



Using the Health Center Program Compliance Manual for Health Center Boards of Directors

Primary Care Conference
June 9, 2022



Disclaimer

- The contents of this presentation are for informational purposes only and do not constitute legal advice. This information should not be used as a substitute for obtaining legal advice from an attorney licensed or authorized to practice in your jurisdiction.



Health Center Compliance Manual

Introduction

Chapter 1: Health Center Program Eligibility

Chapter 2: Health Center Program Oversight

Chapter 3: Needs Assessment

Chapter 4: Required and Additional Health Services

Chapter 5: Clinical Staffing

Chapter 6: Accessible Locations and Hours of Operation

Chapter 7: Coverage for Medical Emergencies During and After Hours

Chapter 8: Continuity of Care and Hospital Admitting

Chapter 9: Sliding Fee Discount Program

Chapter 10: Quality Improvement/ Assurance

Chapter 11: Key Management Staff

Chapter 12: Contracts and Sub-awards

Chapter 13: Conflict of Interest

Chapter 14: Collaborative Relationships

Chapter 15: Financial Management and Accounting Systems

Chapter 16: Billing and Collections

Chapter 17: Budget

Chapter 18: Program Monitoring and Data Reporting Systems

Chapter 19: Board Authority

Chapter 20: Board Composition

Chapter 21: Federal Tort Claims Act (FTCA) Deeming Requirements



Purpose of Compliance Manual

- Provides a consolidated resource to assist health centers in understanding and demonstrating compliance with Health Center Program requirements.
 - Supersedes previous non-regulatory policy issuances (PINs, PALs, memoranda, etc.)
- Addresses HRSA's approach to determining eligibility for and exercising oversight over the Health Center Program.



Structure of Compliance Manual

- Each chapter contains three sections:
 1. **Requirements**
 2. **Demonstrating Compliance:** “A health center would demonstrate compliance with these requirements by fulfilling all of the following.”
 3. **Related Considerations:** “The following points describe areas where health centers have discretion with respect to decision-making or that may be useful for health centers to consider when implementing these requirements.”



Focus for Today's Board Training

- Chapter 13: Conflict of Interest
- Chapter 19: Board Authority
- Chapter 20: Board Composition



What is a conflict of interest?

- A “Conflict of Interest” arises whenever the best interest of a person competes with or has the potential to compete with the best interests of your health center.
- A Conflict of Interest is presumed to exist if a person with an Interest is involved in any way in the transaction or arrangement in which they have such Interest.



What is an Interest?

- **Interest:** A person has an “Interest” if they have, **directly, or indirectly** through a **family member or business partner:**
 - A Business Relationship – an action or forthcoming contractual or employment compensation arrangement
 - A Financial Relationship – a controlling or material ownership, or investment interest
 - A Fiduciary Relationship – a Board member or trustee
 - ...with (1) NCCHCA; (2) an entity with which NCCHCA has entered (or is negotiating to enter) a transaction or arrangement; or (3) an entity that is a competitor or potential competitor of NCCHCA.



What is an Interest?

OR

- A Personal Relationship with an individual who has a business, financial or fiduciary relationship as defined above. A personal relationship means a relationship based on family, friendship or romance.



Chapter 13: Conflict of Interest-a. Standards of Conduct

Provide updated written standards of conduct that apply, at a minimum, to health center procurements paid for in whole or in part by the Federal award and address all of the following areas:

- 1) Apply to all health center employees, officers, board members, and agents involved in the selection, award, or administration of such contracts;
- 2) Require written disclosure of real or apparent conflicts of interest;
- 3) Prohibit individuals with real or apparent conflicts of interest with a given contract from participating in the selection, award, or administration of such contract;

See Chapter 13: Conflict of Interest of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 13: Continued...Conflict of Interest-a. Standards of Conduct

4) Restrict health center employees, officers, board members, and agents involved in the selection, award, or administration of contracts from soliciting or accepting gratuities, favors, or anything of monetary value for private financial gain from such contractors or parties to sub-agreements (including subrecipients or affiliate organizations); and

5) Enforce disciplinary actions on health center employees, officers, board members, and agents for violating these standards. In addition, provide a sample of written disclosures completed by officers, employees, board members and agents of the health center that documents the implementation of these standards of conduct.

See Chapter 13: Conflict of Interest of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 13: Conflict of Interest-b. Standards for Organizational Conflicts of Interest

Provide updated written standards of conduct that the health center has in place to address organizational conflicts of interest that might arise when conducting a procurement action involving a related organization (parent, affiliate, or subsidiary) and which require:

- 1) Written disclosure of conflicts of interest that arise in procurements from a related organization; and
- 2) Avoidance and mitigation of any identified actual or apparent conflicts during the procurement process.

