AGENDA

1. History of Community Health Centers.
2. Why we have a board?
3. How to be an informed board?
4. What is the role of the board?
5. What is the job of a Health Center Board Member?
6. Legal Obligations of Health Center Board Members.
7. Bureau of Primary Care PIN 98-23
8. Who is Responsible?
10. Building a successful health center grassroots.
In the 1960s, as President Johnson’s declared "War on Poverty" began to ripple through America, the first proposal for the U.S. version of a community health center sprung to life at the Office of Economic Opportunity. Funding was approved in 1965 for the first two neighborhood health center demonstration projects, one in Boston, Massachusetts, and the other in Mound Bayou, Mississippi.

Congress also helped stake out this new direction in health care by passing several pieces of legislation:

- Social Security Act was amended with the passage of the Kerr-Mills measure (1960),
  - Provided states with grant money for the medically indigent.
- Two years later, Migrant Health Act was signed into law
  - Created rural clinics where migrant workers could find health care as they moved from place to place,
- Passage of the landmark Economic Opportunity Act of 1964 that marked the birth of America’s Community Health Centers.

The health center model that emerged targeted the roots of poverty by combining the resources of local communities with federal funds to establish neighborhood clinics in both rural and urban areas around America.
It was a formula that:

- Empowered communities.
- Generated compelling proof that affordable and accessible health care produced compounding benefits.
- Reduced health disparities.
- Lowered infant mortality rates.
- Reduced chronic disease.
- Created jobs.
- Produced cost savings for the health care system by reducing the need for acute care at hospital emergency rooms.

The passage of Medicare and Medicaid in 1965 also provided much needed benefits to the elderly, disabled, and families living in poverty.

In 1975, Congress permanently authorized neighborhood health centers as "community and migrant health centers," and in later years added primary health care programs for residents of public housing and the homeless to the portfolio of programs.
The Health Centers Consolidation Act of 1996 combined these authorities under Section 330 of the Public Health Service Act (PHSA) to create the consolidated health centers program and what is now known as Community, Migrant, Public Housing and Homeless Health Centers.

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The Health Resources and Services Administration (HRSA), Bureau of Primary Health Care (BPHC) currently administers the program, within the U.S. Department of Health and Human Services (HHS).

Why have a Board?
Govern:

- Provide leadership and guides the center in doing what it is supposed to do.

To link with the Community:

- Serve as the voice of the community.
- Represent the community and its needs to the center.
- Represent the community in assuring that the center maintains appropriate management and staff to provide scope of services needed for the community.
- Promote the center and mission to the community.

Comply with State and Federal laws:

- Granted tax-exempt status by the State and Federal Government to fulfill a need.
- Must establish and maintain a board to make sure the organization continues to operate and to do what it was set up to do.
- Required under Federal grant requirements.
Define and preserve the mission of the Center:

- Everyone including each Board member, Center staff, CEO and the Community should understand why the exists and what it hopes to accomplish.

Make Policy:

- The primary responsibility of the Board is to make and monitor policy. They furnish a framework for future decision making and to ensure uniformity and consistency of action throughout the organization.

Safeguard the assets of the Center:

- The Board has **FIDUCIARY** responsibility for management of the Center.
Select, Evaluate, and support the CEO:

- The Board hires the CEO to manage the day to day operations. The Board is responsible for making sure the CEO fulfills the requirements of this position.

Monitor and Evaluate the Center and Board

- Center:
  - The best way to see if the Center is succeeding is to see how it measures up to its mission.

- Board
  - Have a written policy to do annually.
  - Focus on the strengths and weaknesses.
  - Look at:
    - How well the Board meets its responsibilities.
    - Board’s interaction with CEO.
    - Board Member’s interaction with each other.

Plan for the long range future of the Center:

- Strategic planning deals with long term objectives and programs for accomplishing them. The future is defined as 3 to 5 years.
How to be an informed board?

ASK QUESTIONS???

Important questions to be addressed monthly:
- Are productivity goals being met?
- Are revenues being collected?
- Is the organization making enough money to meet expenses?
- Are expenditures within budgeting limits?
- Are there any cash flow problems?
- Are bills paid promptly?
- Are the accounts payable increasing?
Important questions to addressed quarterly or semi-annually:

- Are patient utilization goals being met?
- What is the profile of the client population? Demographic, socio-economic, cultural?
- Have these profiles changed? If so why? What are the implications for reassessment of the service mix?
- Have the operations been cost effective for the past six months?
- Are there some program areas that consistently generate revenues and some program areas that run a deficit?
- Are standards for operational performance being met and reviewed by the Board?
- What additional information is needed from administration for follow-up or to develop new programs and/or services?

What is the role of the board?

