Compendium and need not be repeated in the special regulations.

The deletion of the existing rule allows the park to continue to restore the natural aquatic ecosystem while allowing recreational fishing in all park waters. Closures and restrictions have been in place in the park for over 20 years and are fully accepted and supported by the visiting public and the State of California.

Administrative Procedure Act

In accordance with the Administrative Procedure Act (5 U.S.C. 553(b)(B)), the NPS is promulgating this rule under the ''good cause'' exception of the Act from general notice and comment rulemaking. As discussed above, the NPS believes this exception is warranted because the existing regulations are no longer used and have not been used for over 20 years. This final rule will not impose any additional restrictions on the public and comments on this rule are deemed unnecessary. Based upon this discussion, the NPS finds pursuant to 5 U.S.C. 533(b)(B) that it would be contrary to the public interest to publish this rule through general notice and comment rulemaking.

The NPS also believes that publishing this final rule 30 days prior to the rule becoming effective would be counterproductive and unnecessary for the reasons discussed above. A 30-day delay in this instance would be unnecessary and contrary to the public interest. Therefore, under the ''good cause'' exception of the Administrative Procedure Act (5 U.S.C. 553(d)(3)), it has been determined that this final rulemaking is excepted from the 30-day delay in the effective date and will therefore become effective on the date published in the Federal Register.

Drafting Information

The primary authors of this rule are Bryan Swift, Chief Ranger of Lassen Volcanic National Park, and Dennis Burnett, Washington Office of Ranger Activities, National Park Service.

Paperwork Reduction Act

This final rule does not contain collections of information requiring approval by the Office of Management and Budget under the Paperwork Reduction Act of 1995.

Compliance With Other Laws

This rule was not subject to Office of Management and Budget review under Executive Order 12866. The Department of the Interior determined that this document will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). The economic effects of this rulemaking are local in nature and negligible in scope.

The NPS has determined and certifies pursuant to the Unfunded Mandates Reform Act (2 U.S.C. 1502 *et seq.*), that this rule will not impose a cost of $100 million or more in any given year on local, State or tribal governments or private entities.

The NPS has determined that this rule will not have a significant effect on the quality of the human environment, health and safety because it is not expected to:

(a) Increase public use to the extent of comprising the nature and character of the area or causing physical damage to it;

(b) Introduce non-compatible uses that may compromise the nature and characteristics of the area, or cause physical damage to it;

(c) Conflict with adjacent ownerships or lands uses; or

(d) Cause a nuisance to adjacent owners or occupants.

Based upon this determination, this final rule is categorically excluded from the procedural requirements of the National Policy Act (NEPA) by Departmental regulations in 516 DM 6 (49 FR 21438). As such, neither an Environmental Assessment (EA) nor an Environmental Impact Statement (EIS) has been prepared.

List of Subjects in 36 CFR Part 7

National parks, Reporting and recordkeeping requirements.

In consideration of the foregoing, 36 CFR Chapter I is amended as follows:

PART 7—SPECIAL REGULATIONS, AREAS OF THE NATIONAL PARK SYSTEM

1. The authority citation for Part 7 continues to read as follows:

Authority: 16 U.S.C. 1, 3, 9a, 460(q), 462(k); Sec. 7.96 also issued under D.C. Code 8–137 (1981) and D.C. Code 40–721 (1981).

§ 7.11 [Removed]

2. Section 7.11 is removed.

Dated: August 15, 1996.

George T. Frampton, Jr.,

Assistant Secretary for Fish and Wildlife and Parks.

[FR Doc. 96–22331 Filed 8–30–96; 8:45 am]

BILLING CODE 4310–70–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 261

[SW–FRL–5602–6]

Hazardous Waste Management System; Identification and Listing of Hazardous Waste; Final Exclusion

AGENCY: Environmental Protection Agency.

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) today is granting a petition submitted by Giant Refining Company (Giant) to exclude from hazardous waste control (delist) certain solid wastes. The wastes being delisted consist of excavated soils contaminated with K051 currently being stored in an on-site waste pile. This action responds to Giant's petition to delist these wastes on a one-time basis from the hazardous waste lists. After careful analysis, EPA has concluded that the petitioned waste is not hazardous waste when disposed of in Subtitle D landfills. This exclusion applies only to excavated soils generated at Giant's Bloomfield, New Mexico facility. Accordingly, this final rule excludes the petitioned waste from the requirements of hazardous waste regulations under the Resource Conservation and Recovery Act (RCRA) when disposed of in Subtitle D landfills.