See Chapter 13: Conflict of Interest of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 13: Conflict of Interest-c. Dissemination of Standards of Conduct:

Provide documentation that the health center informs its employees, officers, board members, and agents of the health center's standards of conduct which cover conflicts of interest and which govern actions with respect to the selection, award, and administration of contracts.

See Chapter 13: Conflict of Interest of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 13: Conflict of Interest-d. Adherence to Standards of Conduct:

Provide documentation of corrective actions the health center will take to ensure adherence to its standards of conduct whenever a conflict of interest is identified. Specifically address how an actual or apparent conflict of interest will be identified, disclosed and documented whenever the health center engages in its procurement process.

See Chapter 13: Conflict of Interest of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 13: Conflict of Interest

- In cases where a conflict of interest was identified, the health center's procurement records document adherence to its standards of conduct (for example, an employee whose family member was competing for a health center contract was not permitted to participate in the selection, award, or administration of that contract).



Scenario

- Your health center is looking to contract with a new cleaning company to disinfect the health center at the end of each day. A Board Member of your health center recommends a cleaning company to the CEO. The company is run by the Board Member's sister.
 - What should the CEO do?
 - What should the Board Member do?



CHAPTER 19: BOARD AUTHORITY



Chapter 19: Board Authority-a. Maintenance of Board Authority Over Health Center Project:

Provide final, executed documentation that ensures the health center governing board maintains authority for oversight of the health center project. Specifically provide final, executed documentation of demonstrating that:

- 1) No individual, entity or committee reserves approval authority or has veto power over the health center board with respect to required authorities and functions;
- 2) Collaborations or agreements with another entity do not infringe or restrict the health center's required authorities and functions; or, if applicable,



Chapter 19: Continued...Board Authority-a. Maintenance of Board Authority Over Health Center Project:

3) (For Public Entity Health Centers) The co-applicant agreement delegates required authorities and functions to the co-applicant board and delineates the roles and responsibilities of both the co-applicant board and the public agency in carrying out the health center project.

See Chapter 19: Board Authority of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 19: Board Authority-b. Required Authorities and Responsibilities:

Articles of incorporation, bylaws, or other relevant documents that confirm the required authorities and responsibilities of the health center governing board:

- 1) Holding monthly meetings;
- 2) Approving selection (and termination or dismissal) of the health center's Project Director/CEO;
- 3) Approving the annual health center project budget and application;
- 4) Approving health center services and the location and hours of operation of health center sites;



Chapter 19: Continued...Board Authority-b. Required Authorities and Responsibilities:

- 5) Evaluating the performance of the health center;
- 6) Establishing or adopting policy related to the operations of the health center; and
- 7) Assuring the health center operates in compliance with applicable Federal, State, and local laws and regulations.

See Chapter 19: Board Authority of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 19: Board Authority-c. Exercising Required Authorities and Responsibilities:

Provide board minutes and any other relevant documentation that confirms the health center's governing board is exercising, without restriction, the following authorities and functions:

- 1) Holding monthly meetings where a quorum is present to ensure the board has the ability to exercise its required authorities and functions;
- 2) Approving the selection, evaluation and, if necessary, the dismissal or termination of the Project Director/CEO from the Health Center Program project;
- 3) Approving applications related to the Health Center Program project, including approving the annual budget, which outlines the proposed uses of both Health Center Program award and non-Federal resources and revenue;



Chapter 19: Continued...Board Authority-c. Exercising Required Authorities and Responsibilities:

- 4) Approving the Health Center Program project's sites, hours of operation and services, including decisions to sub-award or contract for a substantial portion of the health center's services;
- 5) Monitoring the financial status of the health center, including reviewing the results of the annual audit, and ensuring appropriate follow-up actions are taken;
- 6) Conducting long-range/strategic planning at least once every three years, which at a minimum addresses financial management and capital expenditure needs; and
- 7) Evaluating the performance of the health center based on quality assurance/quality improvement assessments and other information received from health center management, and ensuring appropriate follow-up actions are taken.

See Chapter 19: Board Authority of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 19: Board Authority-d. Adopting, Evaluating, and Updating Health Center Policies:

Provide documentation that the governing board has adopted, evaluated, and, if needed, approved updates to policies in the following areas at least once every three years:

- 1) Sliding Fee Discount Program,
- 2) Quality Improvement/Assurance, and
- 3) Billing and Collections.

