§ 124.515 Compliance alternative for community health centers, migrant health centers and certain National Health Service Corps sites.

(a) Period of effectiveness. For each fiscal year for which a facility that receives a grant to operate a community health center under section 330 of the Act or a migrant health center under section 329 of the Act is in substantial compliance with the terms and conditions of such grant relating to the provision of services at a discount, the facility shall be certified as having met its annual compliance level in accordance with the requirements of this subpart and shall not be required otherwise to comply with the requirements of this subpart for that fiscal year. This provision also applies to any facility that has signed a memorandum of agreement with the Secretary under section 334 of the Act if the services provided by the National Health Service Corps professional(s) assigned pursuant to that agreement constitute all of the medical services provided by the facility.

(b) Deficits—(1) Title VI-assisted facilities with assessed deficits. Where a facility assisted under title VI of the Act has been assessed as having a deficit under §124.503(b) that has not been made up prior to certification under this section, the facility may make up that deficit by either—
   (i) Demonstrating to the Secretary’s satisfaction that it met the requirements of paragraph (a) of this section for each year in which a deficit was assessed; or
   (ii) Providing an additional period of service under this section on the basis of one (or portion of a) year of certification for each year (or portion of a year) of deficit assessed. The period of obligation applicable to the facility under §124.501(b) shall be extended until the deficit is made up in accordance with the preceding sentence.

   (2) Title VI-assisted facilities which have not been assessed. Where any period of compliance under this subpart of a facility assisted under title VI of the Act has not been assessed, the facility will be presumed to have no allowable credit for such period. The facility may either—
     (i) Make up such deficit in accordance with paragraph (b)(1) of this section; or
     (ii) Submit an independent certified audit, conducted in accordance with procedures specified by the Secretary, of the facility’s records maintained pursuant to §124.510. If the audit establishes to the Secretary’s satisfaction that no, or a lesser, deficit exists for the period in question, the facility will receive credit for the period so justified. Any deficit which the Secretary determines still remains must be made up in accordance with paragraph (b)(1) of this section.

   (3) Title XVI-assisted facilities. (i) A facility assisted under title XVI of the Act whose compliance with this subpart has not been completely assessed will be presumed to have no allowable credit for the unassessed period. The facility may make up the deficit by—
     (A) Following the procedure of paragraph (b)(3)(i) of this section; or
     (B) Submitting an independent certified audit, conducted in accordance with procedures specified by the Secretary, of the facility’s records maintained pursuant to §124.510. If the audit establishes to the Secretary’s satisfaction that no, or a lesser, deficit exists for the period in question, the facility will receive credit for the period so justified. Any deficit which the Secretary determines still remains must be made up in accordance with paragraph (b)(1) of this section; or

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§ 124.516 Charitable facility compliance alternative.

(a) Effect of certification. The Secretary may certify as a “charitable facility” a facility which meets the applicable requirements of this section. A facility which is certified or provisionally certified as a charitable facility is not required to comply with this subpart except as provided in this section.

(b) Methods of qualification for certification or provisional certification. (1) A facility may qualify for certification under this section if it meets the criteria of paragraph (c)(1) or paragraph (c)(2) of this section.

(2) A facility may qualify for a provisional certification under this section if it provides an assurance that meets the requirements of paragraph (d)(2) of this section.

(c) Criteria for certification under paragraph (b)(1) of this section. A facility may qualify for certification under paragraph (b)(1) of this section if it met the criteria of either paragraph (c)(1) or paragraph (c)(2) of this section for the fiscal year preceding the request for certification. A facility that seeks certification under paragraph (c)(2) of this section must also meet the requirements of paragraph (c)(2)(i) or paragraph (c)(2)(ii) of this section during each year of certification.

(i) For facilities that are nursing homes: It received no monies directly from patients with incomes up to triple the current poverty line issued by the Secretary pursuant to 42 U.S.C. 9902, exclusive of amounts charged or received for purposes of claiming reimbursement under third party insurance or governmental programs, such as Medicaid or Medicare deductible or coinsurance amounts.

(ii) For all other facilities. It received no monies directly from patients with incomes up to double the current poverty line issued by the Secretary pursuant to 42 U.S.C. 9902, exclusive of amounts charged or received for purposes of claiming reimbursement under third party insurance or governmental programs, such as Medicaid or Medicare deductible or coinsurance amounts.

(2) It received at least 10 percent of its total operating revenue (net patient revenue plus other operating revenue, exclusive of any amounts received, or if not received, claimed, as reimbursement under Medicaid or Medicare) from philanthropic sources to cover operating deficits attributable to the provision of discounted services. Philanthropic sources include private trusts, foundations, churches, charitable organizations, state and/or local funding, and individual donors; and either—

(i) Provides health services without charge or at a substantially reduced rate (exclusive of amounts charged or received for purposes of claiming reimbursement under third party insurance or governmental programs, such as Medicaid or Medicare deductible or coinsurance amounts) to persons who are determined by the facility to qualify for such reduced charges under a program of discounted health services. A “program of discounted health services” must provide for financial and other objective eligibility criteria and procedures, including notice prior to nonemergency service, that assure effective opportunity for all persons to apply for and obtain a determination of eligibility for such services, including a determination prior to service where requested; or

(ii) Makes all services of the facility available to all persons at no more than a nominal charge, exclusive of amounts charged or received for purposes of claiming reimbursement under third party insurance or governmental programs, such as Medicaid or Medicare deductible or coinsurance amounts.

(d) Procedures for certification—(1) Certification under paragraph (b)(1) of this section. To be certified under paragraph (b)(1) of this section, a facility must submit to the Secretary, in addition to other materials that the Secretary may from time to time require, copies of the following:

(i) An audited financial statement for the fiscal year preceding the request or