As a policy making body the Board must:

- Distinguish its policy-making authority and responsibility from that of the health center executive director and staff.
- The executive director and staff implement and execute the policies and procedures set by the Board.
- Delegates the day-to-day operational responsibilities to the Director.
- Observe, question and monitor the operational functions of the center.
- REFRAIN from direct participation in these functions.
The Board establishes policies and procedures including:

- Selection and dismissal policies
- Salary and fringe benefit schedules and programs
- Employee grievance policies
- Equal opportunity practices
- Hires and evaluates the performance of the executive director
- The Board adopts policies for:
  - Financial management practices including a system to assure accountability of assets

- Approve the annual budget
- Select the independent auditor
- Accepts audits
- Approves payment and eligibility for services including sliding fee
- Adopts operational policies including:
  - Scope and availability of services
  - Locations
  - Hours of services
  - Quality-of-care audit assessment
  - Improvement programs and policies

- The Board evaluates health center activities including:
  - Quality of patient care services
  - Service utilization patterns
  - Productivity of providers
  - Patient satisfaction
  - achievement of project objectives
  - Board itself
  - Develops a process for hearing and resolving patient grievances
What is the job of a Member of a Health Center Board?

- Board members as individuals have no special privileges or authority.
- Expected to meet standards of personal conduct that are higher than those usually expected of other types of volunteers.

Every member of a nonprofit board owes:

- Duty of Care
- Duty of Loyalty
- Duty of Obedience
Duty of Care:

- This means that the board member is expected to exercise the same level of judgment that any other competent and prudent person would exercise in a similar situation.

Duty of Loyalty:

- Means the board member owes undivided allegiance to the center when making decisions affecting the center. In other words, the board member can never use information obtained in his/her position as a board member for personal gain.

Duty of Obedience:

- Expected to be faithful to the center’s mission. Board member’s have a legal obligation to voice their own opinions about how the board should accomplish the center’s mission and ensure that any objections to a board action are recorded in the minutes.
To make sure the board stays true to its purpose they should review periodically the following:

- Center’s mission statement
- Organizational documents
- Board policies and procedures

Health Center Board Member Do’s

- Do know the center’s mission, purpose, and goals as well as its programs and services.
- Do get to know the center’s strengths and weaknesses.
- Do pitch in enthusiastically and willingly.
- Do make sure you have all the information before expressing an opinion or judgment.
- Do get acquainted with other board members and the center’s CEO and staff.
- Do come to meetings—and come to participate.
- Do ask questions.

Do’s

- Do support the majority even if you disagree.
- Do support the CEO and staff, and understand that they are operating with limited resources.
- Do avoid any possible conflict of interest.
- Do maintain a sense of fairness, ethics, and personal integrity.
- Do understand the Center’s financial statement and help the board plan for future revenue and expenses.
Health Center Board Member Don’ts

- Don’t lose your sense of humor
- Don’t speak for the Board, unless authorized to do so.
- Don’t ask the CEO or staff for special favors.

Board Member Code of Ethics

- Represent the interests of all people served by this organization
- Not use the organization or my service on this board for my own personal advantage or for the individual advantage of my friends or supporters
- Keep confidential information confidential
- Approach all Board issues with an open mind, prepared to make the best decision for the whole organization

- Do nothing to violate the trust of those elected me to the board or those we serve
- Focus my efforts on the mission of the organization and not on my personal goals
- Never exercise authority as a board member except when acting in a meeting with the full board or as I am delegated by the board.
Duties and Responsibilities of Individual Board Members

- To put the interest of the health center above any personal or other business interest
- To maintain the confidentiality of board information
- To attend board meetings regularly and participate actively
- To serve on at least one committee

- To review information and data provided to the board and make informed decisions
- To exercise reasonable business judgment in the conduct of the board business
- To participate actively in board issues by critiquing reports and providing innovative resolutions to problems
- To assure that the needs and interest of the community are represented in plans and decisions regarding services to be offered by the health center

Required knowledge and skills of Individual Board Members

- Understand the concept and operation of a health center
- Ability to read and understand standard financial statements
- Ability to work with others on the board and in a community setting
Training and/or experience in one or more of the following areas is desirable

- Management
- Community affairs
- Marketing/public relations
- Personnel management
- Health care delivery
- Financial management
- Employee relations
- Law
- Fundraising

Participate in committee work

- Know what committees can and cannot do.

The Board and the outside world
Health Center Board plays several roles outside the board room. These roles can be defined in terms of the board’s relationship with:

- **The Community:**
  - When we speak of the Health Center Community we really mean 2 things:
    - The actual user population of the health center
    - Other health and social service organizations and providers within in the same geographic area or neighboring areas.
  - Board must actively communicate with the community and respond to its needs
  - Serve as an advocate of the health center
Health Center Board Members, have certain fundamental legal obligations as board members. These obligations are imposed by law for the fact an individual serves on the board.

