

SUBCHAPTER B—PERSONNEL

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Subpart A—Definitions

AUTHORITY: Sec. 215, 58 Stat. 690, as amended; 42 U.S.C. 216.

§ 21.1 Meaning of terms.

As used in this part, the term:

(a) *Act* means the Public Health Service Act, 58 Stat. 682, as now or hereafter amended.

(b) *Department* means the Department of Health and Human Services.

(c) *Secretary* means the Secretary of Health and Human Services.

(d) *Service* means the Public Health Service.

(e) *Surgeon General* means the Surgeon General of the Public Health Service.

(f) *Commissioned officer* or *officer*, unless otherwise indicated, means either an officer of the Regular Corps or an officer of the Reserve Corps.

[21 FR 9806, Dec. 12, 1956]

Subpart B—Appointment

AUTHORITY: Sec. 215, 58 Stat. 690, as amended; 42 U.S.C. 216; sec. 208, 58 Stat. 685, as amended; 42 U.S.C. 209.

SOURCE: 21 FR 9806, Dec. 12, 1956, unless otherwise noted.

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§ 21.21 Meaning of terms.

The terms *approved school*, *approved college*, *approved postgraduate school*, or

approved training course means, except as otherwise provided by law:

(a) A school, college, postgraduate school, or training course which has been accredited or approved by a professional body or bodies recognized by the Surgeon General for such purpose, or which, in the absence of such a body, meets generally accepted professional standards as determined by the Surgeon General, or

(b) In the case of a candidate who is applying for appointment as a medical officer, any non-approved medical school provided that the candidate has passed examinations given by a professional body or bodies recognized by the Surgeon General for such purpose.

[24 FR 1790, Mar. 12, 1959]

§ 21.22 Submission of application and evidence of qualifications.

(a) *Application form.* Every candidate for examination for appointment as an officer shall submit a written application on such form as may be prescribed by the Surgeon General.

(b) *Documentary evidence.* The application shall be accompanied by such documentary evidence as may be required by the Surgeon General.

§ 21.23 False statements as disqualification.

Willfully false statements shall be cause for rejection of the application or, as provided in subpart N of this part, for dismissal.

§ 21.24 Physical examinations.

Every candidate for appointment as an officer shall undergo such physical examination as the Surgeon General may direct, and no candidate who is not found to be physically qualified shall be appointed as an officer.

§ 21.25 Eligibility; junior assistant grade.

(a) *Requirements; all candidates.* Except as provided in § 21.54, and as otherwise provided in this section, every candidate for examination for appointment in the grade of junior assistant:

- (1) Shall be a citizen of the United States;
- (2) Shall be at least 18 years of age; and

(3) Shall have been granted an academic or professional degree from an approved school, college, or postgraduate school, and, unless the required professional training has been otherwise obtained from an approved school, college, or postgraduate school, shall have majored in the profession in which the examination is being held.

(b) [Reserved]

(c) *Special requirement; therapists.* Every candidate for examination for appointment as a therapist shall have received a certificate from an approved school of physical therapy or an approved school of occupational therapy.

[21 FR 9806, Dec. 12, 1956, as amended at 30 FR 9437, July 29, 1965]

§ 21.26 Eligibility; assistant grade.

(a) *Requirements; all candidates.* Except as otherwise provided in this section every candidate for examination for appointment in the grade of assistant:

(1) Shall meet the requirements for eligibility for examination for appointment in the grade of junior assistant;

(2) Shall be at least 21 years of age; and

(3) Shall have had at least 7 years of educational and professional training or experience subsequent to high school, except that a candidate who applies for examination for appointment in the Reserve Corps to serve as a medical or dental intern may be examined for such appointment upon the completion of 6 years of such education, training, or experience.

(b) *Additional requirements; dietitians.* Every candidate for examination for appointment as a dietitian shall have successfully completed an approved training course for dietetic interns.

§ 21.27 Eligibility; senior assistant grade.

Every candidate for examination for appointment in the grade of senior assistant shall meet the requirements for eligibility for examination for appointment in the grade of assistant and shall have completed at least 10 years of educational and professional training or experience subsequent to high school.

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§ 21.28 Age requirements, Regular Corps, senior assistant grade and below.

No candidate for appointment to the Regular Corps, except in the nurse category, shall be appointed (a) after age 31 to the permanent junior assistant grade, (b) after age 34 to the permanent assistant grade, or (c) after age 37 to the permanent senior assistant grade: *Provided*, That the Surgeon General may waive these age limitations, subject to other provisions of law, in the case of any officer of the Reserve Corps who is recommended for appointment to the Regular Corps by the Chief of the Bureau to which he is assigned and who has been on continuous active duty for at least two years immediately preceding the date of such recommendation. The age limitations for candidates who have had prior active service in the Commissioned Corps of the Public Health Service shall be increased by the period of such service.

[27 FR 3886, Apr. 24, 1962]

§ 21.29 Eligibility; grades above senior assistant grade.

Every candidate for examination for appointment in grades above that of senior assistant shall meet the requirements for eligibility for examination for appointment in the grade of senior assistant. Candidates for examination for appointment in the full, senior, or director grade shall have completed at least 7, 14, or 15 additional years, respectively, of postgraduate professional training for experience. When officers of the Service are unavailable for the performance of duties requiring highly specialized training and experience in special fields related to public health, the Surgeon General may specify that a candidate for appointment to the Regular Corps with such highly specialized training and experience shall be examined for appointment in the full or senior grade upon completion of at least 5 or 12 additional years, respectively, of postgraduate professional training or experience, except that the total number of such appointments during a fiscal year shall not exceed three.

[21 FR 9806, Dec. 12, 1956. Redesignated at 25 FR 5184, June 10, 1960]

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§ 21.30 Determination of creditable years of educational and professional training and experience.

The level of academic attainment, the number of calendar years and the quality of educational and professional training and experience shall be considered in determining the number of years of such training and experience with which each candidate for appointment may be credited.

[25 FR 5184, June 10, 1960]

§ 21.31 Eligibility; all grades; academic and professional education and professional training and experience.

The Surgeon General is authorized, subject to the other provisions of this subpart to adopt additional standards by which the education, training, and experience required under this subpart, and evidence thereof, shall be of such specific kind and quality, pertinent to the particular profession concerned, as in his judgment are necessary to limit the examination to qualified candidates.

[21 FR 9806, Dec. 12, 1956. Redesignated at 25 FR 5184, June 10, 1960]

§ 21.32 Boards; appointment of; powers and duties.

The Surgeon General shall from time to time appoint boards and subboards of officers to consider the qualifications of candidates for appointment as officers, and shall refer to such boards the applications of those candidates who are eligible for examination for appointment. Such boards and subboards shall consist of three or more officers, the majority of whom, so far as practicable, shall be of the same profession as the candidate. The Surgeon General shall prescribe the duties of boards and subboards in relation to the examination process not otherwise prescribed in this subpart.

[21 FR 9806, Dec. 12, 1956. Redesignated at 25 FR 5184, June 10, 1960]

§ 21.33 General service.

Officers shall be appointed only to general service and shall be subject to change of station.

[21 FR 9806, Dec. 12, 1956. Redesignated at 25 FR 5184, June 10, 1960]

§ 21.34 Certification by candidate; requirement of new physical examination.

If a candidate for appointment in the Regular Corps or an officer of the Reserve Corps on inactive service has passed a physical examination within a period of one year from the date on which it is contemplated that he will be appointed or called to active duty, he shall, prior to being appointed or called to active duty, certify that to the best of his knowledge and belief he is free from all disease or injury not noted in his record at the time of his examination and that he is willing to serve in any climate. If a candidate for appointment in the Regular Corps, or an officer of the Reserve Corps on inactive service, has not passed a physical examination within a period of one year from the date on which it is contemplated that he will be appointed or called to active duty, he may, prior to being appointed or called to active duty, be required to undergo such physical examination as the Surgeon General may direct to determine his physical qualification for appointment or call to active duty in accordance with standards prescribed for original appointment, or he may be appointed or called to active duty after executing the certificate described in this section, but shall be physically examined to determine his physical qualification for continued active service in accordance with standards prescribed for original appointment within a period of 15 days after reporting for duty at his first station.

[21 FR 9806, Dec. 12, 1956, as amended at 24 FR 1790, Mar. 12, 1959. Redesignated at 25 FR 5184, June 10, 1960]

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§ 21.41 Professional examinations, holding of; subjects to be included.

From time to time the Surgeon General may order examinations to be held in such professions or specialties within professions and for such grades as he deems necessary for the purpose of providing merit rolls of eligible candidates for appointment in the Regular Corps and shall, if a professional examination is to be required, prescribe the subjects

relating to each profession or specialty within such profession in which candidates will be examined.