EFFECTIVE DATE: September 3, 1996.

ADDRESSES: The public docket for this final rule is located at the Environmental Protection Agency Region 6, 1445 Ross Avenue, Dallas, Texas 75202, and is available for viewing in the EPA Library of the 12th floor from 9:00 a.m. to 4:00 p.m., Monday through Friday, excluding Federal holidays. Call (214) 665–6444 for appointments. The reference number for this docket is ''F–96–NMDEL-GIANT.'' The public may copy material from any regulatory docket at no cost for the first 100 pages and at a cost of $0.15 per page for additional copies.

FOR FURTHER INFORMATION CONTACT: For general and technical information concerning this document, contact Michelle Peace, Environmental Protection Agency, 1445 Ross Avenue, Dallas, Texas, (214) 665–7430.

SUPPLEMENTARY INFORMATION:

I. Background

A. Authority

Under 40 CFR 260.20 and 260.22, facilities may petition EPA to remove their wastes from hazardous waste control by excluding them from the lists

of hazardous wastes contained in §§ 261.31 and 261.32. Specifically, § 260.20 allows any person to petition the Administrator to modify or revoke any provision of Parts 260 through 265 and 268 of Title 40 of the Code of Federal Regulations; and § 260.22 provides generators the opportunity to petition the Administrator to exclude a waste on a ''generator-specific'' basis from the hazardous waste lists. Petitioners must provide sufficient information to EPA to allow EPA to determine that the waste to be excluded does not meet any of the criteria under which the waste was listed as a hazardous waste. In addition, the Administrator must determine, where he/she has a reasonable basis to believe that factors (including additional constituents) other than those for which the waste was listed could cause the waste to be a hazardous waste, that such factors do not warrant retaining the waste as a hazardous waste.

B. History of This Rulemaking

Giant petitioned EPA to exclude from hazardous waste control the excavated soils contaminated with K051–API separator sludge waste presently stored in an on-site waste pile at Bloomfield, New Mexico facility. After evaluating the petition, EPA proposed, on May 20, 1996 to exclude Giant's waste from the lists of hazardous wastes under §§ 261.31 and 261.32 (See 61 FR 25175). This rulemaking addresses public comments received on the proposal and finalizes the proposed decision to grant Giant's petition.

II. Disposition of Petition

Giant Refining Company, Bloomfield, New Mexico

A. Proposed Exclusion

Giant petitioned EPA to exclude from the lists of hazardous wastes contained in 40 CFR 261.31 and 261.32, a discrete volume of contaminated soil excavated from its wastewater treatment impoundments. Specifically, in its petition, Giant requested that EPA grant a one-time exclusion for 2,000 cubic yards of excavated soil presently stored in an on-site waste pile. The soil is classified as EPA Hazardous Waste No. K051—''API separator sludge from the petroleum refining industry.'' The listed constituents of concern for EPA Hazardous Waste No. K051 are hexavalent chromium and lead (see Part 261, Appendix VII). Giant petitioned the EPA to exclude this discrete volume of excavated soil because it does not believe that the waste meets the criteria for which it was listed. Giant also believes that the waste does not contain any other constituents that would render it hazardous. Review of this petition included consideration of the original listing criteria, as well as the additional factors required by the Hazardous and Solid Waste Amendments (HSWA) of 1984. See Section 222 of HSWA, 42 U.S.C. 6921(f), and 40 CFR 260.22(d) (2)–(4).

In support of its petition, Giant submitted: (1) descriptions of its wastewater treatment processes and the excavation activities associated with the petitioned waste; (2) results from total constituent analyses for the eight Toxicity Characteristic (TC) metals listed in § 261.24 (i.e., the TC metals) antimony, beryllium, cyanide, nickel, vanadium, and zinc from representative samples of the stockpiled waste; (3) results from the Toxicity Characteristic Leaching Procedure (TCLP, SW–846 Method 1311) for the eight TC metals, antimony, beryllium, cyanide, nickel, vanadium, and zinc from representative samples of the stockpiled waste; (4) results from the Oily Waste Extraction Procedure (OWEP, SW–846 Method 1330) for the eight TC metals, antimony, beryllium, nickel, vanadium, and zinc from representative samples of the stockpiled waste; (5) results from the Extraction Procedure Toxicity Test (EP, SW–846 Method 1310) for the eight metals listed in § 261.24 from representative samples of the stockpiled waste; (6) results from total oil and grease analyses from representative samples of the stockpiled waste; (7) test results and information regarding the hazardous characteristics of ignitability, corrosivity, and reactivity; and (8) results from total constituent and TCLP analyses for certain volatile and semi-volatile organic compounds from representative samples of the stockpiled waste.

