

**Grants for Hospital Construction and Modernization
Federal Right of Recovery and Waiver of Recovery**

Supporting Statement

Justification

1. Circumstances of Information Collection

This is a request for an extension of OMB approval for the reporting requirements found in regulations for the Grants for Hospital Construction and Modernization, Federal Right of Recovery and Waiver of Recovery (OMB No. 0915-0099) which expires on November 30, 2006. The procedures for recovering Federal funds and granting waivers from recovery are authorized by 42 U.S.C. 291i and 300s-1a (Sections 609 and 1622), Titles VI and XVI of the Public Health Service Act, as amended by Section 2381 of the Deficit Reduction Act of 1984 (Public Law 98-369). The Department issued regulations to implement Subpart H (51 FR 7935, March 7, 1986). The requirements of Titles VI and XVI affect assisted facilities which undergo a change in status or use, for which recovery of grant funds may be appropriate or for which waiver of the recovery rights may be obtained.

Information collection is required in the following regulations:

42 CFR 124.704(b)

Specific reporting requirements in the event of a sale or transfer or change of use of a facility are spelled out at 42 CFR 124.704(b). The regulations require that within 10 days of sale, transfer, or change of use of a grant-assisted health care facility, the Secretary be notified by the owner/transferor that the grant-assisted hospital is sold or no longer being used as a health care facility. The regulations require that the submission include the following information.

- \$ sales contracts;
- \$ lease agreements;
- \$ new owner=s estimates of current assets and liabilities, value of equipment and expected value of land;
- \$ remaining depreciation for all fixed assets involved in the transactions; and
- \$ other information and documents pertinent to the change of status.

42 CFR 124.707

The procedures for obtaining a waiver of the recovery rights of the Government are spelled out in 42 CFR 124.707. Within 60 days after receiving Departmental notice of a health care facility=s recovery amount plus twice the remaining uncompensated care obligation, the new owner will notify the Department in writing that it accepts the waiver based on the Department=s calculations, that it does not seek the waiver, or that it provides its own calculations of twice the remaining uncompensated care obligation.

2. Purpose and Use of Information

The transferor or owner of a facility that is sold, transferred or has a change of use, must provide the Secretary written notice, by certified mail, of the change within 10 days of the sale, transfer, or change of status. The information required in the notice is necessary to enable the Secretary to calculate the recovery amount. If this information is not collected, the Government will not be able to calculate a recovery amount. The acceptance of a waiver of recovery requires written notification to the Department. If this information is not collected, the Government will not be able to proceed with the establishment of an irrevocable trust.

3. Use of Improved Information Technology

The regulations require submission of copies of original business documents that often cannot be transferred electronically. In addition, original signatures are required, and the Department has not implemented an agency-wide system or standard for receipt of secure electronic signatures. Given that the regulations require copies of original business documents, there are no forms associated with this activity.

4. Efforts to Identify Duplication

The information is unique. There is no other information collection which gathers information needed for these purposes; so there is no duplication.

5. Involvement in Small Entities

The information requested is the minimum needed to meet the statutory requirements and does not place a significant burden on small businesses.

6. Consequences if Information Collected Less Frequently

The information required is for a one-time notification which is to be submitted when a facility has a change of ownership or a change of use. If the information were not collected, statutory requirements would not be met.

7. Consistency with the Guidelines in 5 CFR 1320.5(d)(2)

This project is consistent with 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency

The notice required in 5 CFR 1320.8(d) was published in the Federal Register on Tuesday, August 4, 2006, Vol. 71, Number 150, page 44301. No comments were received.

In 2006, two respondents were contacted regarding the reporting requirements, including their views on the clarity of instructions and the level of burden. The instructions were clear; the burden appeared accurate.

Contact information for the individuals that were consulted is listed below:

Ms. Ladelle Bates
Administrator

Culberson Hospital

P.O. Box 609

Van Horn, Texas 79855
432-283-2760

Manager

Care Facility

Street

116

Ms. Stacy Schultz
Human Resource

Eaton County Medical

530 West Beech

Charlotte, Michigan 48813
517-543-2940 ext.

9. Remuneration of Respondents

Respondents will not be remunerated.

10. Assurance of Confidentiality

The information that is being collected is the result of a transfer of property and is part of public records. No personal information on individuals is collected.

11. Questions of a Sensitive Nature

No questions of a sensitive nature are being asked.

12. Estimates of Annualized Hour Burden

Reporting Requirements	Number of Respondents	Responses per Respondent	Total Responses	Hours per Response	Total Hour Burden	Wage Rate	Total Hour Cost
124.704(b) and 707	10	1	10	1.25	12.5	\$38	\$475

Basis of burden: The burden estimates are based on program experience and consultation with grantees. During the past 3 years, the number of changes of ownership or use per year has decreased. On that basis, we project that an average of 10 facilities will undergo a change of ownership or use each year and will be required to respond. Based on consultation with a sample of facilities, it is estimated that it will take 1.25 hours to submit the required documents to the Secretary regarding the sale or change of use of the facility, and to review and respond to the waiver of recovery calculations. Total response burden is $10 \times 1.25 = 12.5$ hours.

13. Estimate of Annualized Cost Burden to Respondent

There are no capital or start-up costs to respondents, nor are there any maintenance costs.

14. Estimate of Annualized Cost to the Government

The average annual cost to the Government is \$390 based on the personnel costs to review and process information received. The \$39 is approximately the hourly rate of a Federal Employee at a GS-13 level.

10 responses x 1 hour x \$39 per hour = \$390

15. Change in Burden

There are currently 12.5 burden hours in the OMB inventory for this project. No change in burden is requested.

16. Time Schedule, Publication, and Analysis Plans

There are no plans for tabulation, statistical analysis, or publication.

17. Exemption for Display of Expiration Date

Approval is requested for exemption from displaying the current expiration date for the OMB clearance. There are no forms associated with the reporting requirements established in these regulations, and therefore there is no established way to directly notify covered health facilities of the current expiration date of the OMB clearance.

18. Certification

The regulation complies with the guidelines set forth in 5 CFR 1320.9. The certifications are included in the package.

