

(4) Enter into contracts or arrangements for the provision of primary health services only if alternative resources are reasonably available to provide these services in the event of termination of such arrangements.

(u) Operate in a manner such that no migratory or seasonal agricultural worker or member of their family will be denied service by reason of his or her inability to pay therefor. *Provided, however,* That a charge for the provision of services will be made to the extent that a third party (including a Government agency) is authorized or is under legal obligation to pay such charges.

§ 56.304 Governing board.

The governing board of the center must meet the following requirements:

(a) *Size.* The board must consist of at least 9 but not more than 25 members except that this provision may be waived by the Secretary for good cause shown.

(b) *Composition.* (1) A majority of the board members must be migratory and seasonal agricultural workers and members of their families who are or will be served by the center and who, as a group, represent the individuals being or to be served in terms of demographic factors, such as race, ethnicity, and sex.

(2) No more than two-thirds of the remaining members of the board may be individuals who derive more than 10 percent of their annual income from the health care industry.

(3) The remaining members of the board must be representatives of the community in which the center's catchment area is located and shall be selected for their expertise in relevant subject areas, such as community affairs, local government, finance and banking, legal affairs, trade unions, and other commercial and industrial concerns, or social services within the community.

(4) No member of the board shall be an employee of the center, or spouse or child, parent, brother or sister by blood of marriage of such an employee. The project director may be a nonvoting, ex-officio member of the board.

(c) *Selection of members.* The method of selection must be prescribed in the

by-laws or other internal governing rules of the center. Such by-laws or other rules must specify a process of selection of individuals on the governing board who represent the population served or to be served by the center so that such individuals, as a group, are representative of such population. Such process of selection in the by-laws or other rules is subject to approval by the Secretary.

(d) *Functions and responsibilities.* (1) The governing board shall have authority for the establishment of policy in the conduct of the center.

(2) The governing board shall hold regularly scheduled meetings, at least once each month, except for periods of the year, as specified in the bylaws, during which monthly meetings are not practical due to migration out of the catchment area.

(3) Minutes must be kept for all regularly scheduled meetings of the board.

(4) The governing board shall have specific responsibility for:

(i) Approval of the selection and dismissal of the project director or chief executive officer of the center;

(ii) Establishing personnel policies and procedures, including selection and dismissal procedures, salary and benefit scales;

(iii) The development of bylaws which specify the responsibility of the board and principal operating officials of the centers;

(iv) Adopting policy for financial management practices, including a system to assure accountability for center resources, approval of the annual project budget, center priorities, eligibility for services, including criteria for partial payment schedules, and long-range financial planning;

(v) Evaluating center activities, including services utilization patterns, productivity of the center, patient satisfaction, achievement of project objectives, and development of a process for hearing and resolving patient grievances;

(vi) Assuring that the center is operated in compliance with applicable Federal, State, and local laws and regulations; and

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(vii) Adopting health care policies including scope and availability of services, location and hours of services, and quality assurance procedures.

§ 56.305 Grant evaluation and award.

(a) Within the limits of funds determined by the Secretary to be available for such purpose, the Secretary may award grants under this subpart to applicants therefor which, in his judgment, will provide needed health services in a catchment area which will not be served by another project funded under this part and meet the applicable requirements of section 319(d)(1)(A) of the Act and this part, in accordance with priorities established pursuant to section 319(b) of the Act and § 56.107 of subpart A of this part: *Provided*, That in the case of applicants which propose to serve substantially the same catchment area or where available funds are insufficient to fund all approvable applications within a priority category specified in § 56.107, the Secretary will award grants to the applicants which, in his judgment, will best promote the purpose of section 319(d)(1)(A) of the Act and the applicable regulations of this part, taking into account with respect to each application:

(1) The extent to which the project would provide for the elements set forth in § 56.303;

(2) The capability of the applicant to provide quality health care services;

(3) The soundness of the financial management plan for assuring effective utilization of grant funds and maximizing non-grant revenue;

(4) The administrative and management capability of the applicant;

(5) The capability of the applicant to provide primary health services directly. In evaluating the relative capability of the applicant to provide such services directly, the Secretary shall take into consideration whether the direct provision of such services is inappropriate because:

(i) Provision of such services through contract or other arrangement would be more cost-effective;

(ii) Provision of such services directly would unnecessarily duplicate existing resources; or

(iii) Provision of such services other than directly would enhance the accessibility or acceptability of such services to the population to be served.

(6) The degree to which the applicant intends to integrate services supported by a grant under this part with health services provided under other federally assisted health services or reimbursement programs or projects;

(7) The extent that community resources will be utilized by the project; and

(8) Consistent with the other requirements of this part, the degree to which and the manner in which the applicant provides specific health services which the Secretary has, through publication of a notice in the *FEDERAL REGISTER*, established as services which should receive emphasis by applicants.

Subpart D—Grants for Operating Migrant Health Entities**§ 56.401 Applicability.**

The regulations of this subpart, in addition to the regulations of subpart A of this part, are applicable to grants awarded pursuant to section 319(d)(1)(B) of the Act for the costs of operation of entities which intend to become migrant health centers and which provide health services to migratory agricultural workers, seasonal agricultural workers, and the members of their families in high impact areas.

§ 56.402 Application.

To be approved by the Secretary under this subpart, an application for a grant must, in addition to meeting the requirements of § 56.104 of subpart A of this part,

(a) Be submitted by an entity which the Secretary determines intends to become a migrant health center but which will not, at the time of the grant award, meet one or more of the requirements of paragraphs (a) through (l) of § 56.303 of subpart C of this part; and

(b) Contain information sufficient to enable the Secretary to determine that the project for which the grant is sought will meet the requirements of this part. Such information must include a plan which identifies which requirements of § 56.303 will not be met at