B. Summary of Responses to Public Comments

The EPA received public comment on the May 20, 1996, proposal from two interested parties, the American Zinc Association (AZA) and Horsehead Resource Development Company (HRD). The comments consisted of the concern that zinc is incorrectly viewed as a hazardous constituent to which the EPA Composite Model for Landfills (EPACML) must be applied and the need to evaluate delisting decisions in relation to the Pollution Prevention Act and the Land Disposal Restrictions.

Classification of Zinc as a Hazardous Constituent

Comment: The AZA is concerned that, for some reason, EPA in connection with the delisting petition filed by Giant Refining Company appears to view zinc as a ''hazardous constituent'' to which the EPACML must be applied. The AZA contends that zinc is not considered a ''hazardous constituent'' as defined under RCRA, is not listed on Appendix VIII to 40 CFR Part 261 and is specifically excluded from the definition of ''underlying hazardous constituents'' in 40 CFR 268.2 (i). The AZA requests that the final rule be changed to exclude zinc.

Response: The criteria for making a successful petition to amend Part 261 to exclude a waste produced at a particular facility can be found in 40 CFR Part 260.22. The regulations in 40 CFR Part 260.22(a)(2) states that based on a complete application, the Administrator must determine where there is a reasonable basis to believe that factors (including additional constituents) other than those for which the waste was listed could cause the waste to be a hazardous waste, that such factors do not warrant retaining the waste as a hazardous waste.

The EPA understands the AZA's concern regarding implication that zinc is being viewed as a ''hazardous constituent'' in this delisting petition. In response to this concern, EPA will revise the preamble language to future rulemakings to read that '' the EPACML will be used to predict the concentrations of constituents that may be released from the petitioned waste, once it is disposed.'' To evaluate delisting petitions, *any* constituent detected in the leachate of the petitioned waste must be evaluated by the EPACML. All organic and inorganic constituents detected in the leachate of a petitioned waste are evaluated for their potential hazard to human health and the environment. Zinc, while it may not meet the definitions of hazardous constituent or ''underlying hazardous constituent'' as defined under the Land Disposal Restrictions, is a constituent found in Giant Refining's waste and moreover, in the leachate of the petitioned waste. Therefore, to meet the delisting criteria, zinc must be evaluated to determine if as a result of leaching into the groundwater the concentration of zinc would pose a hazard to human health or the environment.

In the analysis of the leachate from Giant's waste, levels of zinc were detected and the maximum value is reported on the list of inorganic constituents found in Table 1 of the May 20, 1996, notice. The evaluation of zinc as an ''additional constituent'' is conducted and compared to its health-based value and the secondary drinking water regulations to determine whether the levels of zinc detected could cause

the waste to be a potential hazard. In the case of Giant's waste, the value for zinc is below the level of regulatory concern and should not present a hazard to human health or the environment.

Impact of This Delisting Upon Recycling of K051

Comment: The commenter did not object to the proposed decision to delist Giant's waste, since the constituent levels in the waste were low enough that HRD did not feel that any statutory mandates were violated. The commenter summarized two principal statutory requirements that HRD feels must be accounted for in order for any delisting decision to be valid:

(a) The Pollution Prevention Act of 1990 established a hierarchy of waste management methods, in order of decreasing preference as: (1) source reduction, (2) recycling, (3) treatment, and (4) land disposal. The commenter emphasized that recycling, such as high temperature metal recovery, is favored over waste treatment methods, such as stabilization. The commenter also stated that the low levels of metals in the petitioned waste were not amenable to recycling; and

(b) The Land Disposal Restrictions (LDR) of RCRA include stringent treatment standards which must be met prior to land disposal of hazardous wastes. The commenter felt that LDR treatment standards should be one of the ''factors (including additional constituents) other than those for which the waste was listed'' that could cause the waste to be a hazardous waste or to be retained as a hazardous waste (see 40 CFR 260.22(d)(2)). Again, the commenter did not feel that the constituent levels in the petitioned waste were high enough to exceed LDR treatment standards.

