 is revised to read as follows:

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

§ 420.200 [Amended]

2. In the first sentence of § 420.200, "1833(e)," and the words ", and 1866" are removed, and "1861" is revised to read "and 1861(v)(1)(i)".

PART 421—INTERMEDIARIES AND CARRIERS

- H. Part 421 is amended as set forth below.
- 1. The authority citation for part 421 is revised to read as follows:

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

2. § 421.1 is amended to redesignate paragraph (b) as paragraph (c), revise paragraph (a) and add a new paragraph (b) to read as follows:

§ 421.1 Basis and scope.

(a) This part is based on the indicated provisions of the following sections of the Act:

1124—Requirements for disclosure of certain information.

1816 and 1842—Use of organizations and agencies in making Medicare payments to providers and suppliers of services.

(b) Section 421.118 is also based on 42 U.S.C.1395b–1(a)(1)(F), which authorizes demonstration projects involving intermediary agreements and carrier contracts

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PART 424—CONDITIONS FOR MEDICARE PAYMENT

- I. Part 424 is amended as set forth below.
- 1. The authority citation for part 424 is revised to read as follows:

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

2. § 424.1 is amended to revise paragraph (a) to read as follows:

§ 424.1 Basis and scope.

(a) *Statutory basis.* (1) This part is based on the indicated provisions of the following sections of the Act:

1814—Basic conditions for, and limitations on, Medicare payments for Part A services.

1815—Payment to providers for Part A services.

1835—Procedures for payment to providers for Part B services.

1842(b)(3)(B)(ii)—Assignment of Part B Medicare claims.

1842(b)(6)—Payment to entities other than the supplier.

1848—Payment for physician services. 1870(e) and (f)—Settlement of claims after death of the beneficiary.

(2) Section 424.444(c) is also based on section 216(j) of the Act.

PART 473—RECONSIDERATIONS AND APPEALS

- J. Part 473 is amended as set forth below.
- 1. The authority citation for part 473 is revised to read as follows:

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

§ 473.12 [Amended]

- 2. In § 473.12, the following changes are made:
- a. Paragraph (b) is redesignated as paragraph (c).
- b. Paragraph (a) is redesignated as paragraph (b) and revised, and a new paragraph (a) is added, to read as set forth below.
- c. In redesignated paragraph (c), "will review" is revised to read "reviews".

§ 473.12 Statutory basis.

(a) Under section 1154 of the Act, a PRO may make an initial determination that services furnished or proposed to be furnished are not reasonable, necessary, or delivered in the most appropriate setting.

(b) Under section 1155 of the Act, the

following rules apply:

- (1) A Medicare beneficiary, a provider, or an attending practitioner who is dissatisfied with an initial denial determination under paragraph (a) of this section is entitled to a reconsideration by the PRO that made that determination.
- (2) The beneficiary is also entitled to the following:
- (i) A hearing by an administrative law judge if \$200 or more is still in controversy after a reconsidered determination.
- (ii) Judicial review if \$2000 or more is still in controversy after a final determination by the Department.

PART 482—CONDITIONS OF PARTICIPATION FOR HOSPITALS

- K. Part 482 is amended as set forth below.
- 1. The authority citation for part 482 is revised to read as follows:

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

§ 482.1 [Amended]

- 2. In § 482.1, the following changes are made:
- a. The heading of paragraph (a) is revised to read "Statutory basis.".
- b. Paragraph (a)(3) is redesignated as paragraph (a)(5).
- c. New paragraphs (a)(3) and (a)(4) are added to read as set forth below.
- d. In paragraph (b), "subpart S of part 405" is revised to read "subpart A of part 488".

§ 482.1 Basis and scope.

- (a) Statutory basis. * * *
- (3) Sections 1861(k) and 1902(a)(30) of the Act provide that hospitals participating in Medicare and Medicaid must have a utilization review plan that meets specified requirements.
- (4) Section 1883 of the Act sets forth the requirements for hospitals that provide long term care under an agreement with the Secretary.

PART 483—REQUIREMENTS FOR STATES AND LONG TERM CARE FACILITIES

L. Part 483 is amended as set forth below.