Board Members should be familiar with these basic legal obligations. Board members can be personally liable if those obligations are not met.

Health center boards operate in a complex legal environment. Some things are unique to those who seek Section 330 funding of the Public Health Service Act or qualify as a FQHC.
Legal difficulties faced by Board Members – and the threat of personal liability – can be traced to the board’s failure to fulfill one or more of these basic duties.

Board members can request and rely on consultants (including staff and outside consultants) for advice and information, and delegate tasks (but not their fiduciary obligations as board members).

Board members must carry out certain functions required by federal regulations.

- These include, among others:
  - Approving the selection/dismissal of CEO
  - Establish personnel policies and procedures
  - Adopt health care policies for financial management and practices.
  - See 42 CFR 304(d) and PIN 98-23
Avoiding Personal Liability

- A board member who neglects his or her duties as a board member can be personally liable for the harm to the center that results from their neglect.

Some ways to eliminate or reduce the risk:

- Diligently fulfill obligations of office
- Study information on issues brought before the board.
- Voice your views on the issues
- If opposed to a board action, make sure vote is recorded in the minutes.
- Do your job to the best of your ability.
Claims against individual board members are not common. Even the most diligent attention to your duties do not guarantee a lawsuit will not be filed.

Make sure the center is properly protected. Some ways to do this:
- Make sure bylaws have the broadest indemnification clause allowed by state law.
- Have Directors and Officers insurance.
- FTCA deemed for malpractice exposures.
- Some state law’s provide legal immunity for volunteers, such as board members for non-profit organization.

Corporate Compliance Program
- Federal regulations require a health center’s board of directors to ensure that the center is operated in compliance with all federal, state, and local laws and regulations.
Establishing a corporate compliance program can demonstrate the board has fulfilled their “Duty of Care”. The program assures that an adequate system of internal control exists to ensure compliance with appropriate legal standards.

Key Components of a compliance program are:
- Designate a compliance officer.
- Conduct initial internal audits and evaluations looking for possible compliance problems.
- Develop policies and procedures to implement the program.
- Train both staff and board on issues.
- Develop clear lines of communication between compliance personnel and staff and management.
- Investigate identified compliance issues and develop corrective actions.
- Develop and implement disciplinary standards so that all personnel understand the consequences of non-compliant behavior.

The proper role of the board is to establish the corporate compliance program, budget sufficient funds necessary to carry out required activities, and act aggressively to correct any problems identified by management team.
The board should resist any temptation to serve as an outlet for employees who want to “end run” the compliance process by taking their individual grievances directly to the board.

BPHC POLICY INFORMATION 98-23
Responsibilities of a Nonprofit Board:

MISSION
- The mission of the Bureau of Primary HealthCare (BPHC) is to increase access to comprehensive primary and preventative health care.
- to improve the health care status of underinsured and vulnerable populations. The BPHC’s Health Center Program is an essential element in support of the Mission.
OVERVIEW

- All health centers authorized to receive grants under section 330 are covered by these expectations including community health centers providing care to diverse underserved populations.
- Federally Qualifies Health Center (FQHC) look-alikes, by definition must meet the requirements for health centers under section 330.
- There is no "model" health center; yet all health centers share many attributes including: their mission to provide primary and preventative services to underserved populations, while working with constrained resources; the imperative to maintain strong leadership, finances, and infrastructure in order to adapt and survive the challenges of a transforming health care environment; and the delivery of high-quality clinical services which have a demonstrated impact on health outcomes.
- The Program Expectations are intended to ensure that health centers not only survive but thrive as they move into the twenty-first century.

PROGRAM EXPECTATIONS

- State that all health centers must provide services which are culturally and linguistically appropriate for the diverse populations they serve.
- Address requirements of law and regulations as well as BPHC policies.
- Most importantly, the expectations highlight aspects of health center programs associated with success.
- Comprised of four sections
  - Section I "Mission and Strategy"
  - Section II "Clinical Program"
  - Section III "Governance"
  - Section IV "Management and Finance"
- Because all components work together to make a health center successful, The Program Expectations should be reviewed in their entirety.