Response: The EPA agrees with the commenter that the statutory mandates summarized above are very important considerations. The EPA also agrees that the decision to delist the waste which is the subject of this final rule is not in conflict with either of these mandates. It is also EPA's position that if the evaluation of a delisting petition reveals that the petitioned waste meets all the appropriate criteria in *Petitions to Delist Hazardous Wastes—A Guidance Manual, Second Edition,* EPA Publication No. EPA/530–R–93–007, March 1993, the conditions specified in 40 CFR 260.22(d)(2) have been met, and the waste need not be subject to RCRA Subtitle C. That is to say, the delisting levels established by EPA are protective of human health and the environment, and a waste that meets these levels does not have factors that ''could cause the waste to be a hazardous waste.'' Many LDR treatment standards are concentration levels below those that would be protective of human health and the environment, because they are based on what is technologically achievable, rather than on risk.

The EPA has responded, in an earlier rulemaking, to similar comment by HRD concerning the effect that delisting stabilized wastes might have on the recycling of wastes to recover metals (see 60 FR 31109, June 13, 1995). The EPA's position continues to be that no policies are undermined nor regulations violated by the delisting of a waste which meets all applicable criteria for delisting. Specifically, the existence of an alternate treatment and/or recycling technology is not a factor that ''could cause the waste to be a hazardous waste.''

C. Final Agency Decision

For reasons stated in both the proposal and this document, EPA believes that Giant's excavated soil should be excluded from hazardous waste control. The EPA, therefore, is granting a final exclusion to Giant Refining Company, Bloomfield, New Mexico for its 2,000 cubic yards of excavated soil, described in its petition as EPA Hazardous Waste No. K051. This exclusion only applies to the waste described in the petition. The maximum volume of contaminated soil covered by this exclusion is 2,000 cubic yards.

Although management of the waste covered by this petition is relieved from Subtitle C jurisdiction, the generator of the delisted waste must either treat, store, or dispose of the waste in an on-site facility, or ensure that the waste is delivered to an off-site storage, treatment, or disposal facility, either of which is permitted, licensed or registered by a State to manage municipal or industrial solid waste. Alternatively, the delisted waste may be delivered to a facility that beneficially uses or reuses, or legitimately recycles or reclaims the waste, or treats the waste prior to such beneficial use, reuse, recycling, or reclamation (see 40 CFR part 260, Appendix I).

III. Limited Effect of Federal Exclusion

The final exclusion being granted today is issued under the Federal (RCRA) delisting program. States, however, are allowed to impose their own, non-RCRA regulatory requirements that are more stringent than EPA's, pursuant to section 3009 of RCRA. These more stringent requirements may include a provision which prohibits a Federally-issued exclusion from taking effect in the State. Because a petitioner's waste may be regulated under a dual system (i.e., both Federal (RCRA) and State (non-RCRA) programs), petitioners are urged to contact the State regulatory authority to determine the current status of their wastes under the State law.

Furthermore, some States (e.g., Louisiana, Georgia, Illinois) are authorized to administer a delisting program in lieu of the Federal program, i.e., to make their own delisting decisions. Therefore, this exclusion does not apply in those authorized States. If the petitioned waste will be transported to and managed in any State with delisting authorization, Giant must obtain delisting authorization from that State before the waste can be managed as non-hazardous in the State.

IV. Effective Date

This rule is effective September 3, 1996. The Hazardous and Solid Waste Amendments of 1984 amended Section 3010 of RCRA to allow rules to become effective in less than six months when the regulated community does not need the six-month period to come into compliance. That is the case here because this rule reduces, rather than increases, the existing requirements for persons generating hazardous wastes. These reasons also provide a basis for making this rule effective immediately, upon publication, under the Administrative Procedure Act, pursuant to 5 U.S.C. 553(d).

V. Regulatory Impact

Under Executive Order 12866, EPA must conduct an ''assessment of the potential costs and benefits'' for all ''significant'' regulatory actions. The effect of this rule is to reduce the overall costs and economic impact of EPA's hazardous waste management regulations. The reduction is achieved by excluding waste from EPA's lists of hazardous wastes, thereby enabling a facility to treat its waste as non-hazardous. As discussed in EPA's response to public comments, this rule is unlikely to have an adverse annual effect on the economy of $100 million or more. Therefore, this rule does not represent a significant regulatory action under the Executive Order, and no assessment of costs and benefits is necessary. The Office of Management and Budget (OMB) has exempted this rule from the requirement for OMB review under Section (6) of Executive Order 12866.

VI. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act, 5 U.S.C. §§ 601–612, whenever an agency is required to publish a general

notice of rulemaking for any proposed or final rule, it must prepare and make available for public comment a regulatory flexibility analysis which describes the impact of the rule on small entities (i.e., small businesses, small organizations, and small governmental jurisdictions). No regulatory flexibility analysis is required, however, if the Administrator or delegated representative certifies that the rule will not have any impact on any small entities.

