HEALTH CENTER PROGRAM GOVERNANCE REQUIREMENTS
Governing Board Responsibilities and How to Do Them

Health centers must comply with legal and regulatory requirements to receive financial support under the Health Center Program, including requirements related to governance authority and oversight. This series – *Governing Board Responsibilities and How to Do Them* – addresses several of the main governance requirements of the Health Center Program and for each describes board responsibilities and actions to meet and comply with requirements. Each document in the series provides guidance on:

- Goals for health centers to achieve related to the requirement
- Responsibilities of the governing board to achieve those goals
- Information for board members to receive from staff
- Questions for boards to review with staff and
- Links for additional information and resources.

### 3 Adopt a Sliding Fee Discount Program

One of the main purposes of the Health Center Program is to provide grant support to health centers so they can care for people without the means to pay. Grant support allows health centers to offer sliding fee discounts to reduce barriers for individuals with low annual income. The governing board is responsible to adopt policies for financial management practices including a system to assure eligibility for services and criteria for partial payment schedules.

#### Goals of a Sliding Fee Discount Program

- Reduces barriers for individuals with annual income below 200% poverty;
- Operates based on policies and procedures that are well-defined and understood by staff and patients for consistent administration and efficient management;
- Properly identifies those who are eligible for the sliding fee and other reimbursement programs, such as Medicaid and the Children's Health Insurance Program (CHIP);
- Is supported by the practice management system.

#### Governing Board’s Responsibilities

- Assure that the health center has a system in place to identify and enroll those patients who are eligible for the sliding fee discount program;
- Assure that the schedule of sliding fee discounts and the sliding fee discount program policies comply with the HRSA/BPHC program requirements;
- Guided by patient board members, assure that patients are aware of the sliding fee discount program and that the program does not unintentionally create barriers to care;
- Approve the fee schedule and schedule of discounts and review and update the fee and discount schedule on a regular basis.

#### Health Center Program Requirements

In order to receive and continue receiving financial grant support from the Health Resources and Services Administration, Bureau of Primary Health Care (HRSA/BPHC), health centers are required by law to:

- Have a system in place to determine eligibility for patient discounts adjusted on the basis of the patient’s ability to pay. For individuals and families with annual income:
  o Below 100% of the Federal poverty guideline ($10,890 for a single person in 2011), zero or only nominal fees may be charged;
  o Between 101% and 200% of poverty, fees must be charged in accordance with a sliding discount policy based on family size and income;*
  o Over 200% of poverty, no discounts may be applied.*

- Establish a protocol to make reasonable effort to collect payments.

- Assure that no person will be denied coverage because of inability to pay. Described in Section 330(k)(3)(G) of the *Public Health Service Act* – the Federal law that authorizes the Health Center Program, and in the *Code of Federal Regulations* that defines operating requirements – 42 CFR Part 51c.303(f).

*Note:* The asterisk indicates these requirements are recommended, but not required, for grantees that receive funds solely for Health Care for the Homeless (section 330(h)) and/or Public Housing Primary Care (section 330(i)) Programs.

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National Association of Community Health Centers
Adopt a Sliding Fee Discount Program

Information for the Governing Board to Review

The health center governing board or finance committee should receive and review the following documents prior to approving the center’s sliding fee discount program:

- **Sliding Fee Discount Policy**: This health center policy defines the terms and practices used to administer the program, including the health center’s sliding fee discount application form that patients complete and the sliding fee discount schedule showing the discount provided each income grouping or sliding fee class. The federal regulations do not define “nominal,” nor are there requirements for specific percents of discounts for uninsured and underinsured patients with income between 101-200% of the federal poverty guidelines.

  Often centers have a brochure for patients that can be used to describe sliding fee discounts available for various services the health center provides, how a patient applies for fee discounts, other eligibility assistance offered, and other discounts that may be available for referred ancillary and specialty services.

- **Most Recent DHHS Federal Poverty Guidelines**: The U.S. Department of Health and Human Services (DHHS) uses Federal Poverty Guidelines to determine eligibility for a number of programs, including the Health Center Program. The Guidelines are updated each year and announced in a Federal Register notice.

Questions for the Board to Ask

1. **Does the health center’s sliding fee discount policy reflect the most recent poverty guidelines?** The policy should be updated each year to define 100% of poverty based on the most recent DHHS poverty guidelines.

2. **Does the sliding fee discount policy comply with the program requirements contained in the Health Center Program law?** These are:

   - Fees charged to patients with incomes at or below 100% of the current poverty guidelines must either be zero or nominal, which is insignificant or minimal. The board should assure that if co-payments are added to nominal fees for each lab test, prescription, x-ray or other service, the total fee must still be nominal for those with incomes at or below 100% poverty.

   - Discounts must be offered for those with income between 101% and 200% of the poverty guideline. The policy and schedule should define how many income groupings there will be within this range and the discount provided to each group. The number of income groupings between 101% and 200% of poverty varies, but as few as two, 101% - 150% and 151% - 200% of the poverty guideline can simplify the program without any negative effect on collections.

   - No fee discounts are to be provided to patients with annual income above 200% of the poverty guideline.