Section I: Mission and Strategy

A: Expectation
- In order to fulfill the health center's mission of improving health status of underserved populations, they must:
  - Strive and survive in health care reforms, marketplace changes and advance in clinical care
  - Design programs which are culturally and linguistically appropriate
  - Measure cost effectiveness and quality of service
  - Constantly evolve programs to achieve greatest impact
  - Operate as efficiently as possible
  - Collaborate with other organizations, at the same time maintaining their integrity while fulfilling their mission
  - Comply with applicable law, regulations and expectations.
Mission and Strategy

- B. Explanation
  1. Underserved Populations
  2. Cultural Competency
  3. Strategic Positioning
  4. Needs Assessment
  5. Continuous Quality Improvement
     and Performance Measurement

1. Underserved Populations

- Include all people who face barriers in accessing services because they have difficulty paying for services, language or cultural differences, or there is an insufficient number of health professionals/resources available in their community.

- Also includes people who have disparities in their health status

2. Cultural Competency

- Health centers serve culturally and linguistically diverse communities and many serve multiple cultures.
- They should include a broader definition to include language, gender, socio-economic status, physical and mental capacity and religion.
- Health centers should develop systems that ensure participation of the diverse cultures in their community.
3. Strategic Positioning

Significant changes are occurring in health care in both finance and delivery. Centers need to understand the marketplace and be willing to adapt and reposition to survive.
Part of this process is: planning, collaboration and affiliation, and cost effectiveness/cost competitiveness.

4. Needs Assessment

A health center must:
• Understand community needs and resources
• Describe current and potential users of services
• Understand the differing needs of our special populations

5. Continuous Quality Improvement and Performance Measurement

• This is a critical element for excellence in the health care industry.
• Federal and State Governments are requiring programs to document performance and improvement.
• Must include both clinical services and management.
• Should have capacity to examine patient satisfaction, quality of care, productivity, quality of workforce, and health outcomes.
Section II: Clinical Program

A: Expectation

- Improving health status among underserved populations is the ultimate goal of the health center programs.
- Health centers must:
  - Have a system of care that ensures access to primary and preventative services, and facilitates access to comprehensive needs and social services
  - Be responsive to the needs and culture of the target community and/or populations
  - Have effective clinical and administrative leadership
  - Have systems and procedures to guide provision of services
  - Have a quality improvement program to ensure continuous performance improvement
- Quality of health center services is paramount

B: Explanation

1. The system of care
2. Service Delivery models
3. Contracting for health services
4. Health care planning
5. Clinical staff
6. Consumer Bill of Rights and Responsibilities
7. Clinical systems procedures

1. The System of Care

- Health Centers must provide required services described in statute and regulation, these include:
  - Required services
  - Additional services
  - Hospitalization and Continuum of Care
  - After-hours Coverage
2. Service Delivery Models

- Health centers serve diverse populations, have differing levels of resources and varying marketplace dynamics. This has led to a variety of delivery models.
- Health centers vary across many characteristics including:
  - Location
  - Hours of service
  - Mix of services
  - Type of service providers

3. Contracting for Health Services

- Centers may have contracts or other types of agreements to secure services for patients it does not directly provide. These must:
  - Contribute to desired outcomes of:
    - Availability
    - Accessibility
    - Quality
    - Comprehensiveness
    - Coordination

4. Health Care Planning

- To ensure that human and financial resources are applied in the best way possible, each center must develop goals and objectives. They should:
  - Address the highest priority of community needs
  - Consider both the center and community’s roles
  - List the actions the center will take
  - Be specific, reasonable, measurable and achievable
5. Clinical Staff

- All centers are expected to maintain a core staff of primary care clinicians, while addressing the following:
  - Leadership
  - Staffing
  - Credentialing and Privileging
  - Continuing Professional Education
  - Affiliation with Teaching Programs

6. Consumer Bill of Rights and Responsibilities

- Health Centers should implement a Consumer Bill of Rights and Responsibilities to:
  1. Strengthen consumer confidence
  2. Encourage consumers to take an active role
  3. Strengthen relationship between patients and health care professionals
  4. Reinforce the critical role consumers play in safeguarding their own health

7. Clinical Systems and Procedures

- Centers should have:
  - Policies and procedures:
    - Address at least:
    - Hours of operation
    - Patient referral and tracking system
    - Use of clinical protocols
    - Risk management procedures
    - Procedures for assessing patient satisfaction
    - Consumer bill of rights
    - Patient grievance procedure

  Clinical systems centered around medical records must be in place.
Section III: Governance

A: Expectation

- Governance by and for the people served is an essential and distinguishing element of the health center program.
- Health centers must:
  - Have a governing body which assumes full authority and oversight responsibility for the health center
  - Maintain an acceptable size, composition and meeting schedule

- Strategic thinking and planning are essential functions of the board within the environment in which the center operates, as well as pursuing its mission, goals and operating plan.
- The board carries out its legal and fiduciary responsibility by providing policy level leadership and by monitoring and evaluating the health center's performance.