[21 FR 9806, Dec. 12, 1956, as amended at 24 FR 1790, Mar. 12, 1959]

§ 21.42 Examinations; junior assistant, assistant, or senior assistant grade.

The examination for appointment to the junior assistant, assistant, or senior assistant grade in the Regular Corps shall consist of (a) a written professional examination relating to the fundamentals of the candidate's profession or specialty within his profession and their relationship to the activities of the Service, and (b) an examination as to the candidate's general fitness, which shall include an oral interview, and a review and evaluation of the candidate's academic and professional education and professional training and experience, and may include other written tests to determine the candidate's fitness for appointment as an officer. If an applicant for appointment to any of these grades is an officer of the Reserve Corps who has been on active duty for not less than one year immediately preceding his application, the Surgeon General may direct that the officer be examined as provided in § 21.43.

[21 FR 9806, Dec. 12, 1956, as amended at 24 FR 1790, Mar. 12, 1959; 25 FR 11099, Nov. 23, 1960]

§ 21.43 Examination; full grade and above.

The examination for appointment to the full, senior, or director grade in the Regular Corps shall consist of a review and evaluation of the candidate's academic and professional education and professional training and experience. The Surgeon General may, however, direct that the examination of a candidate for appointment to any such grade shall also include an oral interview, a written or oral professional examination, or both.

§ 21.44 Clinical or other practical demonstration.

In the discretion of the Surgeon General a candidate for appointment to any grade up to and including the senior assistant grade in the Regular

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Corps may be required to perform successfully a clinical or other practical demonstration which, if required, shall constitute a part of the professional examination.

§ 21.45 Rating values.

The examination of every candidate for appointment to any grade in the Regular Corps shall be rated by a board appointed pursuant to § 21.30 in accordance with such relative values for each part of the examination as are prescribed by the Surgeon General. No candidate who receives a final rating below 80 shall be appointed in the Regular Corps.

§ 21.46 Merit roll.

Each board appointed pursuant to § 21.30 to consider the qualifications of candidates for appointment as officers shall assign a numerical rating to each candidate for appointment in the Regular Corps who passes the examination, and shall submit a report to the Surgeon General of the ratings and the relative standing of all such candidates for each grade in each profession or specialty within a profession. The Surgeon General shall submit each such report with his recommendations to the Secretary, and, if approved by the Secretary, the report shall constitute a merit roll from which the Secretary shall, in accordance with relative standing, recommend available persons to the President for nomination as commissioned officers of the Regular Corps. A board may consider any newly discovered evidence relating to the physical, professional, or personal qualifications of any candidate examined for appointment. Upon recommendation of such board after review of such evidence, the Surgeon General, with the approval of the Secretary, may correct the rating of a candidate or may qualify or disqualify a candidate. The placing of a candidate's name on a merit roll shall give no assurance of an appointment. A merit roll shall expire when a new merit roll in the same profession or specialty within a profession and grade has been established, but no merit roll shall continue in effect longer than two years after its approval by the Secretary. Every candidate who has not been

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nominated by the President for appointment prior to the expiration of a merit roll on which his name appears, shall, unless he requests the opportunity to be reexamined, be rated with the next group of candidates of the same profession or specialty within a profession for appointment in the same grade and shall be given the same rating he had on the expired merit roll. If two candidates who were examined at the same time receive the same numerical rating the elder candidate shall assume relative standing on the merit roll over the younger candidate. If a candidate whose name is being transferred from an expired to a new merit roll has the same numerical rating as a candidate whose name is being placed on the new merit roll for the first time, the former shall assume relative standing on the merit roll over the latter. The name of a candidate may be removed from a merit roll in the event that he refuses an appointment when offered. No candidate's eligibility for appointment shall exceed two years unless he again becomes eligible as the result of another examination.

[21 FR 9806, Dec. 12, 1956, as amended at 24 FR 1790, Mar. 12, 1959]

§ 21.47 Examination; anticipation of meeting qualifications.

A potential candidate for appointment in any grade in the Regular Corps may be examined within a period of nine months prior to the date upon which it is anticipated that he will qualify for appointment under this subpart. Upon successful completion of the examination, his name will be entered on a merit roll. In the event that his name, in order of relative standing among all candidates, precedes that of fully qualified candidates, his name, for purpose of appointment, shall be passed over in favor of fully qualified candidates until such time as he becomes fully qualified, but in no event shall he otherwise lose his relative standing on the merit roll, except as provided in § 21.46. If the candidate fails to qualify for appointment at the time that it was anticipated that he would qualify, his name shall be removed from the merit roll.

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§ 21.51 Appointment of officers having specialized training or experience in administration and management.

The Surgeon General may recommend for original appointment in the Reserve Corps candidates who have specialized training or experience in administration and management relating to the functions of the Service. All such candidates shall be subject to the same eligibility requirements for original appointment as are applicable to other candidates, except that such a candidate may substitute experience in administration or management for the requirement of professional training or experience.

§ 21.52 Waiver of entrance qualifications for original appointment in time of war or national emergency.

If, in time of war or national emergency proclaimed by the President, the Secretary determines that there is need for commissioned personnel to meet the needs of the Service, other than persons eligible for examination for original appointment under the eligibility requirements prescribed in this subpart, he may prescribe standards of eligibility for examination for the original appointment of officers in the Reserve Corps without regard to such eligibility requirements. Such standards shall, however, authorize the examination only of candidates with specialized experience in administration or management or candidates with training or experience in fields relating to public health. The permanent grade of an officer who becomes eligible for examination for appointment pursuant to such standards and who becomes eligible for appointment after passage of an examination shall be limited to the junior assistant or the assistant grade, except that, if upon examination a candidate is found to be exceptionally qualified for the performance of highly specialized duties with the Service pursuant to § 21.55, he may be recommended for appointment to any grade up to and including the director grade.

[21 FR 9806, Dec. 12, 1956, as amended at 24 FR 1790, Mar. 12, 1959]

§ 21.53 Examination.

The examination of candidates for original appointment as officers to any grade in the Reserve Corps shall consist of a review and evaluation of their academic and other education and their training and experience. In the discretion of the Surgeon General the examination of any such candidate may include an oral interview, a written examination, or both.

§ 21.54 Students.

A potential candidate for appointment in the Regular Corps who is pursuing a course of instruction which, upon completion, would qualify him under § 21.25 or § 21.26 for examination for appointment in the junior assistant or assistant grade may be examined for and appointed in the Reserve Corps in the junior assistant grade but shall not be called to extended active duty until the successful completion of such course of instruction, except that: (a) He may be called to active duty for purposes of training for periods not to exceed 120 days during any fiscal year, and (b) those students who have completed at least 3 years of collegiate or professional study leading to the qualifying degree for appointment may be called to active duty for the purpose of completing the requirements of § 21.25(a)(3). An appointment made under this subpart shall be terminated upon the officer's failure to continue a full-time course of study or failure to meet the requirements of § 21.25(a)(3) within 18 months after entering on active duty.

[34 FR 706, Jan. 17, 1969]

§ 21.55 Appointment to higher grades; candidates exceptionally qualified in specialized fields.

Any candidate eligible for examination for appointment in the grade of assistant pursuant to § 21.26 who, upon examination for such purpose, is found

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exceptionally qualified for the performance of duties requiring highly specialized training or experience may be recommended for appointment in the Reserve Corps in any grade up to and including the director grade without regard to the additional years of post-graduate training or experience prescribed for grades above the assistant grade.

§ 21.56 Reappointment.

An officer of the Reserve Corps, after being examined and found qualified for reappointment, may be recommended for reappointment to the same grade in the event that his commission expires before he becomes eligible for reappointment to a higher grade, or may be recommended for reappointment to a higher grade to be effective on or after the date on which he meets the qualifications prescribed in this subpart for original appointment to such higher grade.

§ 21.57 Examination for reappointment.

The examination of an officer of the Reserve Corps on active duty who is being considered for reappointment in such corps shall consist of a review and evaluation of his record with the Service. The examination of an officer of the Reserve Corps on inactive duty who is being considered for reappointment in such corps shall consist of (a) a review and evaluation of his record with the Service while on active duty, if any, and (b) the record of his training or experience during the period of his inactive duty preceding such examination. In the discretion of the Surgeon General the examination for reappointment of an officer, whether on active or inactive duty, may include an oral interview.

§ 21.58 Physical examination for reappointment.

