

DATE: August 17, 1998

Document Title: Amendment to PIN 97-27
Regarding Affiliation Agreements of
Community and Migrant Health Centers

TO: Community Health Centers
Migrant Health Centers
Health Care for the Homeless Grantees
Health Services for Residents of Public Housing Grantees
Federally Qualified Health Center Look-Alikes
Primary Care Associations
Primary Care Offices

The purpose of this Policy Information Notice (PIN) is (1) to clarify PIN 97-27 with respect to affiliation arrangements that involve a community and migrant health center contracting for the services of a Chief Financial Officer, Chief Medical Officer and/or the majority of its primary care clinicians, regardless of the type of entity with which the health center is affiliating, and (2) to describe the Bureau's review process for determining whether affiliation arrangements are in compliance with PIN 97-27. Except as specifically noted, this PIN complements rather than supercedes PIN 97-27.

The Bureau of Primary Health Care (BPHC) continues to encourage health centers to affiliate with other entities to strengthen their ability to achieve their mission of assuring access to primary and preventive health care for the underserved and vulnerable populations. The BPHC's primary purpose in clarifying its position on affiliations is to emphasize its commitment to that mission. In approving exceptions to BPHC's preferred staffing model (direct employment), the BPHC is supporting flexibility for community and migrant health centers in their efforts to increase access to primary health care, improve quality health care and continue health center financial viability.

Policy Information Notice 98-24

To assure that affiliation agreements comply with requirements for funding we feel that it is important that BPHC determine and monitor compliance with policies in PIN 97-27 and this PIN.

For further information regarding available consultation, PIN 97-27 or this PIN, please contact Tonya Rousmaniere at (301) 594-4300.

/ s /

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TABLE OF CONTENTS

- I. INTRODUCTION
- II. UNDERLYING ASSUMPTIONS
- III. ACCOUNTABILITY
- IV. REVIEW PROCESS
- V. MONITORING

COMMUNITY AND MIGRANT HEALTH CENTER AFFILIATION CHECKLIST

I. INTRODUCTION

The purpose of this Policy Information Notice (PIN) is (1) to clarify the Bureau of Primary Health Care's (BPHC) position with respect to affiliation arrangements that involve community and migrant health centers contracting for the services of a Chief Financial Officer (CFO), Chief Medical Officer (CMO) and/or the majority of its primary care clinicians, regardless of the type of entity with which the health center is affiliating, and (2) to clarify the BPHC's review process for affiliation arrangements. The BPHC is allowing for situations where community and migrant health centers (C/MHCs) may not directly hire staff in the positions described above. (The requirement that the health center directly employ the Executive Director remains in effect.)

The BPHC recognizes that there are certain situations in which exceptions to the BPHC's preference that health centers directly employ personnel to fill these positions (CFO, CMO, clinicians) may be necessary and appropriate in order to maximize access to comprehensive, efficient, cost-effective, and quality health care. The BPHC is committed to allowing exceptions to the preference upon community and migrant health centers assurance that its accountability is maintained. Accountability, as well as programmatic benefit will be monitored by the BPHC once the exception is approved and implemented to assure that the center continues to meet its mission, Federal requirements, and program expectations. This PIN sets forth criteria for reviewing requests for exceptions to the BPHC's preference that the health center directly employ its CFO, CMO and/or its core staff of full-time primary care providers. The PIN also explains the review process for determining whether affiliation arrangements are in compliance with PIN 97-27 and this PIN.

II. UNDERLYING ASSUMPTIONS

The BPHC's decision to grant exceptions to the preference that C/MHCs directly employ its CFO, CMO and its core staff of full-time primary care providers is premised on the following assumptions:

- (1) The health center's mission to provide access to comprehensive health care services to the underserved and vulnerable populations will be maintained and/or expanded through appropriate health center affiliations

which further the development and operation of integrated health systems.

BPHC Policy Information Notice 98-24

- (2) C/MHCs will maintain compliance with integrity and autonomy requirements while participating in integrated health systems that enable health centers to achieve their mission. The health center's continued accountability to the BPHC will need to be documented.
- (3) Each C/MHC will conduct its own assessment and draw conclusions from within their own situation and environment as to whether program viability is maintained and programmatic benefit is derived from such arrangements.