Section III: Governance

B: Explanation

1. Overview of requirements
2. Board composition
3. Governing board functions and responsibilities
4. Exceptions
5. Network grantees
6. Affiliations
1. Overview or Requirements

- Section 330 requires the center has a governing body which:
  - Is comprised of individuals, a majority of whom are served by the center
  - Represent the individuals being served
  - Meet at least once a month
  - Schedules service provided by the center
  - Approves the grant application and budget
  - Approves selection of center director
  - Establishes general policy for the center

2. Board Composition

- This section addresses:
  - Consumer Board Members
  - Other Board Members
  - Number of Members
  - Selection of Board Members
  - Conflict of interest

Consumer Board Members:

- Health center governing boards are comprised of individuals who volunteer their time and energy to create a fiscally and managerial strong organization for the purpose of improving the health status of their communities. A majority must be people who are served by the health center and who as a group, represent the individuals being served.
Who is a consumer board member?

- Member should utilize the health center as their source of primary health care. A consumer member should have used the health center services within the last two years. A legal guardian of a consumer who is a dependent child or adult, or a legal sponsor of an immigrant, may also be considered a consumer for purposes of board representation.

Other Board Members

- The board should be comprised of members with a broad range of skills and expertise needed by the board to fulfill its responsibilities.
- Regulations for community and migrant health centers place limitations on the percent of non-consumer members who represent the health care industry. No more than half of the non-consumer representatives may derive more than 10% of their income from the health care industry.

Number of Members:

- Number of board members must be specified in the bylaws of the organization
- May be a specific number or limited range
- Size should be related to the complexity of the organization and diversity or the community
- Regulations for community and migrant health centers specify there must be at least 9 and no more than 25 members
Selection of board members:

- Centers bylaws or other internal governing rules must specify the process for board member selection.
- Bylaws should specify the number of terms a member may serve and provide for regular election of officers and periodic change in board leadership.

Conflict of interest

- The centers bylaws or written cooperate board-approved policy must include provisions that prohibit conflict of interest or the appearance of conflict of interest by board members, employees, consultants and those that furnish goods or services to the health center.
- No board members shall be an employee of the health center or an immediate family member of an employee.
- The executive director/ceo may serve as ex-officio member of the board.

A conflict of interest policy should include issues such as:

- Disclosure of business and personal relationships that create an actual or potential conflict.
- Extent to which a board member can participate in board decisions where the member has a personal or financial interest.
- Policy regarding board member to provide services to the center.
- Board member expense reimbursement policies.
- Policy regarding acceptance of gifts and gratuities.
- Policy regarding personal political activities of board members.
- Statement of consequences for violating the conflict policy.
3. Governing Board Functions and Responsibilities

- The board provides leadership and guidance in support of the mission. This section will address:
  - Bylaws
  - Responsibilities
  - Board Meetings
  - Board Training and Development
  - Committees

Bylaws

- Approved by the board
- Reviewed as necessary to remain current
- At a minimum should address:
  - Mission
  - Membership
    - Size
    - Composition
  - Responsibilities
  - Terms of office
  - Selection/removal process

Committees

- Standing
- Ad-hoc
- Membership
- Responsibilities
- Meeting schedule
- Quorum and acceptable meeting venue
- Recording and distribution of minutes
- Provisions regarding conflict of interest
- Executive session
- Disillusionment
Responsibilities

- Board is responsible for assuring the health center survives in the marketplace while pursuing their mission.
- Board must be knowledgeable about marketplace trend and be willing to adapt their policies and position to reflect these trends.
- Board must approve:
  - Annual grant application
  - Plans/budgets
- Should work with health center management and community leaders to actively engage in long-term strategic planning.
- Boards must evaluate the progress towards the long term planning and annual programmatic and financial goals.
- Board must select and approve service provided by health center and whether they will be provided directly or by referral and collaboration with other service providers.
- Conduct effective planning and needs assessment to allow for making essential decisions.
- Board must approve hours and location services will be provided.
- Board must approve the selection/dismissal of executive director.
- Must evaluate the performance of the executive director and hold him/her accountable for the performance of the health center.
- Must evaluate the boards performance. Board must establish general polices for the operation of the center, which include:
  - Personnel
  - Health care
  - Fiscal
  - Quality assurance/improvement policies.
Board meetings

- Must meet monthly
- Meetings need to be accessible to all members either a convenient location or allow for electronic media to attend such as conference calls or via internet
- Minutes must be kept and approved and subsequent meetings
- Should also have a tracing system for approval/disapproval of policies and procedures along with other documents to verify its functioning.

Board training and development

- Expected that board members have knowledge and information to make informed decisions about strategic direction, policies ad financial position
- Board members should be provided opportunities for training and development
- Board is responsible for identifying and assuring it meets educational and training needs including orientation and training for new board members.

