



# Health Center Program Requirements



# Program Requirement Sources



- Health Center Program Statute—Section 330 of the Public Health Service (PHS) Act (42 U.S.C. §254b)
- Program Regulations—42 CFR Part 51c and 42 CFR Parts 56.201-56.604 for Community and Migrant Health Centers
- Grants Regulations—45 CFR Part 74

**NOTE:** Portions of program requirements notated by an asterisk “\*” throughout the presentation indicate regulatory requirements that are recommended but not required for grantees that receive funds solely for Health Care for the Homeless (section 330(h)) and/or the Public Housing Primary Care (section 330(i)) Programs.



# Overview



Health centers are non-profit private or public entities that serve designated medically underserved populations/areas or special medically underserved populations comprised of migrant and seasonal farmworkers, the homeless, or residents of public housing.



# Overview



- There are 19 Key Health Center Program Requirements  
(<http://www.bphc.hrsa.gov/about/requirements.htm>)
- Requirements are divided into four categories:
  - Need
  - Services
  - Management & Finance
  - Governance



# NEED



# 1. Needs Assessment



## Requirement:

- Health center demonstrates and documents the needs of its target population, updating its service area, when appropriate.

(Section 330(k)(2) and section 330(k)(3)(J) of the PHS Act)



# Needs Assessment



- Health center performs periodic needs assessments.
- Assessments document the needs of its target population in order to inform and improve its delivery of appropriate services.



# Needs Assessment



A needs assessment typically includes, but is not limited to data on:

- Population to Primary Care Physician FTE ratio
- Percent of population at or below 200% of poverty
- Percent of uninsured population
- Proximity to providers who accept Medicaid and/or uninsured patients
- Health indicators (e.g., diabetes, hypertension, low birthweight, immunization rates)



# SERVICES



## 2. Required and Additional Services



### Requirement:

- Health center provides all required primary, preventive, enabling health services and additional health services as appropriate and necessary, either directly or through established written arrangements and referrals.

### (Section 330(a) of the PHS Act)

Note: Health centers requesting funding to serve homeless individuals and their families must provide substance abuse services among their required services (Section 330(h)(2) of the PHS Act)



# Required and Additional Services



- Ensures the health center is directly providing or has written arrangements and referrals in place to provide a comprehensive array of required and as necessary, additional primary and preventive services that meet the needs of the populations it serves.
- All services in the health center's scope of project must be reasonably accessible and available on a sliding fee scale to health center patients.
- In scope referral arrangements must be formally documented in a written agreement (MOA, MOU, etc.) that at a minimum describes the manner by which the referral will be made and managed and the process for referring patients back to the health center for appropriate follow-up care.



# 3. Staffing Requirement



## Requirement:

- Health center maintains a core staff as necessary to carry out all required primary, preventive, enabling health services and additional health services as appropriate and necessary, either directly or through established arrangements and referrals. Staff must be appropriately credentialed and licensed.

(Section 330(a)(1) and (b)(1), (2) of the PHS Act)



# Staffing Requirement



- Staff composition and numbers must support the health center's Health Care Plan and required and additional services.
- Staffing should be culturally and linguistically appropriate for the population being served and as noted in the health center's needs assessment.



# 4. Accessible Hours of Operation/ Locations



## Requirement:

- Health center provides services at times and locations that assure accessibility and meet the needs of the population to be served.

(Section 330(k)(3)(A) of the PHS Act)



# Accessible Hours of Operation/ Locations



- The times/hours that services are provided are appropriate to ensure access for the health center's patient population.
  - For example, the health center should offer some appointments after normal work hours based on input/feedback from patients.
- The locations at which services are provided must be accessible to the patient population.
  - For example, sites are generally located in the areas where the health center's target population lives/works.



# Accessible Hours of Operation/ Locations



- Appropriate consideration is taken into account in determining site/service locations and hours of operation for health centers serving special populations.
  - For example, services are offered at migrant camps by grantees targeting migrant and seasonal farmworkers.



# 5. After Hours Coverage



## Requirement:

- Health center provides professional coverage during hours when the center is closed.