Every officer of the Reserve Corps being considered for reappointment shall undergo such physical examination as the Surgeon General may direct. An officer on active duty may be recommended for reappointment unless he is found to have a physical disability which is determined to render him physically unfit to perform the du-

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ties of his office under section 402 of the Career Compensation Act of 1949, as amended. An officer may be recommended for promotion only if he meets the physical qualifications for original appointment. If an officer is not available to be physically examined because of circumstances which make it impracticable for the Service to require such examination, he may, in the discretion of the Surgeon General, be reappointed without such examination, but shall be examined as soon thereafter as practicable and his physical qualification or disqualification for continued or future active service shall be determined on the same basis as if the physical examination had been given prior to reappointment.

Subpart C—Involuntary Child and Spousal Support Allotments

AUTHORITY: 37 U.S.C. 101, 15 U.S.C. 1673, 42 U.S.C. 665.

SOURCE: 49 FR 7235, Feb. 24, 1984, unless otherwise noted.

§ 21.70 Purpose.

Under references 37 U.S.C. 101, 15 U.S.C. 1673, and 42 U.S.C. 665, this subpart provides implementing policies governing involuntary child or child and spousal support allotments, assigns responsibilities, and prescribes procedures.

§ 21.71 Applicability and scope.

(a) This subpart applies to officers in the Public Health Service Commissioned Corps. The term "Public Health Service," hereinafter shall be referred to as Service.

(b) Its provisions pertain to officers of the Service under a call or order to active duty for a period of six months or more.

§ 21.72 Definitions.

(a) *Child support.* Periodic payments for the support and maintenance of a child or children, subject to and in accordance with State or local law. This includes, but is not limited to payments to provide for health care, education, recreation, clothing, or to meet

other specific needs of such a child or children.

(b) *Spousal support.* Periodic payments for the support and maintenance of a spouse or former spouse in accordance with State or local law. It includes, but is not limited to, separate maintenance, alimony pendente lite, and maintenance. Spousal support does not include any payment for transfer of property or its value by an individual to his or her spouse or former spouse in compliance with any community property settlement, equitable distribution of property, or other division of property between spouse or former spouse.

(c) *Notice.* A court order, letter, or similar documentation issued by an authorized person, which provides notification that an officer has failed to make periodic support payments under a support order.

(d) *Support order.* Any order providing for child or child and spousal support issued by a court of competent jurisdiction or by administrative procedures established under State law that affords substantially due process and is subject to judicial review. A court of competent jurisdiction includes Indian tribal courts within any State, territory, or possession of the United States and the District of Columbia.

(e) *Authorized person.* (1) Any agent or attorney of any State having in effect a plan approved under part D of title IV of the Social Security Act (42 U.S.C. 651-665), who has the duty or authority to seek recovery of any amounts owed as child or child and spousal support (including, when authorized under a State plan, any official of a political subdivision); and (2) the court which has authority to issue an order against the officer for the support and maintenance of a child, or any agent of such court.

(f) *Active duty.* Full-time duty in the Service, including full-time training duty.

(g) *Legal officer.* Shall be an officer of the Service or employee of the Department who is a lawyer and who has substantial knowledge of the regulations, policies, and procedures relating to the implementation of section 172 of Pub. L. 97-248.

§21.73 Policy.

(a) It is the policy of the Department of Health and Human Services to withhold allotments from pay and allowances of commissioned officers on active duty in the Service to make involuntary allotments from pay and allowances as payment of child, or child and spousal, support payments when the officer has failed to make periodic payments under a support order in a total amount equal to the support payable for two months or longer. Failure to make such payments shall be established by notice from an authorized person to the designated official of the Department. Such notice shall specify the name and address of the payee to whom the allotment is payable. The amount of the allotment shall be the amount necessary to comply with the support order including amounts for arrearages as well as for current support. However the amount of the allotment, when added to any other amounts withheld from the officer's pay pursuant to a support order, shall not exceed the limits for involuntary allotments from pay as prescribed in section 303 (b) and (c) of the Consumer Credit Protection Act, 15 U.S.C. 1673. An allotment under this Subpart shall be adjusted or discontinued upon notice from any authorized person.

(b) Notwithstanding the above, no action shall be taken to withhold an allotment from the pay and allowances of any officer until such officer has had an opportunity to consult with a legal officer of the Department to discuss the legal and other factors involved with respect to the officer's support obligation and his or her failure to make payments. The Department shall exercise continuing good faith efforts to arrange such a consultation, but must begin to withhold allotments on the first end-of-month payday after 30 days have elapsed since notice of an opportunity to consult was sent to the officer.

§21.74 Responsibilities.

(a) The General Counsel, Office of the Secretary, Department of Health and Human Services, shall be the Designated Official for the Department

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and shall provide guidance to the Service regarding administration of the provisions of these regulations.

(b) The Commissioned Personnel Operations Division, Office of Personnel Management, Office of Management, Office of the Assistant Secretary for Health, shall implement the provisions of these regulations.

§ 21.75 Procedures.

(a) *Service of notice.* (1) An authorized person shall serve on the designated official of the Department a signed notice including:

- (i) Full name of the officer;
- (ii) Social security number of the officer;
- (iii) Duty station location of the officer, if known;
- (iv) A statement that support payments are delinquent by an amount at least equal to the amount of support payable for two months;
- (v) A photocopy, along with any modifications, of the underlying support order;
- (vi) A statement of the amount of arrearages provided for in the court order and the amount which is to be applied each month toward liquidation of the arrearages, if applicable;
- (vii) The full name and address of the payee to whom the allotment will be payable;
- (viii) Any limitations on the duration of the support allotment.

(2) The service of notice shall be accomplished by certified or registered mail, return receipt requested, or by personal service, upon the appropriate designated official of the Department. The designated official shall note the date and time of receipt on the notice.

(3) Valid service is not accomplished until the notice is received in the office of the designated official.

(4) If the order of a court or duly authorized administrative agency seeks collection of arrearages, the notice must state that the support allotment qualifies for the additional 5 percent in excess of the maximum percentage limitations found in 15 U.S.C. 1673. Supporting evidence must be submitted to the Department establishing that the support order is 12 or more weeks in arrears.

(5) When the information submitted is not sufficient to identify the officer the notice shall be returned directly to the authorized person with an explanation of the deficiency. However, before returning the notice, an attempt should be made to inform the authorized person who caused the notice to be served that it will not be honored unless adequate information is supplied.

(6) Upon proper service of notice of delinquent support payments and together with all required supplementary documents and information, the Service shall identify the officer from whom moneys are due and payable. The pay of the officer shall be reduced by the amount necessary to comply with the support order and liquidate arrearages if any, if provided by order of a court or duly authorized administrative agency. The maximum amount to be allotted under the provision together with any other moneys withheld from the officer for support pursuant to a court order may not exceed:

(i) 50 percent of the officer's disposable earnings for any month when the officer asserts by affidavit or other acceptable evidence that he or she is supporting a spouse or dependent child or both, other than a party in the support order. When the officer submits evidence, copies shall be sent to the authorized person, together with notification that the officer's support claim will be honored. If the support claim is contested by the authorized person, the authorized person may refer it to the appropriate court or other authority for resolution. Pending resolution of a contested support claim, the allotment shall be made but the amount of such allotment may not exceed 50 percent of the officer's disposable earnings;

(ii) 60 percent of the officer's disposable earnings for any month when the officer fails to assert by affidavit or other acceptable evidence, that he or she is supporting a spouse or dependent child or both;

(iii) Regardless of the limitations above, an additional five percent of the officer's disposable earnings shall be withheld when it is stated in the notice that the officer is in arrears in an amount equivalent to 12 or more weeks' support.

(b) *Disposable earnings.* (1) The following moneys, as defined in the U.S. Public Health Service Commissioned Corps Personnel Manual, are subject to inclusion in computation of the officer's disposable earnings:

- (i) Basic pay;
- (ii) Basic allowances for quarters for officers with dependents and officers without dependents;
- (iii) Basic allowance for subsistence;
- (iv) Special pay for physicians, dentists, optometrists, and veterinarians;
- (v) Hazardous duty pay;
- (vi) Flying pay; and
- (vii) Family separation allowances (only for officers assigned outside the contiguous United States).

(c) *Exclusions.* The following moneys are excluded from the computation of the officer's disposable earnings. Amounts due from or payable by the United States shall be offset by any amounts:

- (1) Owed by the officer to the United States.
- (2) Required by law to be deducted from the remuneration or other payment involved including but not limited to:
 - (i) Amounts withheld from benefits payable under title II of the Social Security Act when the withholding is required by law;
 - (ii) FICA.
- (3) Properly withheld for Federal and State income tax purposes if the withholding of the amounts is authorized or required by law and if amounts withheld are not greater than would be the case if the individual claimed all dependents to which he or she were entitled. The withholding of additional amounts pursuant to 26 U.S.C. 3402(i) may be permitted only when the officer presents evidence of a tax obligation which supports the additional withholding.
- (4) Deducted for the Servicemen's Group Life Insurance coverage.
- (5) Advances of pay that may be due and payable by the officer in the future.