Committees

- Should have a committee structure which allows for carrying out its responsibilities
- Appropriate committees may include:
  - Executive
  - Finance
  - Quality improvement
  - Personnel
  - Planning
- Only executive committee should be authorized to act for the board
What committee *can* and *cannot* do

- They can:
  - Investigate/research
  - Report to the full board
  - Make recommendations
- They cannot:
  - Set policy
  - Act on their own
  - Interfere with the daily operations of the center
- Committees, in and of themselves, have no authority except what is vested in them by the board

4. Exceptions

- The law permits the Secretary to grant waivers for all or parts of the requirements, for good cause. This section will address these for areas of:
  - Waivers for Special Population Health Centers
  - Public Entities
  - Tribal Entities

5. Network Grantees

Health Centers are forming and participating in networks for many purposes. In most cases, participating centers retain their own governing boards which continue to be subject to applicable law, regulation and expectations.
6. Affiliations
In some organizational affiliations, the selection, composition and/or responsibilities of the health center governing board may be altered. This may happen through the formation of a new board for an integrated delivery system or through participation of affiliate representatives on health center boards.

Section IV: Management and Finance
A: Expectations
• A strong management team is essential to health center success.
• The management team must:
  • Work with the governing board, leading organizational changes to adapt to marketplace trends.
  • Operationalize the health center’s mission and strategic objectives
  • Do the above within available resources ensuring that the health center is financially viable and cost-competitive.
  • Be supported by strong personnel, financial, information, and clinical systems.

Section IV: Management and Finance
B: Explanation
1. Management and staff structure
2. Management role in planning and strategic positioning
3. Manage Care contracting
4. Management systems
5. Financial systems
6. Facilities
1. Management and Staff

- This deals with
  - Relationship of Management Staff to Board
    - Should be a line of authority from board to director.
  - Management Team
    - Quality of the management team is a critical predictor of the health center's success.
  - Staff Development
    - The center should have an active plan for recruitment and retention of all staff.

2. Management Role in Planning and Strategic Positioning

- All members of the management team play a key role in strategic and operational positioning.
- The team should work closely with board, community members, and other providers and players in the marketplace to provide leadership in shaping the health center's strategy.

3. Managed Care Contracting

- Health Centers should be able to demonstrate that they have engaged in an assessment of the adequacy reimbursement for services included in the contracts.
- There should be systems in place to manage the risks associated with the contracts.
4. Management Systems

- Information Management
  - Health centers must have systems in place which accurately collect and organize data for required reporting program related statistics.
- Risk Management
  - Should have policies and procedures in place, and proactively identify, plan for potential and actual risk to the health center.

5. Financial Systems

- Centers must have accounting and internal control systems appropriate to the size and complexity of the center addressing the following:
  - Accounting and internal controls
  - Budget
  - Billing and collections
  - Independent financial audit

6. Facilities

- The site(s) at which centers deliver services to clients are central to the image and acceptability of the center to clients, staff and community.
- The facilities must conform to fire, life safety codes, handicapped access codes, and applicable building codes and regulations.
WHO IS RESPONSIBLE?

LONG TERM GOALS
• CHIEF EXECUTIVE
  • RECOMMENDS/ PROVIDES INPUT
• BOARD
  • APPROVES (MORE THAN 1 YEAR)