See Chapter 19: Board Authority of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 19: Board Authority-e. Adopting, Evaluating, and Updating Financial and Personnel Policies:

Provide documentation that the governing board has adopted, evaluated, and, if needed, approved updates to policies that support financial management, accounting systems and personnel.

See Chapter 19: Board Authority of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



CHAPTER 20: BOARD COMPOSITION



Chapter 20: Board Composition-a. Board Member Selection and Removal Process:

Provide updated bylaws or other relevant documents that confirm the health center has a process for ongoing selection and removal of board members and that preclude any other entity, committee or individual (other than the board) from selecting either the board chair or the majority of health center board members, including a majority of the non-patient board members.

See Chapter 20: Board Composition of the Health Center Program Compliance Manual

(<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 20: Board Composition-b. Required Board Composition:

Provide updated bylaws or other relevant documentation that require the health center governing board to be composed as follows:

- 1) At least 9 and no more than 25 members, with either a specific number or a range of board members prescribed;
- 2) At least 51 percent of board members are patients served by the health center;
- 3) Patient members of the board, as a group, represent the individuals who are served by the health center in terms of demographic factors, such as race, ethnicity, and gender;
- 4) Non-patient members are representative of the community served by the health center or the health center's service area;



Chapter 20: Continued...Board Composition- b. Required Board Composition:

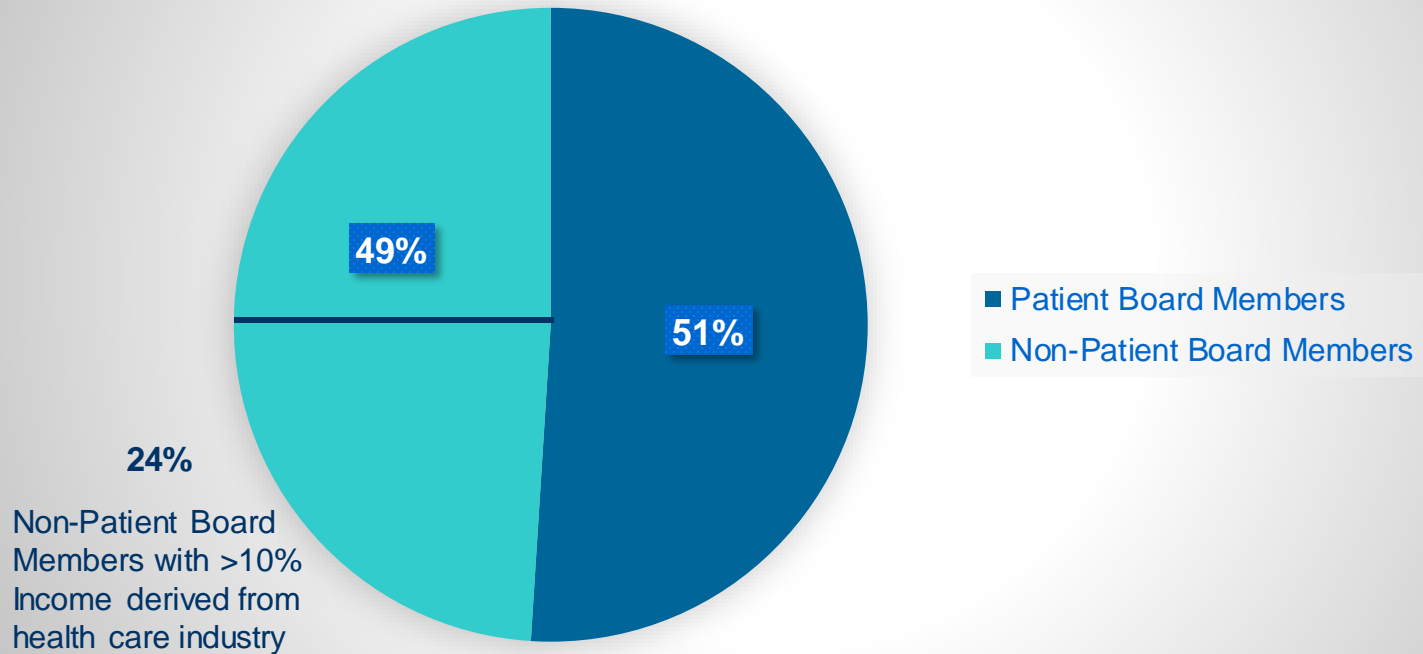
- 5) Non-patient members are selected to provide relevant expertise and skills such as: Community affairs; Local government; Finance and banking; Legal affairs; Trade unions and other commercial and industrial concerns; and Social services;
- 6) No more than one-half of non-patient board members derive more than 10 percent of their annual income from the health care industry; and
- 7) No health center employees and no immediate family members (i.e., spouses, children, parents, or siblings through blood, adoption, or marriage) of employees may be health center board members.