(d) *Officer Notification.* (1) As soon as possible, but not later than 30 calendar days after the date of receipt of notice, the Commissioned Personnel Operations Division shall send to the officer

at his or her duty station, written notice:

- (i) That notice has been served, including a copy of the documents submitted;
- (ii) Of the maximum limitations set forth, with a request that the officer submit supporting affidavits or other documentation necessary for determining the applicable percentage limitation;
- (iii) That by submitting supporting affidavits or other necessary documentation, the officer consents to the disclosure of such information to the party requesting the support allotment;
- (iv) Of the amount of percentage that will be deducted if the officer fails to submit the documentation necessary to enable the designated official of the Service to respond to the legal process within the time limits set forth;

(v) That a consultation with a legal officer is authorized and will be provided by the Department. The name, address, and telephone number of the legal officer will be provided;

(vi) That the officer may waive the personal consultation with a legal officer; however if consultation is waived action will be taken to initiate the allotment by the first end-of-month payday after notification is received that the officer has waived his/her consultation;

(vii) That the allotment will be initiated without the officer having received a personal consultation with a legal officer if the legal officer provides documentation that consultation could not be arranged even though good faith attempts to do so had been made; and

(viii) Of the date that the allotment is scheduled to begin.

(2) The Commissioned Personnel Operations Division shall inform the appropriate legal officer of the need for consultation with the officer and shall provide the legal officer with a copy of the notice and other legal documentation served on the designated official.

(3) If possible, the Commissioned Personnel Operations Division shall provide the officer with the following:

- (i) A consultation in person with the appropriate legal officer to discuss the legal and other factors involved with

the officer's support obligation and his/her failures to make payment;

(ii) Copies of any other documents submitted with the notice.

(4) The legal officer concerned will confirm in writing to the Commissioned Personnel Operations Division within 30 days of notice that the officer received a consultation concerning the officer's support obligation and the consequences of failure to make payments. The legal officer concerned must advise the Commissioned Personnel Operations Division of the inability to arrange such consultation and the status of continuing efforts to contact the officer.

(e) *Lack of money.* (1) When notice is served and the identified officer is found not to be entitled to any moneys due from or payable by the Department of Health and Human Services, the Commissioned Personnel Operations Division shall return the notice to the authorized person, and advise in writing that no moneys are due from or payable by the Department of Health and Human Services to the named individual.

(2) Where it appears that moneys are only temporarily exhausted or otherwise unavailable, the Commissioned Personnel Operations Division shall advise the authorized person in writing on a timely basis as to why, and for how long, the moneys will be unavailable.

(3) In instances where the officer separates from active duty, the authorized person shall be informed in writing on a timely basis that the allotment is discontinued.

(f) *Effective date of allotment.* Allotments shall be withheld beginning on the first end-of-month payday after the Commissioned Personnel Operations Division is notified that the officer has had a consultation with a legal officer, has waived his/her right to such consultation, or the legal officer has submitted documentation that a consultation with the officer could not be arranged after good faith attempts to do so were made by the legal officer. The Service shall not be required to vary its normal allotment payment cycle to comply with the notice.

(g) *Designated official.* Department of Health and Human Services, General

Counsel, Room 5362 North Building, 330 Independence Avenue, SW., Washington, DC 20201.

(Approved by the Office of Management and Budget under control number 0937-0123)

PART 22—PERSONNEL OTHER THAN COMMISSIONED OFFICERS

HANSEN'S DISEASE DUTY BY PERSONNEL OTHER THAN COMMISSIONED OFFICERS

Sec.

22.1 Duty at a station of the Service devoted to the care of Hansen's disease patients; additional pay.

SPECIAL CONSULTANTS

22.3 Appointment of special consultants.

22.5 Leave without pay while on detail.

AUTHORITY: Sec. 208(e) of the Public Health Service Act, 42 U.S.C. 210(e); E.O. 11140, 29 FR 1637.

HANSEN'S DISEASE DUTY BY PERSONNEL OTHER THAN COMMISSIONED OFFICERS

§22.1 Duty at a station of the Service devoted to the care of Hansen's disease patients; additional pay.

(a) Non-commissioned officers and other employees of the Service shall not receive any additional compensation by reason of being assigned to any duty requiring intimate contact with persons with Hansen's disease. However, any such officer or employee who was entitled, on January 4, 1986, to receive additional pay by reason of being assigned to full-time duty, for a period of 30 days or more, at a station of the Service devoted to the care of Hansen's disease patients and who continues to be assigned to such duty, shall receive special pay as long as such assignment continues without a break.

(b) Such special pay shall, on any future date, be at an annual dollar level equal to the lower of the levels that would be paid under the following subparagraphs:

(1) 25% of the lowest level of basic pay that he or she has been receiving on any date from January 4, 1986, through that future date;

(2) The amount by which the level of an employee's basic pay plus special pay on January 4, 1986, exceeds the level of that employee's basic pay on that on that future date, except that

the special pay under this subparagraph shall not be less than 12 times the monthly special pay then paid to Commissioned Officers entitled to special pay for duty involving intimate contact with persons who have Hansen's disease. (As of October 24, 1985, that monthly rate was \$110.)

(c) An officer or employee may be paid special pay for any pay period, under paragraphs (a) and (b) of this section, only to the extent that it does not cause his or her aggregate pay for that pay period to exceed the biweekly rate of basic pay for Level V of the Executive Schedule. As used in this paragraph, "aggregate pay" comprises basic pay, this special pay, and premiums for overtime, nightwork, irregular duty, standby status, and Sunday or holiday work.

[50 FR 43146, Oct. 24, 1985]

SPECIAL CONSULTANTS

§ 22.3 Appointment of special consultants.

(a) When the Public Health Service requires the services of consultants who cannot be obtained when needed through regular Civil Service appointment or under the compensation provisions of the Classification Act of 1949, special consultants to assist and advise in the operations of the Service may be appointed, subject to the provisions of the following paragraphs and in accordance with such instructions as may be issued from time to time by the Secretary of Health and Human Services.

(b) Appointments, pursuant to the provisions of this section, may be made by those officials of the Service to whom authority has been delegated by the Secretary or his designee.

(c) The per diem or other rates of compensation shall be fixed by the appointing officer in accordance with criteria established by the Surgeon General.

(Sec. 208(c), 58 Stat. 686, as amended; 42 U.S.C. 209(e); sec. 207(f), 58 Stat. 686 as amended by 62 Stat. 40; 42 U.S.C. 209(f))

[21 FR 9821, Dec. 12, 1956, as amended at 31 FR 12939, Oct. 5, 1966]

§ 22.5 Leave without pay while on detail.

The Secretary or his delegate may, pursuant to section 214(d) of the Public Health Service Act, 42 U.S.C. 215(d), and with the consent of the officer or employee concerned, arrange, through agreements or otherwise, for a civilian officer or employee of the Public Health Service to be placed on leave without pay for the period of a detail to a State, a subdivision thereof, or a private non-profit institution and be paid by the non-Federal organization. Such an arrangement may be for a period of not to exceed 2 years, but may be extended for additional periods of not to exceed 2 years each.

(Sec. 215, 58 Stat. 690, as amended; 42 U.S.C. 216)

[33 FR 18981, Dec. 20, 1968]

PART 23—NATIONAL HEALTH SERVICE CORPS

Subpart A—Assignment of National Health Service Corps Personnel

Sec.

- 23.1 To what entities does this regulation apply?
- 23.2 Definitions.
- 23.3 What entities are eligible to apply for assignment?
- 23.4 How must an entity apply for assignment?
- 23.5 What are the criteria for deciding which applications for assignment will be approved?
- 23.6 What are the criteria for determining the entities to which National Health Service Corps personnel will be assigned?
- 23.7 What must an entity agree to do before the assignment is made?
- 23.8 What operational requirements apply to an entity to which National Health Service Corps personnel are assigned?
- 23.9 What must an entity to which National Health Service Corps personnel are assigned (*i.e.*, a National Health Service Corps site) charge for the provision of health services by assigned personnel?
- 23.10 Under what circumstances may a National Health Service Corps site's reimbursement obligation to the Federal Government be waived?
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- 23.12 Who will supervise and control the assigned personnel?

