



PROGRAM ASSISTANCE LETTER

DATE: April 8, 2010

DOCUMENT NUMBER: 2010-01

DOCUMENT TITLE: Enhancements to Support Health Center Program Requirements Monitoring

TO: Health Center Program Grantees
Primary Care Associations
National Cooperative Agreements

The purpose of this Program Assistance Letter (PAL) is to provide policy and program guidance regarding the Health Resources and Services Administration (HRSA)/Bureau of Primary Health Care (BPHC) Progressive Action process, which has been developed to support the review and monitoring of Health Center Program requirements¹ and support health centers in their efforts to achieve Health Center Program objectives. This process has benefited from recent HRSA Electronic Handbooks (EHB) system enhancements which are facilitating the electronic submission and tracking of compliance with conditions placed on Notice of Grant Awards (NGAs) and the responses to and removal of those conditions.

BACKGROUND:

Health Center Program grantees must comply with all applicable statutory and regulatory requirements, and it is the goal of the HRSA to support grantees in successfully demonstrating compliance with these requirements. Consistent with applicable law and HRSA's oversight and monitoring responsibilities, grantees are assessed for compliance with the program requirements and, whenever possible, are provided an opportunity to remedy areas of non-compliance. Throughout this process, HRSA is committed to assisting and providing technical assistance to strengthen health center operations.

All section 330 grant awards approved by HRSA are subject to the requirements, terms and conditions specified in the grant program's authorizing statute², regulations³ and other applicable

¹ A summary of the Health Center Program Requirements can be accessed online at: <http://www.bphc.hrsa.gov/about/requirements.htm>.

² [Section 330 of the Public Health Service \(PHS\) Act](#) (42 U.S.C. §254b), as amended.

³ [42 CFR Part 51c](#) and [42 CFR Parts 56.201-56.604](#) for Community and Migrant Health Centers.

regulations. These include, but are not limited to, the grants regulations found in 45 CFR Part 74.14 or 45 CFR Part 92.12, as applicable, which include provisions that allow HRSA to impose additional requirements as needed, if an applicant or recipient:

- Has a history of poor or unsatisfactory performance, including non-compliance;
- Is not financially stable (i.e., demonstrating inability to safeguard Federal funds);
- Has a management system that does not meet the prescribed standards;
- Has not conformed to the terms and conditions of a previous award; or
- Is not otherwise responsible.

The recent release of HRSA's EHB Version 2.0 has improved HRSA's ability to provide more streamlined systems for tracking information related to grant conditions. HRSA is leveraging these recent system enhancements to implement a more efficient and effective manner for communicating and interacting with grantees on conditions through a Progressive Action process.

As with previous practice, HRSA will continue to notify grantees of areas of non-compliance with program requirements. Notification will be documented by conditions on the grantee's NGA that will describe:

- The nature of the non-compliant finding and the program requirement it relates to;
- The nature of the corrective action(s) needed; and
- The time allowed for completing the corrective actions and/or submission of appropriate documentation of such corrective actions.

This will most often occur during the review of annual grant funding requests (e.g., Service Area Competition or Budget Period Renewal), but may also be triggered by other events, such as findings from a site visit.

PROGRESSIVE ACTION PROCESS:

Consistent with current practice, in circumstances where a grantee is determined to be non-compliant with one or more of the Health Center Program requirements, relevant conditions are placed on its NGA. HRSA is committed to assisting grantees to remedy identified areas of non-compliance and to providing reasonable time for grantees to take necessary corrective action.

The Progressive Action process provides a uniform structure and a time-phased approach for notifying grantees of compliance issues and for receiving grantee responses to an identified condition(s). Because these phases are supported within the HRSA's EHB, grantees will be able to more efficiently and effectively respond to conditions, HRSA will be able to promptly initiate the review of the response/supporting materials, and take the next steps including removal of conditions, as warranted. As part of the system enhancements discussed previously, EHB will support the Progressive Action process by clearly noting condition response deadlines in the

grantee's EHB task list and providing periodic email reminders to grantees during the condition response timeframe.

In general, the Progressive Action process includes four distinct condition phases, structured to provide specified timeframes for grantee action and response to demonstrate compliance. After initial notification of the compliance issue during Phase One, the grantees will be notified at each stage as to the acceptability of the response via an NGA which will also note whether further action is needed. At each phase, failure to respond by the noted deadline will result in the activation of the next Progressive Action phase.

- Phase One = 90 days for initial grantee response to submit appropriate documentation that the program requirement has been met and/or that the grantee has developed an action plan (see Implementation Phase below for further detail) for how the grantee will comply with the requirement;
- Phase Two = 60 days for subsequent grantee response when the response provided in Phase One or in the Implementation Phase has been determined to be inadequate (e.g., failure to document implementation of the corrective action(s) or to respond by the specified deadline);
- Phase Three = 30 days for subsequent grantee response when the response provided in Phase One, Implementation Phase (if applicable) and Phase Two has been determined to be inadequate; and
- Implementation Phase (where applicable) = 120 days for the implementation of a HRSA-approved action plan. The 120 day Implementation Phase can be applied following a satisfactory grantee response for a plan in Phase One, Two or Three.

HRSA recognizes that grantees may need to make programmatic and organizational changes in response to a condition; therefore, the Progressive Action process is designed to provide grantees with a reasonable amount of time to take appropriate action in response to a condition and for prompt HRSA review and decision-making. For example, in Phase One, a grantee is given 90 days to either demonstrate compliance with the identified program requirement or develop and submit an action plan detailing how the grantee will comply with the requirement. Once this plan has been reviewed and approved, a new NGA will be issued with an "Implementation Phase" condition notifying the grantee that HRSA has approved the action plan and that it must submit documentation within 120 days that the approved plan has been implemented.

As designed, grantees that do not adequately address a condition within the Phase One timeframe (90 days) and/or subsequent Implementation Phase (120 days) will be issued a new NGA with a Phase Two condition giving the grantee an additional 60 days to either demonstrate compliance with the identified program requirement or develop and submit an action plan detailing how the organization will comply with the requirement.

A grantee's ability to demonstrate compliance with program requirements is critical to ensuring continued grant support. Therefore, conditions in Phase Two will notify the grantee that failure

to respond appropriately to the compliance issue within the applicable 60 day time period may result in the disapproval of future health center grant applications. Failure to adequately address a condition within the Phase Two (60 day) time period will result in a new NGA with a condition specifying a final opportunity to respond within 30 days (Phase Three) and notify the grantee that failure to adequately address the requirement within the ensuing 30 days will result in the disapproval of future health center grant applications.

TECHNICAL ASSISTANCE

HRSA is committed to assisting grantees in meeting all Health Center Program requirements through the provision of appropriate guidance and technical assistance. Throughout the time period that the grantee is afforded to respond to a grant condition, frequent and close communication with their Project Officer is highly encouraged to ensure the preparation of an appropriate and timely response. In addition, grantees are encouraged to discuss technical assistance (TA) needs with their Project Officer and to access available TA resources through their Primary Care Association or one of HRSA's national cooperative agreement partners (<http://www.bphc.hrsa.gov/technicalassistance/>), as appropriate.

If grantees have any specific questions related to this PAL, they should contact their designated Project Officer. In addition, for systems assistance with submitting responses to conditions in EHB, please contact the HRSA Call Center by phone at: 877-Go4-HRSA/877-464-4772; 301-998-7373 (9:00 AM to 5:30 PM ET M-F) or by email: callcenter@hrsa.gov.

/s/

James Macrae
Associate Administrator