

responsibility. The Office administers the filing and information system for all Federal Environmental Impact Statements under agreement with the Council on Environmental Quality (CEQ) and provides liaison with CEQ on this function and related matters of NEPA program administration. The Office provides a central point of information for EPA and the public on environmental impact assessment techniques and methodologies.

(e) *Office of Community and Intergovernmental Relations.* The Office of Community and Intergovernmental Relations is under the supervision of a Director who serves as the principal point of contact with public interest groups representing general purpose State and local governments, and is the principal source of advice and information for the Administrator and the Assistant Administrator for External Affairs on intergovernmental relations. The Office maintains liaison on intergovernmental issues with the White House and Office of Management and Budget (OMB); identifies and seeks solutions to emerging intergovernmental issues; recommends and coordinates personal involvement by the Administrator and Deputy Administrator in relations with State, county, and local government officials; coordinates and assists Headquarters components in their handling of broad-gauged and issue-oriented intergovernmental problems. It works with the Regional Administrators and the Office of Regional Operations to encourage the adoption of improved methods for dealing effectively with State and local governments on specific EPA program initiatives; works with the Immediate Office of the Administrator, Office of Congressional Liaison, Office of Public Affairs, and the Regional Offices to develop and carry out a comprehensive liaison program; and tracks legislative initiatives which affect the Agency's intergovernmental relations. It advises and supports the Office Director in implementing the President's Environmental Youth Awards program.

3. Section 1.45 is amended by revising paragraph (b) to read as follows:

**§ 1.45 Office of Research and Development.**

(b) *Office of Environmental Engineering and Technology Demonstration.* The Office of Environmental Engineering and Technology Demonstration (OEETD) under the supervision of a Director, is responsible for planning, managing, and

evaluating a comprehensive program of research, development, and demonstration of cost effective methods and technologies to: (1) Control Environmental impacts associated with the extraction, processing, conversion, and transportation of energy, minerals, and other resources, and with industrial processing and manufacturing facilities; (2) control environmental impacts of public sector activities including publicly-owned waste water and solid waste facilities; (3) control and manage hazardous waste generation, storage, treatment, and disposal; (4) provide innovative technologies for response actions under Superfund and technologies for control of emergency spills of oils and hazardous waste; (5) improve drinking water supply and system operations, including improved understanding of water supply technology and water supply criteria; (6) characterize, reduce, and mitigate indoor air pollutants including radon; and (7) characterize, reduce, and mitigate acid rain precursors from stationary sources. Development of engineering data needed by the Agency in reviewing premanufacturing notices relative to assessing potential release and exposure to chemicals, treatability by waste treatment systems, containment and control of genetically engineered organisms, and development of alternatives to mitigate the likelihood of release and exposure to existing chemicals. In carrying out these responsibilities, the Office develops program plans and manages the resources assigned to it; implements the approved programs and activities; assigns objectives and resources to the OEETD laboratories; conducts appropriate reviews to assure the quality, timeliness, and responsiveness of outputs; and conducts analyses of the relative environmental and socioeconomic impacts of engineering methods and control technologies and strategies. The Office of Environmental Engineering and Technology Demonstration is the focal point within the Office of Research and Development for providing liaison with the rest of the Agency and with the Department of Energy on issues associated with energy development. The Office is also the focal point within the Office of Research and Development for liaison with the rest of the Agency on issues related to engineering research and development and the control of pollution discharges.

4. Section 1.47 is amended by adding paragraph (d) to read as follows:

**§ 1.47 Office of Solid Waste and Emergency Response.**

(d) *Office of Underground Storage Tanks.* The Office of Underground Storage Tanks, under the supervision of a Director, is responsible for defining, planning, and implementing regulation of underground storage tanks containing petroleum, petroleum products, and chemical products. In particular, this Office is responsible for overseeing implementation of Subtitle I of the Resource Conservation and Recovery Act (RCRA), as amended. The Office develops and promulgates regulations and policies including notification, tank design and installation, corrective action, and State program approvals. It also plans for an oversees utilization of the Underground Storage Tank Trust Fund established by the Superfund Amendments and Reauthorization Act of 1986 (SARA).