See Chapter 20: Board Composition of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 20: Continued...Board Composition-b. Required Board Composition:

Board Composition: Patients & Non-Patients





Chapter 20: Board Composition-c. Current Board Composition:

Provide updated documentation that the health center governing board is composed of:

- 1) At least 9 and no more than 25 members;
- 2) A patient majority (at least 51 percent);
- 3) Patient board members, who as a group, represent the individuals who are served by the health center in terms of demographic factors, such as race, ethnicity, and gender, consistent with the demographics reported in the health center's Uniform Data System (UDS) report;



Chapter 20: Continued...Board Composition-

c. Current Board Composition:

4) For those health centers that receive any award/designation under one or more of the special populations subparts, Representative(s) from or for each of the special population(s); and

5) Non-patient board members representative of the community in which the health center is located, with relevant skills and expertise; and no more than 50 percent of such members earn more than 10 percent of their annual income from the health care industry.

See Chapter 20: Board Composition of the Health Center Program Compliance Manual

(<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 20: Board Composition-d. Prohibited Board Members:

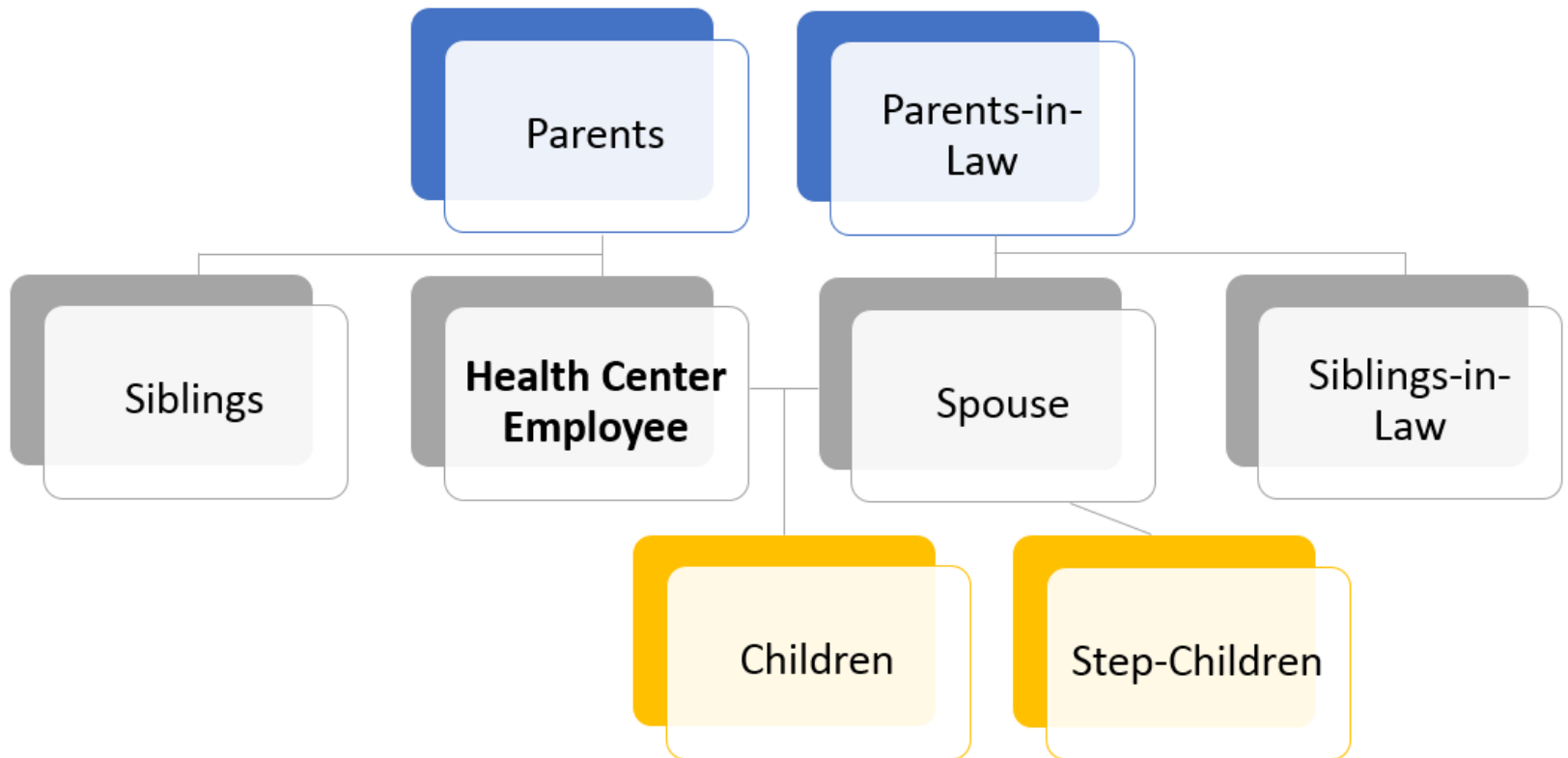
Provide documentation that the health center has verified that the governing board does not include members who are current employees of the health center, or immediate family members of current health center employees (i.e., spouses, children, parents, or siblings through blood, adoption, or marriage). In addition, provide documentation of the health center's process for periodic verification.