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23.13 What nondiscrimination requirements apply to National Health Service Corps sites?

Subpart B—Private Practice Special Loans for Former Corps Members

- 23.21 Definitions.
23.22 What is the purpose of a private practice loan?
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23.24 In what amounts are loans made?
23.25 How will interest rates for loans be determined?
23.26 How is the loan repaid?
23.27 What happens if scheduled payments are late?
23.28 What events constitute default?
23.29 What happens in the case of a default?
23.30 May the loan be prepaid?
23.31 May loan payments be postponed or waived?
23.32 What conditions are imposed on the use of the loan funds?
23.33 What security must be given for these loans?
23.34 What other conditions are imposed?
23.35 What criteria are used in making loans?

Subpart C—Private Startup Loans

23.41 What conditions are applicable to loans under this subpart?

AUTHORITY: Secs. 333, 338E(c), and 338C(e)(1), Public Health Service Act, 90 Stat. 2272, as amended, 95 Stat. 905, 97 Stat. 1345 (42 U.S.C. 254f *et seq.*), 95 Stat. 912 (42 U.S.C. 254p(c)), 95 Stat. 910 (42 U.S.C. 254n(e)(1)).

SOURCE: 45 FR 12790, Feb. 27, 1980, unless otherwise noted.

Subpart A—Assignment of National Health Service Corps Personnel

§ 23.1 To what entities does this regulation apply?

This regulation applies to the assignment of National Health Service Corps personnel under section 333 *et seq.* of the Public Health Service Act (42 U.S.C. 254f) to provide health services in or to health manpower shortage areas as designated under section 332 of the Public Health Service Act (42 U.S.C. 254e).

§ 23.2 Definitions.

As used in this subpart:

Act means the Public Health Service Act, as amended.

Assigned National Health Service Corps personnel or *Corps personnel* means health personnel of the Regular and Reserve Corps of the Public Health Service Commissioned Corps and civilian personnel as designated by the Secretary including, but not limited to, physicians, dentists, nurses, and other health professions personnel who are assigned under section 333 of the Act and this regulation.

Health manpower shortage area means the geographic area, the population group, the public or nonprofit private medical facility or any other public facility which has been determined by the Secretary to have a shortage of health manpower under section 332 of the Act and its implementing regulation (42 CFR part 5).

National Health Service Corps site means the entity to which personnel have been assigned under section 333 of the Act and this regulation to provide health services in or to health manpower shortage area.

Nonprofit private entity means an entity which may not lawfully hold or use any part of its net earnings to the benefit of any private shareholder or individual and which does not hold or use its net earnings for that purpose.

Secretary means the Secretary of Health and Human Services and any other officer or employee of that Department to whom the authority involved has been delegated.

§ 23.3 What entities are eligible to apply for assignment?

Any public or nonprofit private entity which is located in a health manpower shortage area, or has a demonstrated interest in the shortage area, may apply for the assignment of National Health Service Corps personnel.

§ 23.4 How must an entity apply for assignment?

(a) An application for the assignment of National Health Service Corps personnel must be submitted to the Secretary by an eligible applicant in the form and at the time prescribed by the

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Secretary.¹ The application must be signed by an individual authorized to act for the applicant and to assume on behalf of the applicant the obligations imposed by law, the Act, this regulation, and any additional conditions of assignment imposed under these authorities.

(b) In addition to other pertinent information required by the Secretary, an application for the assignment of Corps personnel must include—

(1) A description of the applicant's overall organizational structure;

(2) A justification of the request for the assignment of personnel based upon the needs of the health manpower shortage area;

(3) A description of the applicant's financial plan for operating the National Health Service Corps site including a proposed budget, sources of non-Federal support obtained, and the proposed expenditures for obtaining adequate support staff, equipment and supplies;

(4) A list of the proposed fees and discounted fees to be charged for the provision of health services; and

(5) If an entity wishes to request an interest free loan (not to exceed \$50,000) under section 335(c) of the Act to assist the applicant in establishing the practice of the assigned National Health Service Corps personnel, a detailed justification of the amount requested must be included.

(c) An application for assignment must include evidence that the applicant has provided a copy of the completed application for review to (1) each health systems agency designated under section 1515 of the Act for the health service area which includes all or part of the health manpower shortage area for which an assignment of National Health Service Corps personnel is sought or (2) if no health systems agency has been designated for such a health service area, to each State health planning and development agency designated under section 1521 of the Act for each State which includes all or part of the health manpower shortage area for which an assignment

of National Health Service Corps personnel is sought.

(d) If an application for assignment is filed by an applicant which had previously been assigned National Health Service Corps personnel under an agreement entered into under section 329 of the Act as in effect before October 1, 1977, or under section 334 of the Act, the applicant must provide the information the Secretary considers necessary to make the determinations required by section 333(a)(1)(D) of the Act.

[45 FR 12790, Feb. 27, 1980, as amended at 51 FR 31948, Sept. 8, 1986]

§ 23.5 What are the criteria for deciding which applications for assignment will be approved?

(a) In approving or disapproving an application for assignment of Corps personnel, the Secretary will consider, among other pertinent factors:

(1) The applicant's ability and plans to meet the operational requirements in § 23.8.

(2) The administrative and managerial capability of the applicant.

(3) The soundness of the applicant's financial plan for operating the National Health Service Corps site.

(4) The extent to which community resources will be used in operating the National Health Service Corps site.

(5) Comments received from any designated health systems agency or any designated State health planning and development agency to which an application was submitted for review under § 23.4(c).

(6) Comments received from health professional societies serving the health manpower shortage area.

(b) Special consideration for the assignment of Corps personnel will be given to the entity which is located in a health manpower shortage area over an entity which is not located in a health manpower shortage area but has a demonstrated interest in it.

§ 23.6 What are the criteria for determining the entities to which National Health Service Corps personnel will be assigned?

(a) The Secretary may, upon approving an application for the assignment of personnel and after entering into an

¹Applications and instructions may be obtained from Regional Offices of the Department of Health and Human Services at the addresses set forth at 45 CFR 5.31(b).

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agreement with an applicant under § 23.7, assign National Health Service Corps personnel to provide health services in or to a health manpower shortage area.

(b) In assigning National Health Service Corps personnel to serve in a health manpower shortage area, the Secretary will seek to assign personnel who have those characteristics which will increase the probability of their remaining to serve in the health manpower shortage area upon completion of the period of assignment. In addition, the Secretary will apply a weighted-value system in which the first factor listed below is assigned the greatest weight and the second, and third factors are assigned lesser weights in descending order:

(1) The need of the health manpower shortage area as determined by criteria established under section 332(b) of the Act.

(2) The willingness of individuals, government agencies, or health entities within the health manpower shortage area to cooperate with the National Health Service Corps in providing effective health services.

(3) The comments of health professional societies serving the health manpower shortage area.

[45 FR 12790, Feb. 27, 1980, as amended at 51 FR 31948, Sept. 8, 1986]

§ 23.7 What must an entity agree to do before the assignment is made?

(a) *Requirements.* To carry out the purposes of section 334 of the Act, each National Health Service Corps site must enter into an agreement with the Secretary under which the site agrees to:

(1) Be responsible for charging for health services provided by assigned National Health Service Corps personnel;

(2) Take reasonable action for the collection of the charges for those health services;

(3) Reimburse the United States the sums required under section 334 of the Act; and

(4) Prepare and submit an annual report. The agreement will set forth the period of assignment (not to exceed 4 years), the number and type of Corps personnel to be assigned to the site,

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and other requirements which the Secretary determines necessary to carry out the purposes of the Act.

(b) *Termination.* An agreement entered into under this section may be terminated by either party on 30-days written notice or modified by mutual consent consistent with section 333 of the Act.

[45 FR 12790, Feb. 27, 1980, as amended at 51 FR 31948, Sept. 8, 1986]

§ 23.8 What operational requirements apply to an entity to which National Health Service Corps personnel are assigned?

Each National Health Service Corps site must:

(a) Operate a health care delivery system within a planned or existing community structure to assure:

(1) The provision of high quality comprehensive health care;

(2) To the extent feasible, full professional health care coverage for the health manpower shortage area;

(3) Continuum of care; and

(4) The availability and accessibility of secondary and tertiary health care (the two more sophisticated levels of health care beyond primary care);

(b) Establish and maintain a patient record system;

(c) Implement a system for maintaining the confidentiality of patient records;

(d) Meet the requirements of applicable fire and safety codes;

(e) Develop, to the extent feasible, linkages with other health care facilities for the provision of services which supplement or complement the services furnished by the assigned Corps personnel;

(f) Operate a quality assurance system which meets the requirements of 42 CFR 51c.303(c) for the establishment and operation of a quality assurance system in a community health center; and

(g) Establish basic data, cost accounting, and management information and reporting systems as prescribed by the Secretary.

