

§ 430.30

42 CFR Ch. IV (10–1–03 Edition)

waived, the Administrator may consider it a new waiver, and approve it for a period of three years.

[56 FR 8846, Mar. 1, 1991]

Subpart C—Grants; Reviews and Audits; Withholding for Failure To Comply; Deferral and Disallowance of Claims; Reduction of Federal Medicaid Payments

§ 430.30 Grants procedures.

(a) *General provisions.* (1) Once CMS has approved a State plan, it makes quarterly grant awards to the State to cover the Federal share of expenditures for services, training, and administration.

(2) The amount of the quarterly grant is determined on the basis of information submitted by the State agency (in quarterly estimate and quarterly expenditure reports) and other pertinent documents.

(b) *Quarterly estimates.* The Medicaid agency must submit Form CMS-25 (Medicaid Program Budget Report; Quarterly Distribution of Funding Requirements) to the central office (with a copy to the regional office) 45 days before the beginning of each quarter.

(c) *Expenditure reports.* (1) The State must submit Form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) to the central office (with a copy to the regional office) not later than 30 days after the end of each quarter.

(2) This report is the State's accounting of actual recorded expenditures. The disposition of Federal funds may not be reported on the basis of estimates.

(d) *Grant award—(1) Computation by CMS.* Regional office staff analyzes the State's estimates and sends a recommendation to the central office. Central office staff considers the State's estimates, the regional office recommendations and any other relevant information, including any adjustments to be made under paragraph (d)(2) of this section, and computes the grant.

(2) *Content of award.* The grant award computation form shows the estimate of expenditures for the ensuing quar-

ter, and the amounts by which that estimate is increased or decreased because of an underestimate or overestimate for prior quarters, or for any of the following reasons:

(i) Penalty reductions imposed by law.

(ii) Accounting adjustments.

(iii) Deferrals or disallowances.

(iv) Interest assessments.

(v) Mandated adjustments such as those required by section 1914 of the Act.

(3) *Effect of award.* The grant award authorizes the State to draw Federal funds as needed to pay the Federal share of disbursements.

(4) *Drawing procedure.* The draw is through a commercial bank and the Federal Reserve system against a continuing letter of credit certified to the Secretary of the Treasury in favor of the State payee. (The letter of credit payment system was established in accordance with Treasury Department regulations—Circular No. 1075.)

(e) *General administrative requirements.* With the following exceptions, the provisions of 45 CFR part 74, which establish uniform administrative requirements and cost principles, apply to all grants made to States under this subpart:

45 CFR part 74
Subpart G—Matching and Cost Sharing
Subpart I—Financial Report Requirements

§ 430.32 Program reviews.

(a) *Review of State and local administration.* In order to determine whether the State is complying with the Federal requirements and the provisions of its plan, CMS reviews State and local administration through analysis of the State's policies and procedures, on-site review of selected aspects of agency operation, and examination of samples of individual case records.

(b) *Quality control program.* The State itself is required to carry out a continuing quality control program as set forth in part 431, subpart P, of this chapter.

(c) *Action on review findings.* If Federal or State reviews reveal serious problems with respect to compliance with any Federal requirement, the State must correct its practice accordingly.