See Chapter 20: Board Composition of the Health Center Program Compliance Manual

(<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions. (45 CFR 75.207(a) and 45 CFR 75.371)



Chapter 20: Board Composition-d. Prohibited Board Members:





Chapter 20: Board Composition-e. Waiver Requests:

(If necessary) Provide a justification for a waiver of the patient majority requirement that describes:

- 1) The undue hardship in recruiting a patient majority based on the characteristics of the special population and/or service area; and
- 2) the health center's attempts to recruit a majority of special population board members within the past three years. In addition, describe the specific strategies that will ensure special population patient participation and input in the direction and ongoing governance of the organization.



Chapter 20: Continued...Board Composition- e. Waiver Requests:

See Chapter 20: Board Composition of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. If you no longer wish to request a waiver, please notify your Project Officer. (45 CFR 75.207(a) and 45 CFR 75.371)

NOTE: Failure to satisfy this condition may result in the application of additional board composition conditions which will require the health center to demonstrate it has recruited a majority of governing board members who are patients.



Chapter 20: Board Composition-f. Utilization of Special Population Input:

Provide board minutes or other documentation that demonstrates how the health center governing board has utilized special population input in the following areas:

- 1) selecting health center services;
- 2) setting hours of operation of health center sites;
- 3) defining budget priorities;
- 4) evaluating the organization's progress in meeting goals, including patient satisfaction; and
- 5) assessing the effectiveness of the sliding fee discount program.



Chapter 20: Continued...Board Composition-f. Utilization of Special Population Input:

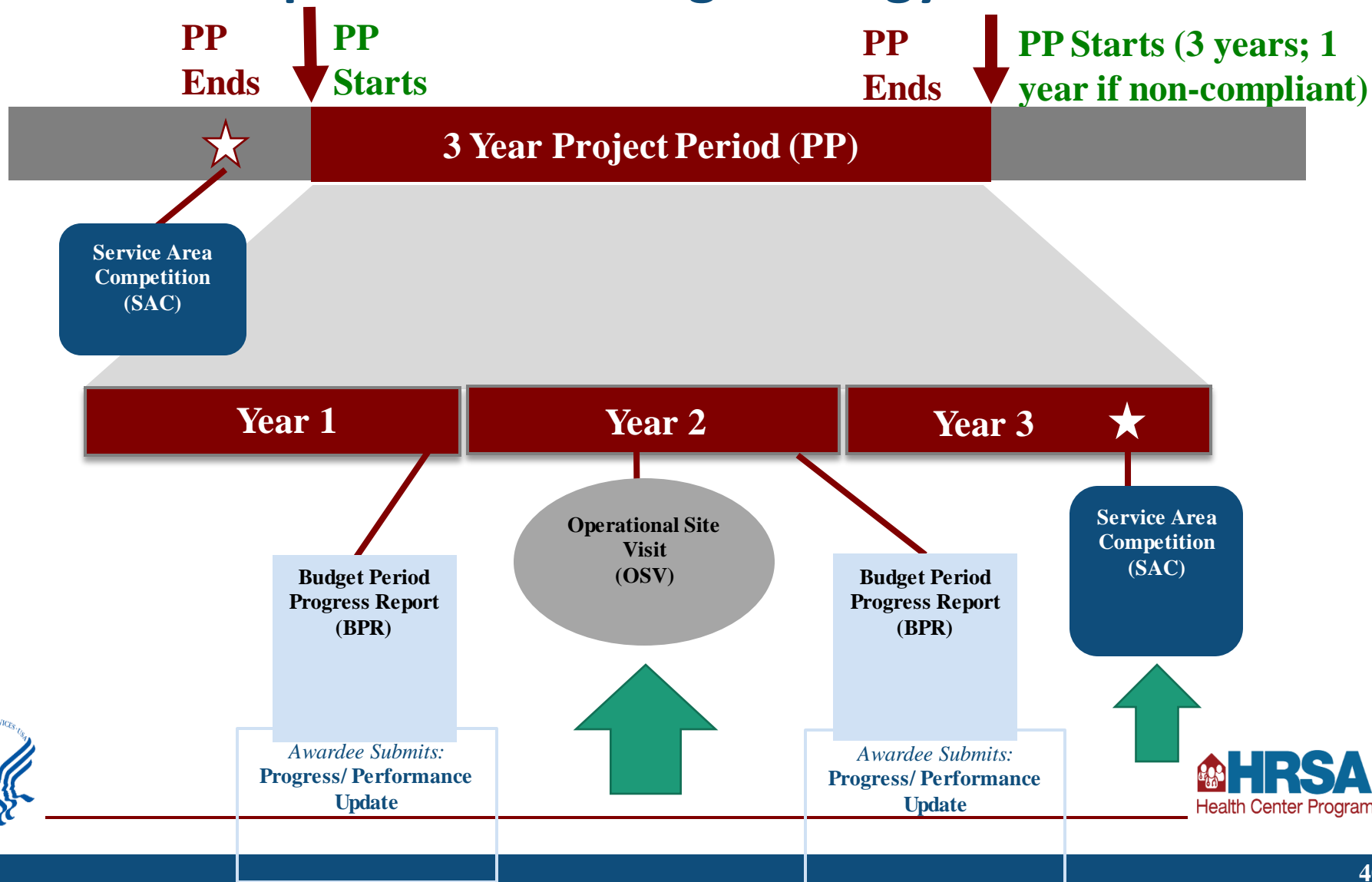
If documentation is not available, provide an action plan detailing the steps the health center will take to ensure the incorporation of special population input into governing board decision-making in these areas. Acceptance of this plan by HRSA will result in a condition, which provides 120 days for the health center to submit board minutes or other documentation that confirms the health center has utilized special population input in making decisions.

See Chapter 20: Board Composition of the Health Center Program Compliance Manual (<https://www.bphc.hrsa.gov/programrequirements/compliancemanual/index.html>) for additional information and contact your project officer with any questions, including the applicable components to be addressed. (45 CFR 75.207(a) and 45 CFR 75.371)



“ONE, ONE, AND DONE!”

Award Recipient Monitoring Strategy





Performance Measures

- HRSA-funded health centers are expected to have ongoing quality improvement/assessment programs that include clinical services and quality management
- The measures are reported by all grantees in the Uniform Data System (UDS), and are included in the Health Care and Business Plans for Service Area Competition (SAC) and Budget Period Renewal (BPR) grants.



Audit

- Annual
- Independent
- Must include an FSR (Financial Status Report)
- Written opinion is required
- GAAP (Generally Accepted Accounting Principles) must be in place
- Audit Exceptions require a time-phased corrective action plan and may be subject to grant award conditions.



Please Visit Our Governance Resources Page!
(<https://www.ncchca.org/community-resources/forms-resources/governance-resources/>)

The screenshot shows the NCCHCA website header with the logo and navigation menu. The 'COMMUNITY RESOURCES' menu is open, displaying three columns of links. The 'Forms & Resources' column has a yellow circle around the 'Governance Resources' link.

NORTH CAROLINA COMMUNITY HEALTH CENTER ASSOCIATION

ABOUT US HEALTH CENTERS **COMMUNITY RESOURCES** JOB OPPORTUNITIES EVENTS NEWS LOGIN

Policy & Advocacy	Programs & Services	Forms & Resources
<ul style="list-style-type: none">- Federal Issues- Funding Re-authorization- State Issues- NC Medicaid Transformation- NC Insurance Gap- Voter Engagement	<ul style="list-style-type: none">- Clinical Services- Behavioral Health Program- Outreach & Enrollment Program- Formerly Incarcerated Transitions	<ul style="list-style-type: none">- Requests for Proposals- Emergency Preparedness- Governance Resources



Questions?

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