I. PROGRAM OBJECTIVES

This program is designed to assist local leaders with the development and implementation of strategies for improving health care access for rural residents. Technical assistance and limited financial resources are provided to underserved communities in developing and maintaining primary health care centers. The objective of the Rural Health Centers Operational Grant Program is to make primary health care services available and accessible to residents of rural and underserved areas that have previously experienced an insufficiency of such services. Operational funding is provided through the Medical Access Plan (MAP) to provide support to rural health centers to enable the centers to provide primary medical care services to underserved residents in its service area.

II. PROGRAM PROCEDURES

The Rural Health Centers Operational Grant Program is administered by the N. C. Department of Health and Human Services, Office of Rural Health and Community Care (ORHCC), 2009 Mail Service Center, Raleigh, North Carolina 27699-2009, (919) 527-6440.
ORHCC is responsible for approving State-designated rural health centers. These designations grow out of a concerted effort on the part of a local group working with representatives of ORHCC to determine the primary care needs of the community and the best strategy to meet those needs. It is a progressive concept of non-profit boards, comprised of local residents, operating and owning their community’s primary health care program.

Upon designation, a health center is eligible for a full range of technical assistance that includes all aspects of practice management. ORHCC funding is based on the total number of provider face-to-face encounters with eligible Medical Access Plan recipients at a set reimbursement rate. A Request for Applications (RFA) for MAP funding through the Rural Health Centers Operational Funding Grant Program is posted annually each spring. The completed application including operational budget, MAP encounter projections, a project narrative describing services provided, and associated performance measures and required forms are submitted for review. Indicators including budgets based on the estimated indigent health care services to be delivered are evaluated as part of the grant review process. Grant awards are made after such an objective review, with careful attention to the funds available for such grants.

Rural Health Centers Operational Funding (MAP) grants are generally prepared during March and April. Final review and notification generally occur during May and June. Funds are disbursed throughout the grant year, in accordance with the payment schedule in the grant agreement.

III. COMPLIANCE REQUIREMENTS

1. ACTIVITIES ALLOWED OR UNALLOWED

   Services provided by and costs allowable under an ORHCC operational grant are limited to those activities budgeted by the center and approved by the ORHCC. Services are limited to the provision of primary health care to Medical Access Plan eligible patients at designated primary health care centers located in rural and underserved areas.

   Suggested Audit Procedure:

   Ascertain through a sample that the services provided by and the costs allowable under an ORHCC grant are limited to those activities budgeted by the center and approved under the grant.

2. ALLOWABLE COSTS/COST PRINCIPLES

   Costs must be reasonable and necessary for the performance and administration of the grant to be allocable to the activity. Costs may not be prohibited under State or local laws/regulations, and must be approved by ORHCC. Generally accepted accounting principles are to be followed in accounting for costs under this program. Adequate documentation of all costs associated with the grant must be maintained.

   Suggested Audit Procedure:

   Ascertain that the costs incurred during the performance and administration would have been considered reasonable and necessary to a prudent person under the same circumstances.
3. CASH MANAGEMENT

Grantees are funded on a reimbursement basis. Reimbursement eligible services must be provided to Medical Access Plan (MAP) eligible patients before reimbursement is requested from the Office. The Grantee submits a monthly report to the Office that details the total number of MAP patient visits for the prior month. Reimbursement is determined by the total number of MAP patient visits for the prior month times the MAP rate published in the Request for Applications for the current fiscal year (total number of MAP visits for month X is $X).

4. CONFLICT OF INTEREST AND CERTIFICATION REGARDING NO OVERDUE TAX DEBTS

The grantee expressly states that it has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under the contract. Grantee shall not hire any person having such interest during the performance of the grant. The grantee further agrees to notify the ORHCC in writing of any instance that might have the appearance of a conflict of interest. Upon execution of a Rural Health Center Operational Medical Access Plan (MAP) Grant contract and prior to the disbursement of funds, the grantee must supply to the ORHCC a notarized copy of its policy addressing conflict of interest.

Suggested Audit Procedure:

Ascertain through a sample that a policy on conflict of interest is on file with the grantee and that a notarized copy was sent to the ORHCC.

5. ELIGIBILITY

State-designated rural health centers are eligible to apply for grant funds as outlined in the RFA posted each spring.

8. PERIOD OF AVAILABILITY OF STATE FUNDS

Use of grant funds will be limited to the grant period as outlined in the grant agreement. Funds must be expended or obligated for expenditure within the grant period. All funds over and above local reserves and the operating reserve, up to the amount of the current operational (MAP) grant, remain the property of the State of North Carolina at the conclusion of the grant period.

Suggested Audit Procedure:

Verify through a sample that the funds were expended or obligated during the allowed grant period.

12. REPORTING

A monthly report, in a format approved by the ORHCC, is due by the tenth day of the month following the month being reported. Grant payments will be made upon receipt of monthly invoices.

Depending of the size of the grant, the grantee is required to submit a “Sworn Certification” or an audit in a form approved by the Office of the State Auditor. “Sworn Certifications”, if
applicable, are due within six (6) months of the end of the grantee’s fiscal year. Audits, if applicable, are due within nine (9) months, but no later than thirty (30) days after the issuance by the CPA.

Suggested Audit Procedure:

Verify through a sample that the monthly report was submitted by the 10th day of the month following the month being reported.

13. SUBRECIPIENT MONITORING

This refers to the requirement that a pass-through entity perform various monitoring activities, such as reviewing reports submitted by the subrecipient, performing site visits to the subrecipient to review financial and programmatic records and observe operations, arranging for agreed-upon procedures engagements for certain aspects of subrecipient activities, such as eligibility determinations, reviewing the subrecipient’s single audit or program specific audit results and evaluating audit findings and the subrecipient’s corrective action plan. This applies when awards are passed through to a subrecipient. If the entity is not a pass-through entity, this requirement does not apply.

14. SPECIAL TESTS AND PROVISIONS

a. **Compliance Requirement** – Medicare and Medicaid assignment will be accepted during the grant period.

   **Suggested Audit Procedure** – Review the procedures for accepting Medicare and Medicaid assignment. Auditors should satisfy themselves that Medicare and Medicaid assignments were accepted during the grant period.

b. **Compliance Requirement** – The grantee agrees to participate in the Medical Access Plan (MAP) within the policies and procedures prescribed by the ORHCC. MAP is a reimbursement system for uninsured or underinsured, medically-indigent patients with incomes less than 200% of the federal poverty guidelines.

   **Suggested Audit Procedure** – Review the grantee’s participation in MAP. Auditors should satisfy themselves that the policies and procedures, as developed by the ORHCC are being followed, especially with regards to eligibility and payment.

c. **Compliance Requirement** – The grantee agrees to adopt a basic set of financial policies that follow Generally Accepted Accounting Principles.

   **Suggested Audit Procedure** – The auditor should verify that the grantee has adopted and is operating within the financial policies and procedures that follow Generally Accepted Accounting Principles.

d. **Compliance Requirement** – No budget line-item may be increased by more than 15% nor may alterations change the budget total by more than 15% without the written authorization of the ORHCC.

   **Suggested Audit Procedure** – Review the grantee’s budget as approved by the ORHCC and determine whether or not line-items exceeded 115% of budget.