This regulation will not have an adverse impact on any small entities since its effect will be to reduce the overall costs of EPA's hazardous waste regulations. Accordingly, I hereby certify that this regulation will not have a significant economic impact on a substantial number of small entities. This regulation, therefore, does not require a regulatory flexibility analysis.

VII. Paperwork Reduction Act

Information collection and recordkeeping requirements associated with this final rule have been approved by OMB under the provisions of the Paperwork Reduction Act of 1980 (Pub. L. 96–511, 44 U.S.C. 3501 *et seq.*) and have been assigned OMB Control Number 2050–0053.

VIII. Unfunded Mandates Reform Act

Under section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA), Pub. L. 104–4, which was signed into law on March 22, 1995, EPA generally must prepare a written statement for rules with Federal mandates that may result in estimated costs to State, local, and tribal governments in the aggregate, or to the private sector, of $100 million or more in any one year. When such a statement is required for EPA rules, under section 205 of the UMRA, EPA must identify and consider alternatives, including the least costly, most cost-effective or least burdensome alternative that achieves the objectives of the rule. The EPA must select that alternative, unless the Administrator explains in the final rule why it was not selected or it is inconsistent with law. Before EPA establishes regulatory requirements that may significantly or uniquely affect small governments, including tribal governments, it must develop under section 203 of the UMRA a small government agency plan. The plan must provide for notifying potentially affected small governments, giving them meaningful and timely input in the development of EPA regulatory proposals with significant Federal intergovernmental mandates, and informing, educating, and advising them on compliance with the regulatory requirements.

The UMRA generally defines a Federal mandate for regulatory purposes as one that imposes an enforceable duty upon State, local, or tribal governments or the private sector. The EPA finds that today's delisting decision is deregulatory in nature and does not impose any enforceable duty on any State, local, or tribal governments or the private sector. In addition, today's delisting decision does not establish any regulatory requirements for small governments and so does not require a small government agency plan under UMRA section 203.

List of Subjects in 40 CFR Part 261

Environmental protection, Hazardous waste, Recycling, Reporting and recordkeeping requirements.

Authority: Sec. 3001(f) RCRA, 42 U.S.C. 6921(f).

Dated: August 21, 1996.

Jane N. Saginaw,

Regional Administrator.

For the reasons set out in the preamble, 40 CFR Part 261 is amended as follows:

PART 261—IDENTIFICATION AND LISTING OF HAZARDOUS WASTE

1. The authority citation for Part 261 continues to read as follows:

Authority: 42 U.S.C. 6905, 6912(a), 6921, 6922, and 6938.

2. In Table 2 of Appendix IX, Part 261 add the following waste stream in alphabetical order by facility to read as follows:

Appendix IX—Wastes Excluded Under §§ 260.20 and 260.22

TABLE 2.—WASTES EXCLUDED FROM SPECIFIC SOURCES

Facility	Address	Waste description
*	*	* * * * *
Giant Refining Company, Inc	Bloomfield, New Mexico	Waste generated during the excavation of soils from two wastewater treatment impoundments (referred to as the South and North Oily Water Ponds) used to contain water outflow from an API separator (EPA Hazardous Waste No. K051). This is a one-time exclusion for approximately 2,000 cubic yards of stockpiled waste. This exclusion was published on September 3, 1996. Notification Requirements: Giant Refining Company must provide a one-time written notification to any State Regulatory Agency to which or through which the delisted waste described above will be transported for disposal at least 60 days prior to the commencement of such activities. Failure to provide such a notification will result in a violation of the delisting petition and a possible revocation of the decision.
*	*	* * * * *

[FR Doc. 96–22377 Filed 8–30–96; 8:45 am]
BILLING CODE 6560–50–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Part 417

[OMC–010–FC]

RIN 0938–AF74

Medicare and Medicaid Programs; Requirements for Physician Incentive Plans in Prepaid Health Care Organizations

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

ACTION: Final rule correction; Notice of changes in compliance dates, with comment period.

SUMMARY: In the March 27, 1996, issue of the Federal Register, we published, at 61 FR 13430, a final rule with comment period that implements requirements in sections 4204(a) and 4731 of the Omnibus Budget Reconciliation Act of 1990 that concern physician incentive plans. In the preamble of that rule, we set forth dates by which prepaid health plans had to comply with certain of the rule's provisions. This document clarifies and changes some of those deadlines, and provides an opportunity for public comments on them. It does not otherwise change the requirements set forth in the rule.