(Section 330(k)(3)(A) of the PHS Act)



# After Hours Coverage



- After hours coverage includes the provision, through clearly defined arrangements, for access of health center patients to professional coverage for medical emergencies after the center's regularly scheduled hours.
- Specific arrangements for after-hours coverage (such as in a rural area) may vary by community. However, all health centers must have some type of clear arrangement(s) for after hours coverage.



# After Hours Coverage



- The coverage system should ensure telephone access to a covering clinician (not necessarily a health center clinician) who can exercise independent professional judgment in assessing a health center patient's need for emergency medical care and who can refer patients to appropriate locations for such care, including emergency rooms, when warranted.



# 6. Hospital Admitting Privileges and Continuum of Care



## Requirement:

- Health center physicians have admitting privileges at one or more referral hospitals, or other such arrangement to ensure continuity of care. In cases where hospital arrangements (including admitting privileges and membership) are not possible, health center must firmly establish arrangements for hospitalization, discharge planning, and patient tracking.

(Section 330(k)(3)(L) of the PHS Act)



# Hospital Admitting Privileges and Continuum of Care



- All health centers must either have admitting privileges for their physicians at one or more referral hospitals, or some other arrangements that ensure continuity of care.
- In cases where hospital admitting privileges and membership are not possible, the health center must have firmly established arrangements for patient hospitalization, discharge planning, and tracking.



# 7. Sliding Fee Discounts



## Requirement:

- Health center has a system in place to determine eligibility for patient discounts adjusted on the basis of the patient ability to pay.
  - This system must provide a full discount to individuals and families with annual incomes at or below 100% of the poverty guidelines (only nominal fees may be charged) and for those with incomes between 100% and 200% of poverty, fees must be charged in accordance with a sliding discount policy based on family size and income.\*
  - No discounts may be provided to patients with incomes over 200% of the Federal poverty level.\*

(Section 330(k)(3)(G) of the PHS Act and 42 CFR Part 51c.303(f))



# Sliding Fee Discounts



- Individuals at or below 100% FPL must receive a full discount on fees for services, however a nominal fee may be charged.
- The fee schedule must slide/provide varying discount levels on charges to individuals between 101% and 200% of the FPL.
- There must be no discount for patients above 200% FPL.
- The fee schedule must be based on the most recent Federal Poverty Level/Guidelines, available at <http://aspe.hhs.gov/poverty/> and must be updated annually.
- Patients must be notified/made aware of the availability of the sliding fee discounts.



# 8. Quality Improvement / Assurance Plan



## Requirement:

- Health center has an ongoing Quality Improvement/Quality Assurance (QI/QA) program that includes clinical services and management, and that maintains the confidentiality of patient records. The QI/QA program must include:
  - a clinical director whose focus of responsibility is to support the quality improvement/assurance program and the provision of high quality patient care;\*
  - periodic assessment of the appropriateness of the utilization of services and the quality of services provided or proposed to be provided to individuals served by the health center; and such assessments shall: \*
  - be conducted by physicians or by other licensed health professionals under the supervision of physicians;\*
  - be based on the systematic collection and evaluation of patient records;\* and
  - identify and document the necessity for change in the provision of services by the health center and result in the institution of such change, where indicated.\*

(Section 330(k)(3)(C) of the PHS Act, 45 CFR Part 74.25 (c)(2), (3) and 42 CFR Part 51c.303(c)(1-2))



# Quality Improvement / Assurance Plan



- QI/QA assessments must be conducted (e.g., assessments of the appropriateness of service utilization, quality of services delivered, the health status/outcomes of health center patients) on a regular basis.
- The health center must have a clinical director, who may be full or part time staff, and should have appropriate training/background (MD, RN, MPH, etc.), as determined by the needs/size of the health center.



# Quality Improvement / Assurance Plan



- The clinical director must have clear responsibility, along with other staff as appropriate, for conducting QI/QA assessments/activities.
- The plan includes methods for measuring and evaluating patient satisfaction.
- The health center must have clinical information systems in place for tracking/analyzing/reporting key performance data related to the organization's plan.
- The findings of the QI/QA process are used to improve organizational performance.



# MANAGEMENT & FINANCE



# 9. Key Management Staff



## Requirement:

- Health center maintains a fully staffed health center management team as appropriate for the size and needs of the center. Prior review by HRSA of final candidates for Project Director/Executive Director/CEO position is required.