5. Section 1.49 is amended by adding paragraph (g) to read as follows:

**§ 1.49 The Office of Water.**

(g) *Office of Wetlands Protection.* The Office of Wetlands Protection, under the supervision of a Director, administers the 404/Wetlands Program and develops policies, procedures, regulations, and strategies addressing the maintenance, enhancement, and protection of the Nations Wetlands. The Office coordinates Agency issues related to wetlands.

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**40 CFR Part 228**

[OW-4-FRL-3246-4]

**Ocean Dumping; Site Designation**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Final rule.

**SUMMARY:** EPA today designates the alternative dredged material disposal site in the Atlantic Ocean offshore Morehead City, North Carolina ("the site") as an EPA approved ocean dumping site for the dumping of dredged material. The Morehead City site includes that part of the existing site that is greater than 3 nautical miles (nmi) from shore and an adjacent area seaward. This site is chosen so as to decrease the possibility of interference with fisheries and recreational use of the ocean. This action is necessary to provide an acceptable ocean dumping

site for the current and future disposal of dredged material.

**DATE:** This designation shall become effective on September 14, 1987.

**ADDRESSES:** The file supporting this site designation is available for public inspection at the following locations:

EPA Public Information Reference Unit (PIRU), Room 2904 (rear), 401 M Street, SW., Washington, DC 20460  
EPA Region IV, 345 Courtland Street NE., Atlanta, GA 30365

**FOR FURTHER INFORMATION CONTACT:** Christopher Provost, 404/347-2126.

**SUPPLEMENTARY INFORMATION:**

**A. Background**

Section 102(c) of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, 33 U.S.C. 1401 *et seq.* ("the Act") gives the Administrator of EPA the authority to designate sites where ocean dumping may be permitted. On December 23, 1986, the Administrator delegated the authority to designate ocean dumping sites to the Regional Administrator of the Region in which the site is located. This site designation is within Region IV and is being made pursuant to that authority.

The EPA Ocean Dumping Regulations (40 CFR Chapter I, Subchapter H, § 228.4) state that ocean dumping sites will be designated by promulgation in this Part 228. A list of "Approved Interim and Final Ocean Dumping Sites" was published on January 11, 1977, (42 FR 2461 *et seq.*), and was extended on August 19, 1985 (50 FR 33338). The list established the Morehead City site as an interim site.

**B. EIS Development**

Section 102(2)(c) of the National Environmental Policy Act of 1969, 42 U.S.C. 4321 *et seq.*, ("NEPA") requires that Federal agencies prepare an EIS on proposals for legislation and other major Federal actions significantly affecting the quality of the human environment. While NEPA does not apply to EPA activities of this type, EPA has voluntarily committed to prepare EIS's in connection with ocean dumping site designations such as this [39 FR 16186 (May 7, 1984)].

EPA has prepared a draft and final EIS entitled, "Environmental Impact Statement—Morehead City Ocean Dredged Material Site Designation."

On Friday, February 8, 1985, a notice of availability of the Final Morehead City EIS for public review and comment was published in the *Federal Register* [48 FR 5423 (February 8, 1985)]. The public comment period on the final EIS closed March 11, 1985. Anyone desiring

a copy of the EIS may obtain one from the address above.

The final EIS consists of supplemental information to the draft EIS and must be attached to the draft EIS to provide a full document.

**C. Coastal Zone Management and Endangered Species Coordination**

By letter of October 18, 1984, the State of North Carolina concurred with EPA's conclusion that this site designation is consistent with the State Coastal Zone Management Plan. The National Marine Fisheries Service and the U.S. Fish and Wildlife Service have concurred with EPA's conclusion that the designation of this disposal site will not affect the endangered species under their jurisdiction.

**D. Site Designation**

Morehead City is one of only two deep water ports in North Carolina. Morehead City supported shipping commerce of 3 million tons in 1980. Consequently, maintenance of this port for navigation is vital to the state and local economies.

Boundary coordinates for the Morehead City site are as follows:

34°38'30" N, 76°45'0" W;  
34°38'30" N, 76°41'42" W;  
34°38'09" N, 76°41'0" W;  
34°36'0" N, 76°41'0" W;  
34°36'0" N, 70°45'0" W.

On June 4, 1987, EPA proposed this final site designation in the *Federal Register* [52 FR 21082 (June 4, 1987)]. The preamble to this proposed rule change presented the characteristics of the site in terms of the eleven specific factors identified in Section 228.5 of the Ocean Dumping Regulations which, taken together, constitute an assessment of the site's suitability as a repository for dredged material.