SHORT TERM GOALS
• CHIEF EXECUTIVE
  • ESTABLISHES/ IMPLEMENTS
• BOARD
  • MONITORS
DAY TO DAY OPERATION

- CHIEF EXECUTIVE
  - DAILY MANAGEMENT

- BOARD
  - NO ROLE

BUDGET

- CHIEF EXECUTIVE
  - DEVELOPS/RECOMMENDS

- BOARD
  - APPROVES

CAPITAL PURCHASES

- CHIEF EXECUTIVE
  - PREPARES REQUEST

- BOARD
  - APPROVES
DECISIONS ON BUILDING, RENOVATIONS, LEASING AND EXPANSION

- CHIEF EXECUTIVE
  - RECOMMENDS/SIGN CONTRACTS

- BOARD
  - MAKES DECISION/ASSUME RESPONSIBILITY

SUPPLY PURCHASES AUDIT TRAIL

- CHIEF EXECUTIVE
  - IMPLEMENTS POLICY/LEAVES ADEQUATE

- BOARD
  - ESTABLISHES POLICY AND BUDGET FOR SUPPLIES

MAJOR REPAIRS

- CHIEF EXECUTIVE
  - OBTAIN ESTIMATES/PREPARES

- BOARD
  - APPROVES RECOMMENDATIONS
MINOR REPAIRS

- CHIEF EXECUTIVE
  - AUTHORIZES TO PREARRANGED AMOUNT

- BOARD
  - POLICY SHOULD INCLUDE AMOUNT

EMERGENCY REPAIRS

- CHIEF EXECUTIVE
  - NOTIFIES BOARD CHAIR/ACTS WITH

- BOARD
  - WORKS WITH CEO CONCURRENCE

CLEANING AND MAINTENANCE

- CHIEF EXECUTIVE
  - ARRANGES SCHEDULE

- BOARD
  - NO ROLE (OVERSIGHT ONLY)
FEES
• CHIEF EXECUTIVE
  • DEVELOPS FEE SCHEDULE
• BOARD
  • ADOPTS POLICY

BILLING, CREDIT & COLLECTIONS
• CHIEF EXECUTIVE
  • PROPOSES POLICY / IMPLEMENTS
• BOARD
  • ADOPTS POLICY

HIRING OF STAFF
• CHIEF EXECUTIVE
  • APPROVES ALL HIRING
• BOARD
  • NO ROLE
CREDENTIALING AND PRIVILEGING
- CHIEF EXECUTIVE
  - PROVIDES PEER RECOMMENDATIONS
- BOARD
  - APPROVES

STAFF DEVELOPMENT AND ASSIGNMENT
- CHIEF EXECUTIVE
  - ESTABLISHES
- BOARD
  - NO ROLE

FIRING OF STAFF
- CHIEF EXECUTIVE
  - MAKES ALL FINAL DETERMINATIONS
- BOARD
  - NO ROLE
STAFF GRIEVANCES
- CHIEF EXECUTIVE
- MEDIATES
- BOARD
- NO ROLE

PERSONELL POLICIES
- CHIEF EXECUTIVE
  - RECOMMENDS/ ADMINISTERS
- BOARD
  - ADOPTS

STAFF SALARIES
- CHIEF EXECUTIVE
  - APPROVES/SOLICIT STAFF RECOMMENDATIONS
- BOARD
  - ALLOCATES LINE ITEM FOR SALARIES IN BUDGET
STAFF EVALUATIONS

- Chief Executive
  - evaluates other staff

- Board
  - evaluates only CEO

PLANING

- Functions of Management
  - deciding in advance what is to be done in the future
    - Mission statement
    - Strategic plan
    - Financial plan/budget
    - Quality plans and standards
    - Operational plan

- Board Responsibility
  - adopt a mission statement and set direction for the organization
  - make sure planning gets done, ask good questions, and approve the plans
  - help develop the annual budget and approve the budget
**PLANING**

- **CEO RESPONSIBILITY** (WITH DELEGATION OF STAFF)
  - CREATE IMPLEMENTATION PLAN TO SUPPORT THE MISSION AND DIRECTION BY BOARD, WITH ACTION STEPS AND TIMELINES.
  - DEVELOP THE ANNUAL BUDGET AND SUBMIT TO BOARD FOR APPROVAL.
  - RECOMMEND OPERATIONAL DECISIONS: e.g. CLINIC HOURS, PATIENT FEES, ETC.

**ORGANIZING**

- **FUNCTIONS OF MANAGEMENT**
  - GROUPING AND ASSIGNING ACTIVITIES, ESTABLISHES FORMAL AUTHORITY LINES.
    - ORGANIZATIONAL CHART
    - COMMITTEE STRUCTURE
    - PROGRAMS SERVICES

- **BOARD RESPONSIBILITY**
  - CREATE BY-LAWS, ESTABLISH COMMITTEES.
  - EVALUATE PROGRAMS/SERVICES TO MAKE SURE THEY SUPPORT THE MISSION.
  - APPROVE PROGRAMS/SERVICES
ORGANIZING

• CEO RESPONSIBILITY (WITH DELEGATION OF STAFF)
  • ADVISE AND ASSIST BOARD COMMITTEES.
  • CREATE AND IMPLEMENT WORK PLANS FOR PROGRAMS AND SERVICES, INCLUDING GOALS AND OBJECTIVES.

STAFFING

• FUNCTIONS OF MANAGEMENT
  • SELECTING, HIRING, TRAINING, DEVELOPING, AND COMPENSATING EMPLOYEES.
    • COMPENSATION HANDBOOK
    • EMPLOYEE HANDBOOK
    • PERSONEL POLICIES

• BOARD RESPONSIBILITY
  • SELECT AND TRAIN BOARD MEMBERS. ASSESS THE BOARD PERFORMANCE
  • SELECT, EVALUATE, SUPPORT THE CEO
  • APPROVE THE COMPENSATION PLAN
  • APPROVE THE HANDBOOK AND PERSONEL POLICIES.
STAFFING

• **CEO RESPONSIBILITY** (WITH DELEGATION OF STAFF)
  - Select, evaluate, discipline, reward and terminate staff.
  - Resolve employee conflicts and address employee issues and concerns.
  - Develop and implement the compensation plan.
  - Develop and implement the handbook and personnel policies.