(Section 330(k)(3)(H)(ii) of the PHS Act and 45 CFR Part 74.25 (c)(2),(3))



# Key Management Staff



- Health center has a management team that is the appropriate size and composition.
- Health center has a Chief Executive Officer or Executive Director/Project Director. If this leadership position has changed, HRSA requires prior review of final candidates.
- The management team (which may include a Clinical Director, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, as appropriate for the size and complexity of the health center) is fully staffed.



# 10. Contractual/Affiliation Agreements



## Requirement:

- Health center exercises appropriate oversight and authority over all contracted services, including assuring that any subrecipient(s) meets Health Center Program requirements.

(Section 330(k)(3)(I)(ii), 42 CFR Part 51c.303(n), (t) and Section 1861(aa)(4), Section 1905(l)(2)(B) of the Social Security Act, and 45 CFR Part 74.1(a)(2))



# Contractual/Affiliation Agreements



- The health center has the appropriate amount of oversight and the ability to maintain its independence and compliance for all contracted services and affiliation agreements.
- All contractual arrangements must comply with Federal procurement standards set forth in 45 CFR Part 74 (including conflict of interest standards).



# Contractual/Affiliation Agreements



- Affiliation agreements or contracts must not:
  - Threaten the health center's integrity
  - Compromise compliance with any other Program Requirements
  - Limit the health center's autonomy
- Health centers with sub-recipient arrangements must ensure that their sub-recipient(s) comply with all statutory and regulatory requirements applicable to section 330 grantees.



# 11. Collaborative Relationships



## Requirement:

- Health center makes effort to establish and maintain collaborative relationships with other health care providers, including other health centers, in the service area of the center. The health center must secure letter(s) of support from existing Federally Qualified Health Center(s) in the service area or provide an explanation for why such letter(s) of support cannot be obtained.

(Section 330(k)(3)(B) of the PHS Act)



# Collaborative Relationships



- The health center has collaborative relationships with other appropriate providers and organizations in the area, including other Federally Qualified Health Centers (FQHCs).
- Public Housing Primary Care grantees must show how residents are involved in the administration of the program.
- In the SAC application, health centers must have letter(s) of support from service area FQHCs and are encouraged to have letters from other community and health organizations. If no letters or an incomplete set of letters is attached, the health center must have a written explanation of why letters are not available.



# 12. Financial Management and Control Policies



## Requirement:

- Health center maintains accounting and internal control systems appropriate to the size and complexity of the organization reflecting Generally Accepted Accounting Principles (GAAP) and separates functions appropriate to organizational size to safeguard assets and maintain financial stability.
  - Health center assures an annual independent financial audit is performed in accordance with Federal audit requirements, including submission of a corrective action plan addressing all findings, questioned costs, reportable conditions, and material weaknesses cited in the Audit Report.

(Section 330(k)(3)(D), Section 330(q) of the PHS Act and 45 CFR Parts 74.14, 74.21 and 74.26)



# Financial Management and Control Policies



- The health center has appropriate measures in place to protect its assets and adheres to Federal accounting requirements, including:
  - Accounting and internal control systems that are appropriate to the size and complexity of the organization and reflect Generally Accepted Accounting Principles (GAAP) or GASB, as applicable.
  - Policies and processes that safeguard the organization's assets.



# Financial Management and Control Policies



- A complete audit submission which must include:
  - The auditor’s report (including the auditor’s opinion, financial statements, auditor’s notes and required communications from the auditor).
  - Any management letter issued by the auditor, or a statement signed by an authorized representative of the health center that no management letter was issued.

**Note:** If any material weaknesses are identified in the audit, these must be addressed by the health center.



# 13. Billing and Collections



## Requirement:

- Health center has systems in place to maximize collections and reimbursement for its costs in providing health services, including written billing, credit and collection policies and procedures.

(Section 330(k)(3)(F) and (G) of the PHS Act)



# Billing and Collections



- Health centers must have documented billing and collection policies and procedures in place to maximize reimbursement.
- Health centers must bill Medicare, Medicaid, CHIP, and other applicable public or private third party payors.