That assessment concludes that this site is appropriate for final designation. One letter of comment was received on the proposed rule. That comment, from the North Carolina State Ports Authority, supported the designation of the Morehead City site as proposed.

**E. Action**

The designation of the Morehead City dredged material disposal site as an EPA Approved Ocean Dumping Site is being published as final rulemaking. Management authority of these sites will be the responsibility of the Regional Administrator of EPA Region IV.

It should be emphasized that, if an ocean dumping site is designated, such a site designation does not constitute or imply EPA's approval of actual disposal of materials at sea. Before ocean dumping of dredged material at the site

may commence, the Corps of Engineers must evaluate a permit application according to EPA's ocean dumping criteria. If a Federal project is involved, the Corps must also evaluate the proposed dumping in accordance with those criteria. In either case, EPA has the right to disapprove the actual dumping if it determines that environmental concerns under the Act have not been met.

**F. Regulatory Assessments**

Under the Regulatory Flexibility Act, EPA is required to perform a Regulatory Flexibility Analysis for all rules which may have a significant impact on a substantial number of small entities. EPA has determined that this action will not have a significant impact on small entities since the site designation will only have the effect of providing a disposal option for dredged material. Consequently, this action does not necessitate preparation of a Regulatory Flexibility Analysis.

Under Executive Order 12291, EPA must judge whether a regulation is "major" and therefore, subject to the requirement of a Regulatory Impact Analysis. This action will not result in an annual effect on the economy of \$100 million or more or cause any of the other effects which would result in its being classified by the Executive Order as a "major" rule. Consequently, this final rule does not necessitate preparation of a Regulatory Impact Analysis.

This final rule does not contain any information collection requirements subject to Office of Management and Budget Review under the Paperwork Reduction Act of 1980, 44 U.S.C. 3501 *et seq.*

This final rulemaking notice represents the Record of Decision required under regulations promulgated by the Council on Environmental Quality for Agencies subject to NEPA.

**List of Subjects in 40 CFR Part 228**

Water pollution control.

Dated: August 3, 1987.

Lee A. DeHihns III,

Acting Regional Administrator, Region IV.

In consideration of the foregoing, Subchapter H of Chapter I of Title 409 is amended as set forth below.

**PART 228—[AMENDED]**

1. The authority citation for Part 228 continues to read as follows:

Authority: 33 U.S.C. secs. 1412 and 1418.

2. Section 228.12 is amended by removing from paragraph (a)(3) the words and coordinates "Morehead City

Harbor-Maintenance Dredging Hopper Dredge Disposal Area" 3 miles x 3 miles; approximate latitude and longitude, bounded north 34°40'00", south 34°38'30", east 76°41'00", west 76°43'00", and by adding paragraph (b)(31) to read as follows:

§ 228.12 Delegation of management authority for ocean dumping sites.

(b) \* \* \*

(31) Morehead City, North Carolina, Dredged Material Disposal Site-Region IV. Location: 34°38'30" N., 76°45'0" W.; 34°38'30" N., 76°41'42" W.; 34°38'09" N., 76°41'0" W.; 34°36'0" N., 76°41'0" W., 34°36'0" N., 76°45'0" W.

Size: 8 square nautical miles.

Depth: Average 12.0 meters.

Primary Use: Dredged material.

Period of Use: Continuing use.

Restriction: Disposal shall be limited to dredged material from the Morehead City Harbor, North Carolina area. All material disposed must satisfy the requirements of the ocean dumping regulations.

[FR Doc. 87-18316 Filed 8-13-87; 8:45 am]

BILLING CODE 8560-50-M

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Health Care Financing Administration

#### 42 CFR Parts 400 and 412

[BERC-329-FC]

#### Medicare Program; Payment Adjustments for Sole Community Hospitals

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

ACTION: Final rule with comment period.

**SUMMARY:** This rule changes Medicare prospective payment regulations for inpatient hospital services in order to allow an adjustment to the payment amounts (if warranted) under the prospective payment system for sole community hospitals that experience a significant increase in inpatient operating costs attributable to the addition of new inpatient services or facilities. In addition, in accordance with section 9302(e)(4) of the Omnibus Budget Reconciliation Act of 1986, we are extending certain payment provisions for sole community hospitals.