DIRECTING AND CONTROLLING

• **FUNCTIONS OF MANAGEMENT**
  - Issuing instructions, guiding and overseeing tasks, monitoring results, giving and receiving feedback, taking corrective actions.
  - Committee reports.
  - Program/service updates.

DIRECTING AND CONTROLLING

• **BOARD RESPONSIBILITY**
  - Schedule board meetings, review committee reports, ask pertinent questions.
  - Review the work and outcomes achieved through programs and services, ask pertinent questions.
  - Review progress on all plans including strategic plan, annual plans and budgets.
DIRECTING AND CONTROLLING

- **CEO RESPONSIBILITY** (WITH DELEGATION OF STAFF)
  - PREPARE PROGRESS REPORTS FOR BOARD AND ALL COMMITTEES.
  - DIRECT STAFF IN COMPLETING WORK AND ACHIEVING OUTCOMES.

Financial Obligations of Board Members

- Provide for internal controls
- Safeguard assets
- Ensure stewardship of federal funds
- Maintain adequate cash flow to support operations
- Assure access to care
- Maximize revenue from non-federal sources

The health center program must maintain financial systems that
Financial systems should:
• Be routinely reviewed and updated to assure organization is fiscally:
  • Sound
  • Competitive
  • Attuned to changes in local, state, and national health care environment.

Centers must have systems that are:
• Appropriate to the size and complexity of the organization
• Based Generally Accepted Accounting Principals (GAAP)
• In place and designed to accurately reflect the financial performance of the organization
• Within the constraints and staff size, separation of financial functions should be implemented to safeguard assets.
Financial reports must be generated and reviewed by appropriate staff and board on a regular basis. Reports may vary depending on the size of the organization. They should reflect the current financial status and comparison of past and projected financial position.

What is a budget?

- A culmination of negotiations among the center’s managers, clinicians, and board as they determine the level and scope of services to be provided within the constraints of the organization’s resources.
The budget:

- Is part of the center’s operating plan.
- Must accurately attempt to project resources and expenditures for the budget period required to meet goals and objectives.
- Must be approved by the Board.

To realistically project revenues and expenses centers should:

- Be able to draw upon past budget experience.
- Identify changes in the coming period both:
  - Internally
  - In the marketplace
- Be focused in changes to Medicaid reimbursement and enrollment criteria

The budget should be reviewed regularly by appropriate members of management and board. Adjustments should be made as necessary.
Health centers must provide access to services without regard for a person’s ability to pay.

An important component of fulfilling this mandate is the maximization of revenue from all sources.

Revenue maximization requires:

- Adequate and competitive fee schedule
- Corresponding schedule of discounts
- Prompt and accurate billing of third party payers
- Billing of patients in accordance to discounts
- Timely follow up on all uncollected amounts
Health centers must maximize revenue and participate in favorable enhanced or cost-based reimbursement for which they are eligible.

Billing of clients without insurance, collection of co-payments and minimum fees, and screening for financial status, must be done in a culturally appropriate manner.

Centers must have written, board approved, billing, credit, and collections policies and procedures.

These procedures must include at a minimum:

- Fee schedule for all billable services covering reimbursable costs and comparable to prevailing local rates.
- A method for discounting or adjusting fees, based upon family size and income from Federal Poverty Guidelines.
- A system of billing patients and third-party payers within a reasonable time after services are provided.

Centers should establish:

- A target for days in receivable collections on billable services by payer.
- Monitor collection rates on outstanding balances.
- Follow up or write-off such balances when appropriate.
Health centers are encouraged to utilize electronic systems for billing and insurance verification.

Centers must ensure that an independent financial audit is performed in accordance with federal audit requirements.

Audits on non-profit health centers must follow the most recent federal guidelines to the auditing of non-profit institutions and specifically, to the auditing of recipients of federal awards to these institutions.
Health centers should issue a memorandum of engagement for the annual independent audit, which will be performed in compliance with the applicable guidelines.

The Financial Status Report (FSR) and reconciliation between the audit and the FSR must be prepared.

The audit report MUST provide an opinion, in writing:

- On the scope of the audit.
- The fairness of the grantee’s financial statements.
- Evaluation of the organization’s internal control system.
- Determination whether the center is operating in accordance with Generally Accepted Accounting Principles.

Where significant audit exceptions and/or internal accounting control findings exist, the center must implement a time-phased corrective action plan and may be subject to grant award conditions.

The audit MUST be approved by the BOARD.
QUESTIONS?

Thank you for allowing me to be here and talk about how we can be the best board member possible.

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