# 14. Budget



## Requirement:

- Health center has developed a budget that reflects the costs of operations, expenses, and revenues (including the Federal grant) necessary to accomplish the service delivery plan, including the number of patients to be served.

(Section 330(k)(3)(D), Section 330(k)(3)(I)(i), and 45 CFR Part 74.25)



# Budget



- A complete and clear budget should include: SF-424A, budget justification, Form 2 Staffing Profile, and Form 3 Income Analysis.
- The budget should describe/reflect:
  - How total budget is aligned and consistent with the service delivery plan and patients to be served.
  - How reimbursement will be maximized from third party payors.
  - How the proportion of requested Federal grant funds is appropriate given other sources of income.



# 15. Program Data Reporting Systems



## Requirement:

- Health center has systems which accurately collect and organize data for program reporting and which support management decision making.

(Section 330(k)(3)(I)(ii) of the PHS Act)



# Program Data Reporting Systems



- The health center has systems, including Management Information Systems (MIS) in place that can accurately collect and produce data to support health center oversight and direction.
- The health center submits accurate and timely reports, as required (e.g., UDS, FSR, HCQR).
- The health center provides a complete Health Care and Business Plan with its annual application to demonstrate performance improvement.



# 16. Scope of Project



## Requirement:

- Health center maintains its funded scope of project (sites, services, service area, target population, and providers), including any increases based on recent grant awards.

(45 CFR Part 74.25)



# Scope of Project



- The section 330 approved Scope of Project stipulates what the total grant-related project budget supports (including program income and other non-section 330 funds).
  - Five core elements: Services, Sites, Providers, Target Population, Service Area
  - Changes in scope may affect eligibility and coverage
  - Significant changes in scope must be approved by HRSA/BPHC (see [PINs 2008-01](#), [2009-02](#), and [2009-05](#) for further guidance)
- Health centers must maintain their approved and funded scope of project in terms of number of patients served, visits, services available, providers, and/or sites.



# GOVERNANCE



# 17. Board Authority



## Requirement:

- Health center governing board maintains appropriate authority to oversee the operations of the center, including:
  - holding monthly meetings;
  - approval of the health center grant application and budget;
  - selection/dismissal and performance evaluation of the health center CEO;
  - selection of services to be provided and the health center hours of operations;
  - measuring and evaluating the organization's progress in meeting its annual and long-term programmatic and financial goals and developing plans for the long-range viability of the organization by engaging in strategic planning, ongoing review of the organization's mission and bylaws, evaluating patient satisfaction, and monitoring organizational assets and performance;\* and
  - establishment of general policies for the health center.

(Section 330(k)(3)(H) of the PHS Act and 42 CFR Part 51c.304)

- Note: In the case of public centers (also referred to as public entities) with co-applicant governing boards, the public center is permitted to retain authority for establishing general policies (fiscal and personnel policies) for the health center (Section 330(k)(3)(H) of the PHS Act and 42 CFR 51c.304(d)(iii) and (iv)).
- Note: Upon a showing of good cause, the Secretary may waive, for the length of the project period, the monthly meeting requirement in the case of a health center that receives a grant pursuant to subsection (g), (h), (i), or (p). (Section 330(k)(3)(H) of the PHS Act)



# Board Authority



## Health center's board:

- Meets monthly.
  - Health centers with Approved Waivers ONLY:  
Appropriate strategies are in place to ensure regular oversight, if the board does not meet monthly.
- Reviews and approves the annual health center (renewal) application and budget.
- Conducts an annual review of the CEO's performance (with clear authority to select a new CEO and/or dismiss the current CEO if needed).



# Board Authority



## Health center's board:

- Reviews and approves the services to be provided and the health center's hours of operation.
- Measures and evaluates the health center's progress in meeting annual and long term clinical and financial goals.
- Engages in strategic and/or long term planning for the health center.



# Board Authority



## Health center's board:

- Reviews the health center's mission and bylaws as necessary on a periodic basis.
- Receives appropriate information that enables it to evaluate health center patient satisfaction, organizational assets, and performance.
- Establishes the general policies, which must include, but are not limited to: personnel, health care, fiscal, and quality assurance/improvement policies for the organization (with the exception of fiscal and personnel policies in the case of a public agency grantee in a co-applicant arrangement).