§ 23.9 What must an entity to which National Health Service Corps personnel are assigned (i.e., a National Health Service Corps site) charge for the provision of health services by assigned personnel?

(a) Except as provided in paragraph (b) of this section, individuals receiving services from assigned National Health Service Corps personnel must be charged on a fee-for-service or other basis at a rate which is computed to permit recovery of the value of the services and is approved by the Secretary.

(b) In determining whether to approve fees to be charged for health services, the Secretary will consider: The costs to the National Health Service Corps of providing the health services; the costs to the health manpower shortage area for providing the services; and the charges for similar services by other practitioners or facilities in or nearby the health manpower shortage area. However, if assigned National Health Service Corps personnel are providing services within the framework of an established health services delivery system, the Secretary may approve the fees charged under that system without regard to the foregoing factors.

(c)(1) No charge or a nominal charge will be made for health services provided by assigned National Health Service Corps personnel to individuals within the health manpower shortage area with annual incomes at or below the "CSA Income Poverty Guidelines" (45 CFR 1060.2). However, no individual will be denied health services based upon inability to pay for the services. Any individual who has an annual income above the "CSA Income Poverty Guidelines," but whose income does not exceed 200 percent of the CSA levels, will receive health services at a nominal charge. However, charges will be made for services to the extent that payment will be made by a third party which is authorized or under legal obligation to pay the charges.

(2) The provisions of this paragraph also apply with respect to services provided by an individual who is fulfilling an NHSC scholarship obligation under section 753 or who received a special grant under section 755.

§ 23.10 Under what circumstances may a National Health Service Corps site's reimbursement obligation to the Federal Government be waived?

(a) The Secretary may waive in whole or in part the reimbursement requirements of section 334(a)(3) of the Act if he determines that:

(1) The National Health Service Corps site is financially unable to meet the reimbursement requirements or that compliance with those requirements will unreasonably limit the ability of the site to adequately support the provision of services by assigned Corps personnel. In making these determinations, the Secretary will consider—

(i) The costs necessary to adequately support the health services provided by the assigned National Health Service Corps personnel and the income and financial resources available to meet the costs;

(ii) The ability of the applicant to obtain credit from suppliers, lending institutions, private organizations and individuals;

(iii) The need of the health manpower shortage area for health services; and

(iv) The extent to which the National Health Service Corps site utilizes health professions personnel.

(2) A significant percentage of the individuals who are located in the health manpower shortage area and are receiving the health services of the assigned National Health Service Corps personnel are elderly, living in poverty, or have other characteristics which indicate an inability to pay. For purposes of this section, "elderly" means persons 65 years or older and the "CSA Income Poverty Guidelines" will be used as the standard for determining whether individuals are living in poverty. Other characteristics indicating inability to pay include, but are not to be limited to, the ratio of unemployment in the health manpower shortage area and the area's cost-of-living index.

(b) The Secretary may waive in whole or in part the reimbursement requirements of section 334(f)(1) of the Act if he or she determines that the National Health Service Corps site is a small health center (as defined by section 334(f)(5) of the Act) that needs all

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or part of the amount otherwise payable to—

(1) Expand or improve its provision of health services;

(2) Increase the number of individuals served;

(3) Renovate or modernize facilities for its provision of health services;

(4) Improve the administration of its health service programs; or

(5) Establish a financial reserve to assure its ability to continue providing health services;

(c) Where the Secretary determines that a National Health Service Corps site is eligible for a waiver under paragraph (a) (1) or (2) of this section, the Secretary may waive the application of the reimbursement requirements of section 334(a)(3) of the Act and apply the reimbursement requirements of section 334(f)(1) of the Act. The Secretary may waive in whole or in part the reimbursement requirements of section 334(f)(1) for such a site if he or she determines that the National Health Service Corps site meets the requirements of paragraph (a)(1) of this section. Funds retained by a National Health Service Corps site as a result of such waiver must be used for the purposes set forth in paragraphs (b) (1) through (5) of this section.

(d) Requests for a prospective or retrospective waiver must be made at the time and in the manner and contain the documentation prescribed by the Secretary.

[45 FR 12790, Feb. 27, 1980, as amended at 51 FR 31948, Sept. 8, 1986]

§ 23.11 Under what circumstances may the Secretary sell equipment or other property of the United States used by the National Health Service Corps site?

(a) Upon expiration of the assignment of all Corps personnel to a health manpower shortage area, the Secretary may sell equipment and other property of the United States used by the assigned personnel. The equipment may be sold at the fair market value or less than the fair market value to any entity providing health services in or to a health manpower shortage area if the Secretary determines that an entity is unable to pay the fair market value. In determining whether an entity is fi-

nancially unable to purchase equipment or property at fair market value, the Secretary will consider (1) the present financial resources of the entity available to purchase the equipment or property based upon its current liabilities, and (2) the entity's ability to obtain the funds necessary to purchase the equipment or property. However, the Secretary will not sell the equipment or property for less than fair market value to a profitmaking organization unless the organization gives reasonable assurance that it will use the equipment or property to provide health services in or to the health manpower shortage area.

(b) The Secretary will give priority to sales to an entity providing reasonable assurance that it will use the equipment or property for the purpose of retaining within the health manpower shortage area National Health Service Corps personnel who have completed their assignments.

§ 23.12 Who will supervise and control the assigned personnel?

Assigned National Health Service Corps personnel will at all times remain under the direct supervision and control of the Secretary. Observance of institutional rules and regulations by the assigned personnel is a mere incident of the performance of their Federal functions and does not alter their direct professional and administrative responsibility to the Secretary.

§ 23.13 What nondiscrimination requirements apply to National Health Service Corps sites?

National Health Service Corps sites are advised that in addition to complying with the terms and conditions of this regulation, the following laws and regulations are applicable—

(a) Title VI of the Civil Rights Act of 1964 (43 U.S.C. 2000d *et seq.*) and its implementing regulations, 45 CFR part 80 (prohibiting discrimination in federally assisted programs on the grounds of race, color, or national origin); and

(b) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and its implementing regulations, 45 CFR part 84 (prohibiting discrimination in federally assisted programs on the basis of handicap).

(c) The Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*) and its implementing regulations, 45 CFR part 91 (prohibiting nondiscrimination on the basis of age in HHS programs or activities receiving Federal financial assistance).

[45 FR 12790, Feb. 27, 1980, as amended at 49 FR 38109, Sept. 27, 1984]

Subpart B—Private Practice Special Loans for Former Corps Members

SOURCE: 51 FR 31948, Sept. 8, 1986, unless otherwise noted.

§ 23.21 Definitions.

As used in this subpart, terms have the same meanings as those given to them in subpart A, § 23.2. In addition:

National Health Service Corps scholarship recipient means an individual receiving a scholarship under the Public Health and National Health Service Corps Scholarship Training Program authorized by section 225 of the Act as in effect on September 30, 1977, and repealed on October 1, 1977, or a scholarship under the NHSC Scholarship Program authorized by section 338A of the Act, formerly section 751 of the Act.

Private full-time clinical practice means the provision of ambulatory clinical services for a minimum of 40 hours per week for at least 45 weeks a year, including the provision of hospital coverage services appropriate to meet the needs of patients treated and to assure continuity of care. The 40 hours per week must be performed in no less than 4 days per week with no more than 12 hours of work being performed in any 24-hour period.

§ 23.22 What is the purpose of a private practice loan?

The purpose of the private practice loan is to assist NHSC scholarship recipients in establishing private full-time clinical practices in designated health manpower shortage areas.

§ 23.23 Who is eligible to receive a private practice option loan?

(a) Eligibility for loans is limited to NHSC scholarship recipients who have completed at least 2 years of their serv-

ice obligations at a NHSC site. NHSC scholarship recipients remain eligible for loans under this subpart for 1 year after they have completed their service obligations at a NHSC site.

(b) Scholarship recipients who are in arrears 31 days or more on a Health Professions Student Loan (42 U.S.C. 294m *et seq.*), Health Education Assistance Loan (42 U.S.C. 294, *et seq.*), Nursing Student Loan (42 U.S.C. 297a *et seq.*), or any other Federally guaranteed or direct student loan are ineligible for this loan program.

(c) NHSC scholarship recipients who have received loans under either this subpart or subpart C of this part are ineligible for loans under this subpart.

§ 23.24 In what amounts are loans made?