3. **Are patients aware of the availability of discounts for those with a financial hardship?** Signs written in languages spoken by the patients should be posted in the lobby and cashier’s desk announcing the availability of discounts as well as a description of how the sliding fee scale works. As noted, some centers make brochures about sliding fee discounts available to patients.
4. **Does the policy clarify the length of time an individual is eligible for fee discounts?** The eligibility term is usually one year and set to renew as of the date the application for eligibility is approved. Eligibility terms of less than one year are permitted but rarely used and are more costly to administer.

There are other matters the sliding fee discount policy should address for it to work effectively and achieve the goals stated above. Some of these that should be reviewed by the governing board are discussed below.

5. **How does the policy define “income” and “family”?** The Federal Register notice does not define either what income is to be counted or whose income is to be included in the household or family. There is discretion here, but income is often defined as the gross income reported for federal income tax purposes. This includes gross wages, tips, social security disability, veteran payments, alimony, child support, military, unemployment, and public aid. The individuals whose income is to be included is often defined as the head of household, the spouse, and their dependants. The definition of dependent varies but often is either tied either to the IRS rules or alternatively to those individuals the applicant is legally obligated to support.

6. **Does the sliding fee scale application require individuals to document income and family size and to certify by signature that this information is correct?** The policy should require that income and family size be documented and define how that may be done. For example, for income – paycheck stubs or a signed letter from the employer stating hours worked per week or biweekly and pay per hour; for unearned income – proof of child support, social security statements, or unemployment check stubs; or if no household income – a document denying medical assistance. The documentation should be kept on file with the application and the application should be signed by the patient. It’s best to keep these records separate from patient records. The policy should identify the circumstances, if any, where self-declaration of income will be permitted.

7. **Does the health center provide discounts by type of service?** Although it complicates its administration, it is possible to offer different discounts for different services. Similarly, some centers pay for services provided by referred care providers or secure agreements to have referred care providers see health center patients at a discount. Centers may also help patients establish eligibility for other reimbursement or indigent care programs such as Medicaid or pharmacy assistance programs. It’s good if all the arrangements designed to remove financial barriers for indigent patients are included in the policy being approved.

8. **What criteria are defined in the policy for referring patients to other reimbursement programs?** The policy should include criteria for identifying patients who may be eligible for other reimbursement programs, particularly Medicaid, and to refer them so their eligibility may be determined. It is prudent to require these patients to document that they were rejected prior to approving their sliding fee application.
9. **Do sliding fee discount procedures make use of the health center’s automated practice management system?** When possible, the health center’s automated practice management system should support the sliding fee discount program by having it set the sliding fee class; flag expired accounts; generate mailing lists for patients whose eligibility is about to expire so applications can be mailed; and track the charges, collections and visits by sliding fee class in order to be able to evaluate the collections experience.

10. **Are there provisions in the policy to encourage and enforce patient compliance with the policy requirements such as income documentation and fee collection?** Given that overall collections from sliding fee patients are often immaterial compared to total patient service revenue, it is often best to use non-financial techniques to maximize collections and minimize the loss of goodwill of patients and staff. The policy might include focusing staff efforts on properly classifying patients for the sliding fee and other reimbursement programs, designing procedures to collect at the time of service, and forgoing use of mailed statements and collection agencies for the sliding fee population. Another provision to simplify fee collection may be to use a flat fee for all visits for each sliding fee income grouping instead of a fee based on discounting the charges for each particular visit. For example, patients between 101% and 150% of poverty could be charged a flat fee of $25 regardless of the services received. This enables staff to know what the patient is expected to pay prior to their being seen by the clinician. Referrals to a financial counselor and the loss of appointment privileges are other common enforcement provisions.

11. **Are insured patients eligible for the sliding fee program?** Insured patients may have deductible and copayment charges and may also receive services that are not covered by their insurance payer. These charges can represent a barrier to care for those insured patients who are indigent. The sliding fee policy should include insured patients whose income meets the sliding fee guidelines and the sliding fee discounts should be applied to the patient liability portion of their accounts.
Adopt a Sliding Fee Discount Program

For More Information

HEALTH CENTER PROGRAM REQUIREMENTS
http://bphc.hrsa.gov/about/requirements/index.html

SECTION 330 OF THE PUBLIC HEALTH SERVICE ACT
Authorizing Legislation of the Health Center Program

HEALTH CENTER PROGRAM REGULATIONS
Federal rules to operate a health center funded under the Health Center Program
http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=321ed7fdd7b481dfb7547bcb3da20b7d&rgn=div5&view=text&node=42:1.0.1.4.26&idno=42

2011 DEPARTMENT OF HEALTH AND HUMAN SERVICES POVERTY GUIDELINES
http://aspe.hhs.gov/poverty/11fedreg.shtml

FREQUENTLY ASKED QUESTIONS RELATED TO THE POVERTY GUIDELINES AND POVERTY
http://aspe.hhs.gov/poverty/faq.shtml#differences

ESTABLISHING AND COLLECTING FEES FOR HEALTH CENTER SERVICES
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