In addition this document corrects the March 27 rule's inadvertent reversal of the nomenclature change made by a previous final rule.

DATES: *Effective date:* September 3, 1996.

Comment dates: Comments on the decision to change the compliance dates published in the March 27, 1996 preamble will be considered if received at the appropriate address provided below, no later than 5 p.m. on November 4, 1996.

ADDRESSES: Mail written comments (1 original and 3 copies) to the following address: Health Care Financing Administration, Department of Health and Human Services, Attention: OMC–010–CN, P.O. Box 26688, Baltimore, MD 21207.

If you prefer, you may deliver your written comments (1 original and 3 copies) to one of the following addresses: Room 309–G, Hubert H. Humphrey Building, 200 Independence Avenue, SW., Washington, DC 20201, or Room C5–09–26, 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 OMC–010–CN. 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 309–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 FURTHER INFORMATION CONTACT: Medicare: Tony Hausner, (410) 786–1093. Medicaid: Beth Sullivan, (410) 786–4596.

SUPPLEMENTARY INFORMATION:

I. Change in Compliance Dates

The preamble for the March 27, 1996, rule (61 FR 13430) stated that the regulation was effective on April 26, 1996. The preamble also set forth a set of ''compliance dates,'' by which times the prepaid health plans affected by the regulation would be required to have taken actions to be in compliance with the regulation. These dates varied, depending on the specific requirements of the regulations. They also varied depending on whether the prepaid health plan had a contract with Medicare or Medicaid in place on March 27, 1996, or entered into its initial contract at a later date.

These compliance dates ranged from a date certain—May 28, 1996—to a date determined by when the prepaid health plan applied for a contract, renewed an existing contract, or took other actions specified in the regulation. For example, most of the requirements that prepaid health plans disclose specified elements of information to us would become applicable by May 28, 1996, or by the renewal date of the plan's contract with us, whichever is later. Since all Medicare risk contracts with prepaid health plans are put on a January 1 renewal cycle, this meant that, for practical purposes, these requirements would all become effective on January 1, 1997.

The explanation of these compliance dates in the March 27, 1996, preamble, however, was not sufficiently comprehensive and unambiguous to be fully understood. There has been considerable confusion, doubt, and misunderstanding about them, particularly with respect to their applicability to new contracts entered into subsequent to March 27, 1996. It is also now apparent that some of the compliance dates were clearly impracticable. Most notably, the regulation requires plans, under certain circumstances, to obtain ''stop-loss'' insurance; the compliance date set forth for doing so was May 28, 1996. This was not only unrealistic, but it was also inconsistent with the related disclosure requirements that would not go into effect until January 1, 1997, and with the wording in the congressional authorizing legislation stating that the law should become effective with the start of a contract year. We notified prepaid health plans on May 28 that this requirement would not be enforced before January 1, 1997.

Because of these difficulties with the compliance dates set forth in the March 27 publication, we have decided to simplify and clarify all of the compliance dates. Stated in general terms, the compliance date for all provisions (other than the two exceptions noted below) is now the first renewal date falling on or after January 1, 1997, or the effective date of a new contract or agreement having an effective date on or after January 1, 1997. To explain how this statement applies to contracts and agreements having various renewal dates or effective dates, and how it applies differently to Medicare contracts and to Medicaid contracts or agreements, we provide the following details:

- For all affected health maintenance organizations (HMOs), competitive medical plans (CMPs), and health insuring organizations (HIOs) that have contracts or agreements with HCFA or State Medicaid Agencies in effect on the date of this notice, the March 27, 1996, regulation becomes applicable (according to the terms set forth in the regulation) at the time the contract or agreement is next renewed on or after January 1, 1997. For all plans with Medicare risk contracts, this means the compliance date is January 1, 1997, since that is uniformly the renewal date for all risk contracts. That is also the renewal date for the majority of Medicare cost contracts, although there are a few for which the renewal date will occur later in 1997, at which time this regulation becomes applicable to them. Medicaid agreements have varying dates for renewal and some of them are written as multi-year agreements. For Medicaid agreements, compliance is required for all plans at a date during calendar year 1997. That date is the date on which the agreement is renewed or, in the case of multi-year agreements, the anniversary date of the effective date of the agreement.
- For all affected HMOs and CMPs that enter into Medicare contracts between the date of this notice and the end of calendar year 1996, the