

PART 2000 - GENERAL

Subpart T - Memorandum of Understanding between Health Resources and  
Services Administration and Rural Development

§2000.951 General.

Rural Development has entered into a Memorandum of Understanding between the Department of Health and Human Services (HHS) Health Resources and Services Administration's (HRSA) Community and Migrant Health Center programs and United States Department of Agriculture (USDA), Rural Development Community Facilities Programs. The memorandum provides for the coordination of Federal programs which have an impact on rural health care in order to help rural areas with the most critical health care services problem. This memorandum is attached as Exhibit A.

§§2000.952 - 2000.1000 [Reserved]

Attachment: Exhibit A

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Administration  
General

MEMORANDUM OF UNDERSTANDING  
Between  
Health Resources and Services Administration  
Rural Development  
Regarding  
Rural Health Facilities

Introduction

The immediate and pressing need for health care services in many rural communities is well documented. However, resources to help meet this need are limited. Therefore, it is extremely important to coordinate Federal programs which have an impact on rural health care, in order to help rural areas with the most critical health care services problem.

Purpose

The purpose of this Memorandum of Understanding is to coordinate two such Federal programs; Department of Health and Human Services' (HHS) Health Resources and Services Administration's (HRSA) Community and Migrant Health Center programs with United States Department of Agriculture's (USDA) Rural Development Community Facilities Loan Programs (CFLP).

Since the original interagency agreement was signed in Fiscal Year 1979, the Rural Development has made loans to 170 Community and Migrant Health Centers programs grantees, totaling \$57,397,300, for constructing, expanding, replacing, renovating or otherwise improving health facilities in rural medically underserved areas.

Community and Migrant Health Centers programs provide comprehensive primary health care to residents of medically underserved areas. The CFLP is designed to lend money to public bodies, nonprofit corporations, and federally recognized Indian tribes in rural communities of 20,000 or fewer people. The loan can be used to construct, enlarge, extend, acquire, or otherwise improve essential community facilities, such as medical and health care facilities.

These two programs can be directed toward the same rural medically underserved areas in order to have the strongest impact in helping to meet the health care needs of these populations. With this agreement, Rural Development will receive the assurance that subject to budget constraints, HRSA will provide the clinics with service funds on an ongoing basis which will, in turn, provide the working capital and cash flow needed by the clinics to repay their facility loans. Services under this agreement can be available in rural medically underserved areas in all States.

Authorities

The authorities for operation of Community and Migrant Health Centers programs of HHS are Sections 330 and 329 of the Public Health Service Act as amended.

The authority for Rural Development, CFLP, is Section 306 (a) of the Consolidated Farm and Rural Development Act.

Agreement

HRSA and Rural Development agree as follows:

Rural Development

Rural Development will consider funding those applications having the highest priority and which will insure the effective utilization of Community Facility funds involving the most deserving projects and applicants. Each application will be carefully evaluated to ensure that applicants are likely to remain financially viable with or without the Department of Health and Human Services operating grant. Rural Development will consider making loans to community health centers (CHC) and migrant health (MH) projects which apply and receive approval from HRSA. The amortization of the Rural Development loan will depend upon the percent of the project's total operating revenues which require HHS grant support as follows:

- Projects requiring 25 percent or less HHS grant support - amortization not to exceed 20 years.
- Projects requiring 26-50% of grant support - amortization not to exceed 15 years.
- Projects requiring 51-75% grant support - amortization not to exceed 10 years.
- Projects requiring 76% or more grant support would not be eligible for assistance through Rural Development.

Rural Development agrees to develop application guidance material and technical assistance capability to enable HRSA projects to plan, develop and submit applications for Community Facilities loans as provided under this agreement.

Rural Development agrees to inform HRSA (Community and Migrant Health Centers programs) monthly of any HRSA project which is in arrears with the payments on its facilities loan.

HRSA

The HRSA agrees to provide projects with annual operating grants as needed during the life of the Community Facilities loan, in amounts sufficient to amortize annual loan costs, to the extent funds are available and provided the projects comply with applicable statutory and regulatory requirements. The HRSA agrees to work with grantees not meeting acceptable performance criteria to return them to a sound operation, if possible.

The HRSA agrees to require that all projects requesting Rural Development loans submit to Rural Development a 5-year projection of financial status, including grant dependence, using the regular Rural Development protocol for such projections.

The HRSA agrees to provide Rural Development a copy of the project summary data sheet describing the following elements:

- o need for facility
- o existing facilities
- o proposed facilities
- o people to be served
- o providers needed
- o facility cost estimate
- o annual operating budget
- o maps and sketches
- o conclusion and recommendations

The HRSA agrees to encourage its grantees to coordinate with transportation networks in their communities.

The HRSA agrees to work with grantees that have serious difficulties attracting adequate medical manpower, drawing on the resources of the National Health Service Corps as well as providing assistance in recruiting from the private sector.

The HRSA agrees to provide Rural Development a monthly monitoring list of Projects with Rural Development loans which have potential problems that may affect their payback capability.

The HRSA agrees to give Rural Development advance notice when a CHC or MH project with a Rural Development loan is being considered for phaseout. If a final decision to phaseout is made, Rural Development will receive written notification from HRSA, and HRSA agrees to provide funds (if needed) to the project to make payments on its Rural Development loan for a reasonable length of time and as authorized under the statutes. In the event that, during that time, the project is unable to continue as a private provider of health services, the HRSA agrees to assist Rural Development in finding a third party to assume responsibility for the facility and the loan.

Both

Rural Development and the HRSA agree to follow and update, as needed, an application review process which permits the Rural Development State Directors and the HRSA Regional Health Administrators joint review (the latter in consultation with State health departments), with concurrent review by the National Offices of the respective agencies. In addition, both agencies will coordinate the application process with the State Offices designated by the Governors to coordinate Federal rural development efforts.

The HRSA and Rural Development agree to develop, publicize, distribute, and explain to their national and field staffs and respective program constituencies the required procedures for submitting facility applications under the joint HRSA-Rural Development program.

The HRSA and the Rural Development National Office representatives agree to meet on a quarterly basis to review program progress, resolve operational or procedural problems, and plan necessary modifications or redirection of the program.

Modification/Cancellation Provision/Termination

Request for modifications and amendments to the Memorandum of Understanding may be initiated by either party. Such modifications or amendments will only be effective upon mutual agreement by both parties. The Memorandum of Understanding will remain effective until either Rural Development or HRSA provide written notification that the Memorandum is no longer effective. However, such notification by either party, terminating the Memorandum will have no effect on the existing contracts entered into under the Memorandum.

Effective Date

The Memorandum of Understanding shall become effective immediately on the date it is signed by the Administrators of Rural Development and HRSA.

Signatures

/s/

\_\_\_\_\_  
CHARLES W. SHUMAN, Administrator  
Farmers Home Administration

/s/

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ROBERT GRAHAM, M.D., Administrator  
Health Resources and Services  
Administration

4/18/84

\_\_\_\_\_  
Date

17 May '84

\_\_\_\_\_  
Date