The Secretary may make loans either in the amount of \$12,500, if the recipient agrees to practice in accordance with the loan agreement for a period of at least 1 year but less than 2 years, or \$25,000, if the recipient agrees to practice in accordance with the loan agreement for a period of at least 2 years.

§ 23.25 How will interest rates for loans be determined?

Interest will be charged at the Treasury Current Value of Funds (CVF) rate in effect on April 1 immediately preceding the date on which the loan is approved and will accrue from the date the loan funds are disbursed to the borrower.

§ 23.26 How is the loan repaid?

Payments shall be made at monthly intervals, beginning 1 month from the date of the loan disbursement, in accordance with the repayment schedule established by the Secretary and set forth in the loan agreement. Only interest payments are required during the first 2 years. The repayment schedule may be extended in accordance with § 23.31(a).

§ 23.27 What happens if scheduled payments are late?

(a) Failure to make full payment of principal and/or interest when due will subject the borrower to the assessment of administrative costs and penalty

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charges, in addition to the regular interest charge, in accordance with 45 CFR part 30.

(b) Failure to make full payment of principal and/or interest when due may result in the Secretary placing the borrower in default of the loan. See § 23.28(a).

§ 23.28 What events constitute default?

The following events will constitute defaults of the loan agreement:

(a) Failure to make full payment of principal and/or interest when due, and continuance of that failure for a period of sixty (60) days, or a lesser period of time if the Secretary determines that more immediate action is necessary in order to protect the interests of the Government.

(b) Failure to perform or observe any of the terms and conditions of the loan agreement and continuance of that failure for a period of sixty (60) days.

(c) The institution of bankruptcy proceedings, either voluntary or involuntary, under any State or Federal statute, which may adversely affect the borrower's ability to comply with the terms and conditions of the agreement or the promissory note.

§ 23.29 What happens in the case of a default?

(a) In the event of default, the Secretary may declare the entire amount owed (including principal, accrued interest and any applicable charges) immediately due and payable. Collection of the amount owed will be made in accordance with 45 CFR part 30.

(b) The borrower is not entitled to written notice of any default and the failure to deliver written notice of default in no way affects the Secretary's right to declare the loan in default and take any appropriate action under the loan agreement or the promissory note.

(c) The failure of the Secretary to exercise any remedy available under law or regulation shall in no event be construed as a waiver of his or her right to exercise that remedy if any subsequent or continued default or breach occurs.

§ 23.30 May the loan be prepaid?

The borrower shall have the option to prepay the balance of any part of the loan, together with accrued inter-

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est, at any time without prepayment penalty.

§ 23.31 May loan payments be postponed or waived?

(a) Whenever health, economic, or other personal problems affect the borrower's ability to make scheduled payments on the loan, the Secretary may allow the borrower an extension of time or allow the borrower to make smaller payments than were previously scheduled; however, interest will continue to accrue at the rate specified in the promissory note until the loan is repaid in full. The loan must be fully repaid within 10 years after it was made.

(b) No waiver, full or partial, of repayment of the loan will be granted; except that the obligation of a borrower to repay a loan shall be cancelled upon the death or total and permanent disability of the borrower, as determined by the Secretary.

(c) In order to make a determination under paragraph (a) or (b) of this section, the Secretary may require supporting medical, financial, or other documentation.

§ 23.32 What conditions are imposed on the use of the loan funds?

(a) The borrower must use the total amount of the loan to purchase or lease, or both, equipment and supplies, to hire authorized personnel to assist in providing health services and/or to renovate facilities for use in providing health services in his or her private practice. Equipment and supplies purchased and/or leased, personnel hired and facilities renovated shall be limited to the items requested in the loan application and approved by the Secretary.

(b) The borrower must expend the loan funds within 6 months from the date of the loan or within such other time as the Secretary may approve. Documentation of the expenditure of funds must be furnished to the Secretary upon request.

§ 23.33 What security must be given for these loans?

The Secretary may require the borrower to pledge to the Secretary a security interest in specified collateral.

§ 23.34 What other conditions are imposed?

(a) The borrower must sign a loan agreement describing the loan and practice conditions, and a promissory note agreeing to repay the loan plus interest.

(b) The borrower must agree to enter into private full-time clinical practice in a HMSA for the time period specified in the loan agreement.

(c) The borrower must accept assignment, for the time period specified in the loan agreement, under section 1842(b)(3)(B)(ii) of the Social Security Act as full payment for all services for which payment may be made under part B of title XVIII of that Act.

(d) The borrower must enter into an appropriate agreement, for the time period specified in the loan agreement, with the State agency which administers the State plan for medical assistance under title XIX of the Social Security Act to provide services to individuals entitled to medical assistance under the plan.

(e) During the time period specified in the loan agreement, the borrower must provide health services to individuals at the usual and customary rate prevailing in the HMSA in which services are provided; however, services must be provided at no charge or at a nominal charge to those persons unable to pay for these services.

(f) The borrower must keep and preserve all documents, including bills, receipts, checks, and correspondence which affect the operation of the private practice and the expenditure of loan funds for the period of the practice obligation specified in the loan agreement plus 3 years. Accounts will be maintained under one of the accounting principles identified by the Secretary in the loan agreement.

(g) The borrower must provide the Secretary and the Controller General of the United States, or their representatives, access during normal working hours to accounts, documents, and records for the purposes of audit or evaluation; and must permit the Secretary or his or her representative to inspect the private practice at reasonable times during the period of the practice obligation specified in the loan agreement plus 3 years. All infor-

mation as to personal facts and circumstances about recipients of services shall be held confidential, and shall not be divulged without the individual's consent except as may be required by law or as may be necessary to provide medical service to the individual or to provide for medical or fiscal audits by the Secretary or his or her designee with appropriate safeguards for confidentiality of records.

(h) For the entire period of loan repayment, the borrower must acquire, maintain, and when requested, must provide the Secretary with copies of policies of insurance on equipment and supplies in amounts adequate to reasonably protect the borrower from risk, including public liability, fire, theft, and worker's compensation.

(i) If the Secretary retains a security interest pursuant to § 23.33, the borrower must keep and preserve all documents which affect that security interest for the period of the loan repayment and allow the Secretary or his or her designee access, during normal working hours, to those documents.

(j) The borrower must maintain the loan proceeds in a separate account from his or her other transactions and must agree to draw upon this account and expend the loan proceeds in accordance with § 23.32.

(k) The Secretary may impose other conditions which he or she deems appropriate under law or regulation to protect the Government's interests.

§ 23.35 What criteria are used in making loans?

Approval of loan applications will be based on the criteria set forth below:

(a) The need in the HMSA for the applicant's health profession as determined under section 332 of the Act;

(b) The applicant's need for the loan funds; and

(c) The comments from State or local health professional societies on the appropriateness of the applicant's intended private practice; and

(d) The applicant's credit worthiness and projected financial ability to repay the loan.

Subpart C—Private Startup Loans

PART 24—SENIOR BIOMEDICAL RESEARCH SERVICE

§ 23.41 What conditions are applicable to loans under this subpart?

The regulations set out in subpart B of this part are fully applicable to loans awarded under section 338C(e)(1) of the Public Health Service Act, except as noted below;

(a) *Eligibility.* (1) In lieu of § 23.23(a), the following applies to loans made under this subpart:

(i) Eligibility for loans is limited to NHSC scholarship recipients who plan to enter private practice and have not begun fulfilling their scholarship service obligation or are currently fulfilling their scholarship service obligation under section 338B of the Act and have completed less than 2 years of this obligation.

(2) In lieu of § 23.23(c), the following applies to loans made under this subpart:

(i) NHSC scholarship recipients who have received loans under either this subpart or subpart B of this part are ineligible for loans under this subpart.

(b) *Loan amounts.* (1) In lieu of § 23.24, the following applies to loans made under this subpart:

(i) The Secretary may make loans in the amount of \$12,500 if the recipient agrees to practice in accordance with the loan agreement for a period of at least 1 year but less than 2 years or the remaining period of the borrower's NHSC scholarship service obligation, whichever is shorter.

(ii) The Secretary may make loans in the amount of \$25,000 if the recipient agrees to practice in accordance with the loan agreement for a period of at least 2 years or the remaining period of the borrower's NHSC scholarship service obligation, whichever is shorter.

(c) *Use of funds.* (1) In lieu of § 23.32(a), the following applies to loans made under this subpart:

(i) The borrower must use the total amount of the loan only to purchase or lease, or both, the equipment and supplies needed for providing health services in his or her private practice. Equipment and supplies purchased and/or leased shall be limited to the items requested in the loan application and approved by the Secretary.

[51 FR 31950, Sept. 8, 1986]

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24.1 Establishment.