# Board Authority



- For Public Center Grantees with Co-Applicant Arrangements ONLY—Public center (entity) grantee of record has a formal co-applicant agreement that stipulates
  - Roles, responsibilities, and the delegation of authorities.
  - Any shared/split responsibilities between the public center and co-applicant board.



# 18. Board Composition



## Requirement:

- The health center governing board is composed of individuals, a majority of whom are being served by the center and, who as a group, represent the individuals being served by the center in terms of demographic factors such as race, ethnicity, and sex.

Specifically:

- Governing board has at least 9 but no more than 25 members, as appropriate for the complexity of the organization.\*
- The remaining non-consumer members of the board shall be representative of the community in which the center's service area is located and shall be selected for their expertise in community affairs, local government, finance and banking, legal affairs, trade unions, and other commercial and industrial concerns, or social service agencies within the community.\*
- No more than one half (50%) of the non-consumer board members may derive more than 10% of their annual income from the health care industry.\*

(Section 330(k)(3)(H) of the PHS Act and 42 CFR Part 51c.304)

Note: Upon a showing of good cause the Secretary may waive, for the length of the project period, the patient majority requirement in the case of a health center that receives a grant pursuant to subsection (g), (h), (i), or (p).



# Board Composition



- A majority (at least 51%) of the board members receive services (i.e., are patients) at the health center.
- As a group, the “patient/consumer” board members must reasonably represent the individuals who are served by the health center in terms of race, ethnicity, and sex. Note: There is no established ratio for board members to population served; however, board composition must be reasonably representative of the populations being (i.e., race, ethnicity, sex) served.
- Health centers with **Approved Waivers ONLY**– Appropriate strategies are in place to ensure consumer/patient participation and input (given board is not 51% consumers/patients) in the direction and ongoing governance of the organization.



# Board Composition



- Health centers that receive part of their section 330 funding to serve special populations and are not eligible for a waiver—the board includes representation from/for these special populations group(s), as appropriate (e.g., an advocate for the homeless, the director of a Migrant Head Start program, a formerly homeless individual).
- The board has between 9 and 25 members.
- The size of the board is appropriate for the complexity of the organization and the diversity of the community served.



# Board Composition



- The board includes a member (or members) with expertise in any of the following:
  - Community affairs
  - Local government
  - Finance and banking
  - Legal affairs
  - Trade union and other commercial and industrial concerns
  - Community social service agencies
- No more than 50% of the non-consumer board members may derive more than 10% of their annual income from the health care industry.



# 19. Conflict of Interest Policy



## Requirement:

- Health center bylaws or written corporate board approved policy include provisions that prohibit conflict of interest by board members, employees, consultants, and those who furnish goods or services to the health center.
  - No board member shall be an employee of the health center or an immediate family member of an employee. The Chief Executive may serve only as an ex-officio member of the board.\*

(45 CFR Part 74.42 and 42 CFR Part 51c.304(b))



# Conflict of Interest Policy



- The bylaws or other policy documents include a conflict of interest provision(s).
- No current board member(s) is an employee of the health center or an immediate family member of an employee.
- The CEO/Program Director does not participate as a voting member of the board.



# Conflict of Interest Policy



- The health center's conflict of interest policy must address such issues as:
  - disclosure of business and personal relationships, including nepotism, that create an actual or potential conflict of interest;
  - extent to which a board member can participate in board decisions where the member has a personal or financial interest;
  - using board members to provide services to the center;
  - board member expense reimbursement policies;
  - acceptance of gifts and gratuities;
  - personal political activities of board members; and
  - statement of consequences for violating the conflict policy.



# Conflict of Interest Policy



When section 330 grantees procure supplies and other expendable property, equipment, real property, and other services, the health center's conflict of interest policy must also address the following:

- The health center grantee must have written standards of conduct governing the performance of its employees engaged in the award and administration of contracts.
- No health center employee, board member, or agent may participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when a health center employee, board member or agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.
- The board members, employees, and agents of the health center grantee shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
- The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by board members, employers, or agents of the health center grantee.