

§ 201.15 Deferral of claims for Federal financial participation.

(a) *Scope*. Except as otherwise provided, this section applies to all claims for Federal financial participation submitted by States pursuant to titles I, IV, X, XIV, XVI (AABD), of the Social Security Act.

(b) *Definitions*—(1) *Deferral Action* means the process of suspending payment with respect to a claim within the scope of paragraph (a) of this section, pending the receipt and analysis of further information relating to the allowability of the claim, under the procedures specified in this section.

(2) *Deferred claim* means a claim within the scope of paragraph (a) of this section upon which a deferral action has been taken.

(c) *Procedures*. (1) A claim or any portion of a claim for reimbursement for expenditures reported on the Quarterly Statement of Expenditures shall be deferred only when the Regional Administrator believes the claim or a specific portion of the claim is of questionable allowability. The deferral action will be taken within 60 days after receipt of a Quarterly Statement of Expenditures prepared in accordance with instructions issued by the Administration.

(2) When deferral action is taken on a claim, the Regional Administrator or the Administrator will within 15 days send written notice to the State identifying the type and amount of the claim and the reason for deferral. In the written notice of the deferral action, the Regional Administrator or the Administrator will request the State to make available for inspection all documents and materials which the Regional office then believes necessary to determine the allowability of the claim.

(3) Within 60 days of receipt of the notice of deferral action described in paragraph (c)(2) of this section the State shall make available to the Regional office, in readily reviewable form, all requested documents and materials, or when necessary, shall identify those documents and items of information which are not available. If the State requires additional time to make the documents and material available, it shall upon request be given an additional 60 days.

(4) The Regional office will normally initiate the review within 30 days of the date that materials become available for review.

(5) If the Regional Administrator finds that the documents and materials are not in readily reviewable form or that supplemental information is required, he will promptly notify the State. The State will have 15 days from the date of notification to complete the action requested. If the Regional Commissioner or the Administrator finds that the documents necessary to determine the allowability of the claim are not made available within the allowed time limits, or that the documents are not made available in readily reviewable form, he shall promptly disallow the claim.

(6) The Regional Administrator or the Administrator will have 90 days after all documentation is available in readily reviewable form to determine the allowability of the deferred claim. If he is

unable to complete the review within the time period the claim will be paid subject to a later determination of allowability.

(7) It is the responsibility of the State agency to establish the allowability of a deferred claim.

(8) The Regional Office or the Administrator will notify the State in writing of the decision on the allowability of the deferred claim.

(9) If a deferred claim is disallowed, the Regional Administrator or the Administrator shall advise the State of its right to reconsideration pursuant to § 201.14.

(10) A decision to pay a deferred claim shall not preclude a subsequent disallowance as a result of an audit exception or financial management review. If a subsequent disallowance should occur, the State, upon request shall be granted reconsideration pursuant to § 201.14.

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