**DATES:** *Effective Date:* These final regulations are effective on September 14, 1987.

*Comment Period:* Comments will be considered if we receive them at the appropriate address, as provided below, no later than 5:00 p.m. on October 13, 1987.

**ADDRESS:** Mail comments to the following address: Health Care Financing Administration, Department of Health and Human Services, Attention: BERC-329-FC, P.O. Box 26676, Baltimore, Maryland 21207.

If you prefer, you may deliver your comments to one of the following addresses: Room 309-G, Hubert H. Humphrey Building, 200 Independence Ave., SW., Washington, DC, or Room 132, East High Rise Building, 6325 Security Boulevard, Baltimore, Maryland.

In commenting, please refer to file code BERC-329-FC. Comments received timely will be available for public inspection as they are received, generally beginning approximately three weeks after publication of a document, in Room 309-G of the Department's offices at 200 Independence Ave., SW., Washington, DC, on Monday through Friday of each week from 8:30 a.m. to 5:00 p.m. (phone: 202-245-7890).

**FOR FURTHER INFORMATION CONTACT:** Ed Rees, (301) 597-6403.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

Section 1886(d) of the Social Security Act (the Act), enacted by the Social Security Amendments of 1983 (Pub. L. 98-21) on April 20, 1983, established a prospective payment system for Medicare payment of inpatient hospital services, effective with hospital cost reporting periods beginning on or after October 1, 1983. Under this system, Medicare payment is made at a predetermined, specific rate for each hospital discharge. All discharges are classified according to a list of diagnosis-related groups (DRGs), and the payment rate is adjusted by a weighting factor for the DRG to which each discharge is assigned.

Section 1886(d)(5)(C)(ii) of the Act requires that the special needs of sole community hospitals (SCHs) be taken into account under the prospective payment system. The statute specifies a special payment formula for hospitals so classified and further provides for additional payments to SCHs experiencing a significant volume decrease (more than a five percent decrease in total discharges of inpatients) because of extraordinary circumstances beyond their control. (These additional payments were time-limited in that they were available for cost reporting periods beginning on or after October 1, 1983 and before October 1, 1986. However, as discussed below, the period was extended by legislative action.) Section 1886(d)(5)(C)(ii) of the Act defines SCHs as those hospitals

that, by reason of factors such as isolated location, weather conditions, travel conditions, or absence of other hospitals (as determined by the Secretary), are the sole source of inpatient hospital services reasonably available to Medicare beneficiaries in a geographic area. Regulations governing the special treatment of SCHs under the prospective payment system are set forth in section 42 CFR 412.92.

As noted above, section 1886(d)(5)(C)(ii) of the Act provides that unlike other short-term acute-care hospitals that are paid under the prospective payment system, SCHs are to be paid under a unique payment formula. Generally, under section 1886(d)(1)(A) of the Act, hospitals paid under the prospective payment system progress through a four-year transition period during which a declining portion of their prospective payment rate is based on their historical Medicare costs, and an increasing portion is based on a Federal rate. However, rather than progressing through the transition period to fully national payment rates, SCHs continue to receive payment rates equal to 75 percent of the hospital-specific rate and 25 percent of the Federal regional rate adjusted by an update factor. Therefore, the hospital-specific portion of the prospective payment rate has a unique significance for SCHs in that it is a permanent feature of their payment formula. Generally, for other hospitals under the prospective payment system, the hospital-specific portion of the rate is a transitional mechanism to provide an opportunity for such hospitals to adjust their operations during the phase-in to fully national rates.

##### II. Summary of Proposed Rule and of Pub. L. 99-272 and Pub. L. 99-509 Changes

On March 10, 1986, we published a notice of proposed rulemaking (NPRM or proposed rule) (51 FR 8211) to allow for an adjustment (if warranted) to the hospital specific portion of the prospective payment rate for SCHs. Utilizing the Secretary's general exceptions and adjustments authority under section 1886(d)(5)(C)(iii) of the Act, we proposed to provide an additional adjustment for SCHs under certain circumstances. Because such a large portion of the payment to SCHs is based on their individual historical cost experience, we stated that SCHs should be afforded the opportunity to request an adjustment of the hospital-specific portion of the payment rate. Consequently, we proposed to amend § 412.92 to allow SCHs experiencing certain significant cost distortions to