24.2 Allocation.

24.3 Policy Board.

24.4 Eligibility.

24.5 Peer review.

24.6 Pay and compensation.

24.7 Performance appraisal system.

24.8 Applicability of provisions of Title 5, U.S. Code.

24.9 Removal from the Service.

24.10 Reporting.

AUTHORITY: Section 228(g) of the Public Health Service Act; 5 U.S.C. 301.

SOURCE: 61 FR 6557, Feb. 21, 1996, unless otherwise noted.

§ 24.1 Establishment.

There is established in the Public Health Service (PHS) a Senior Biomedical Research Service (SBRs) consisting of members the maximum number of which is prescribed by law.

§ 24.2 Allocation.

(a) The Secretary, within the number authorized in the PHS Act, shall determine the number of SBRs slots to be allocated to each participating Operating Division.

(b) The SBRs Policy Board may advise the Secretary to make adjustments to the allocation at any time.

(c) The majority of the SBRs allocation is to be reserved for recruitment. The remaining SBRs allocation may be used for the retention of current employees.

(d) SBRs slots will be used judiciously, resulting in SBRs appointments only where other senior-level appointing authorities are not sufficient to recruit or retain scientific talent.

(e) The Secretary will ensure that SBRs slots are used in support of high priority programs authorized by Congress and which directly support the research goals and priorities of the Department.

§ 24.3 Policy Board.

The Secretary or his/her designee shall establish an SBRs Policy Board to serve in an advisory capacity, recommending SBRs allocations among the participating Operating Divisions,

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reviewing the operations of the SBRS and ensuring consistent application of regulations, policies, and procedural guidelines, and recommending changes to the Secretary as necessary. Membership, to the extent possible, will include SBRS eligibles nominated by their respective Operating Divisions, will be weighted in proportion to Operating Divisions' SBRS allocations, and will include representation from the Office of the Secretary. The Secretary or his/her designee will select the board membership and the Chair.

§ 24.4 Eligibility.

To be eligible for appointment to the Service an individual must have a doctoral-level degree in biomedicine or a related field and must meet the qualification standards prescribed by the U.S. Office of Personnel Management for appointment to a position at GS-15 of the General Schedule. In addition, the individual must be outstanding in the field of biomedical research or clinical research evaluation. Appointment to the Service will be made only to individuals actively engaged in either biomedical research or clinical research evaluation.

(a) Outstanding in the field of biomedical research means an individual who is actively engaged in peer-reviewed original biomedical research and whose work in this area is considered by his or her peers to be outstanding. In order to meet the eligibility criteria, an individual must have conducted original peer-reviewed biomedical research resulting in major accomplishments reflected by a steady and current record of highly cited publications in peer-reviewed journals of high stature. In addition, the individual should be the recipient of major prizes and awards (such as visiting professorships and named lectureships) in recognition of original contributions to research.

(b) Outstanding in the field of clinical research evaluation means that an individual is actively engaged in clinical research evaluation and is considered by his or her peers to be outstanding. In order to meet the eligibility criteria, an individual, by force of his or her own technical expertise, must be in a position to shape the

course of drug or device evaluation or exert a similar influence on the PHS handling of other agents that may affect the public health. The individual would normally have dealt with complex, precedent-setting evaluation issues that involved significant scientific controversy, had far reaching implications for clinical research or resulted in a widespread economic effect in the health-care delivery system. In addition, the individual should have been involved in the development of scientific or regulatory guidelines for clinical research and been the recipient of invitations to speak at or to chair major national or international meetings and symposia.

§ 24.5 Peer review.

An individual may not be considered for appointment into the SBRS unless his/her qualifications have been reviewed by a PHS peer review committee and the committee has recommended appointment to the Service.

§ 24.6 Pay and compensation.

The SBRS is an ungraded system, with a single, flexible pay range to include all members.

(a) Pay of the members of the Service shall be determined by the Secretary or his/her designee.

(b) The pay of a member of the Service shall be not less than the minimum rate payable for GS-15 of the General Schedule and shall not exceed:

(1) The rate payable for level I of the Executive Schedule unless a higher rate of pay is expressly approved on an individual basis by the President, pursuant to 5 U.S.C. 5377(d)(2), or

(2) The rate payable for level II of the Executive Schedule unless a higher rate of pay is expressly approved on an individual basis by the Secretary.

(c) While the full pay range will be used, individual pay at the higher end of the range will be used only as needed to recognize individual scientific value and as necessary to recruit or retain an exceptionally well-qualified scientist.

(d) The following factors will be used in establishing appropriate pay rates for individual members:

(1) Impact of the individual on the scientific field;

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(2) Recognition of the individual by the scientific community;

(3) Originality of the individual's ideas/work products;

(4) Specific "clinical" or highly technical skills of the individual which are of benefit to the agency and which are in addition to requirements of the basic scientific assignment;

(5) The individual's earnings and monetary benefits;

(6) Salary surveys of similar skills in pertinent labor markets; and

(7) Other relevant factors.

(e) Annual adjustments to pay rates may be made effective on the first day of the first pay period on or after January 1 of each calendar year. The rate of such adjustments will be at the discretion of the Secretary or his/her designee, except that the minimum rate payable in the SBRS will be increased to the amount of the minimum rate of the GS-15 of the General Schedule.

(f) Other pay adjustments will be made on an individual basis by the Secretary or his/her designee.

(g) Except as provided in paragraph

(h) of this section, new appointees to the Service, who are not covered by the Civil Service Retirement System, will be covered by the Federal Employees Retirement System.

(h) Upon the request of a member who performed service in the employ of an institution of higher education immediately prior to his appointment as a member of the Service, and retains the right to make contributions to the retirement system of such institution, the Department of Health and Human Services may contribute an amount not to exceed ten percent per annum of the member's basic pay to such institution's retirement system on behalf of such member. A member who participates in this program shall not be covered by any retirement system established for employees of the United States under title 5, United States Code.

§ 24.7 Performance appraisal system.

The members of the Service shall be subject to a performance appraisal system which shall be designed to encourage excellence in performance and shall provide for a periodic and system-

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atic appraisal of the performance of the members.

§ 24.8 Applicability of provisions of Title 5, U.S. Code.

(a) Appointments to the Service shall be made without regard to the provisions of title 5, U.S. Code regarding appointments.

(b) Members of the Service shall not be covered by the following provisions of title 5, U.S. Code:

(1) Subchapter I of Chapter 35 (relating to retention preference in the event of reduction in force);

(2) Chapter 43, Performance Appraisal (and performance-based actions);

(3) Chapter 51 (relating to classification);

(4) Subchapter III of Chapter 53, The General Schedule; and

(5) Chapter 75, Adverse Actions.

(c) Other provisions of Title 5 will be applied as administratively determined by the Secretary or his/her designee.

§ 24.9 Removal from the Service.

(a) A member of the Service may be subject to disciplinary action, including removal from the Service, for substandard performance of duty as a member of the service, for misconduct, for reasons of national security or for other reasons as determined by the Secretary.

(b) A member for whom disciplinary action is proposed is entitled to:

(1) Written notice of the proposed action and the basis therefor;

(2) A reasonable opportunity to answer the notice of proposed action both orally and in writing;

(3) The right to be represented by an attorney or other representative in making such answer; and

(4) A written decision on the proposal.

(c) The decision may be made by an official with delegated authority to take such action, but in no case may the official be at a level below the head of the Operating Division where the member is assigned.

(d) A member who is separated from the Service involuntarily and without cause and who, immediately prior to his appointment to the Service, was a career appointee in the civil service or the Senior Executive Service, may be

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appointed to a position in the competitive civil service at grade GS-15 of the General Schedule. Such an appointment may be made by the Secretary or his/her designee without regard to the provisions of title 5, U.S. Code regarding appointments in the civil service.

(e) A member who is separated from the Service involuntarily and without cause and who, immediately prior to appointment to the Service, was not a career appointee in the civil service or the Senior Executive Service may be appointed to a position in the excepted civil service at grade GS-15 of the General Schedule for a period not to exceed two years.

(f) There shall be no right to further review of the final decision on a disciplinary action. At his/her discretion,

the Secretary may review an action taken under this section and may reduce, suspend, or overrule the action taken.

(g) A member of the Service may be removed from the Service for such other reasons as may be prescribed by the Secretary.

§ 24.10 Reporting.

For each quarter of the first year of implementation and annually thereafter, participating Operating Divisions shall maintain reports on the operation of the SBRs. At a minimum, these reports should include the number of appointees, the source of those appointees, their earnings immediately prior to appointment, and their SBRs pay at appointment.