III. ACCOUNTABILITY

Federal requirements and policies regarding community and migrant health center accountability are derived from Section 330 and implementing regulations, Department of Health and Human Services (DHHS) administrative regulations and binding DHHS and Public Health Service (PHS) grants policy. The BPHC will approve exceptions with respect to staffing arrangements based on health center maintenance of accountability in the following areas: 1) operating the grant-approved project; and, (2) expending grant funds in accordance with applicable rules.

Affiliation arrangements will be reviewed against the following criteria:

- The health center has reserved sufficient rights and control to maintain overall responsibility for the direction of the project, as originally funded, and for continued accountability to BPHC.
- The health center has provided justification for the performance of the work by a third party, showing that the work cannot be more efficiently and effectively performed directly by the grantee.
- The health center has in place appropriate systems and processes to assure that the contractor will satisfactorily perform all contract activities in accordance with section 330 requirements.

- The C/MHC has documented that the written agreement with the contractor complies with current DHHS administrative requirements in the following areas:

BPHC Policy Information Notice 98-24

- (1) contains appropriate provisions around the activities to be performed, time schedules, the policies and procedures to be followed in carrying out the agreement, and the maximum amount of money for which the grantee may become liable to the contractor under the agreement;
- (2) requires the contractor to maintain appropriate financial, program and property management systems and records and provides the health center, DHHS and the U.S. Comptroller General with access to such records;
- (3) requires the submission of financial and programmatic reports to the health center;
- (4) complies with Federal procurement standards (including conflict of interest standards); and
- (5) is subject to termination (with administrative, contractual and legal remedies) in the event of breach by the contractor.

IV. BPHC REVIEW PROCESS FOR AFFILIATION ARRANGEMENTS AND EXCEPTION REQUESTS

To assure that affiliation agreements comply with requirements for funding it is important that the BPHC review affiliation agreements and determine and monitor compliance with the policies in PIN 97-27 and this PIN. When applicable, C/MHCs will complete a C/MHC Affiliation Checklist (see Attachment) regarding affiliation arrangements as part of their continuation application. Through the C/MHC Affiliation Checklist, the health center will identify relevant reference documents (e.g., Articles of Incorporation, by-laws, contracts, affiliation agreements, memoranda of understanding, other), and specific citations within them, that demonstrate compliance with the accountability requirements in PIN 97-27 and this PIN. The BPHC will review these completed checklists along with the documents as part of

the application review process. The results of the BPHC's review will be communicated with the continuation application decision. Health centers will be afforded an opportunity to resolve any outstanding issues related to the affiliation agreement.

In those instances where it is necessary to request a review for compliance of a new affiliation arrangement or significant changes in an existing affiliation arrangement during a given budget period, the grantee should submit the Affiliation

BPHC Policy Information Notice 98-24

Checklist along with supporting documents to the Office of Grants Management for review and approval in accordance with the BPHC's process for post award requests. The BPHC is committed to providing feedback within a thirty (30) day period.

For Federally Qualified Health Center Look-Alikes, affiliation reviews will be coordinated with the designation and recertification processes.

The review of the C/MHC Affiliation Checklist and accompanying documentation will be overseen by staff of the Division of Community and Migrant Health and will involve the applicable Field Office staff. Health centers are strongly encouraged to obtain consultation on draft documents prior to submitting final documents through the review process.

V. MONITORING

After the exceptions have been approved, the BPHC will monitor the overall impact of the affiliation arrangement on the C/MHC's performance. Through existing monitoring systems the BPHC will assess the accountability of the grantee, as well as the programmatic benefits from the affiliation arrangements during Primary Care Effectiveness Reviews, diagnostic and other reviews.

The programmatic benefit assessment includes the following areas:

- (1) continued or improved access (i.e., increased capacity evidenced by additional services provided and/or more people served);
- (2) improved expertise (i.e., management, financial, and/or clinical);

- (3) increase in capital (i.e., increased working capital, improved infrastructure, more efficient use of available resources); and/or
- (4) maintained or improved quality of care (i.e., improved services, as measured through patient satisfaction, and/or improved care, as measured through improved health outcomes).

COMMUNITY AND MIGRANT HEALTH CENTER AFFILIATION CHECKLIST

Organization: _____ **Grant #** _____
 (where applicable)

TYPE OF ARRANGEMENT:

_____ Merger _____ Acquisition _____ Parent Subsidiary Model

_____ Establishment of a New Entity _____ Jointly Owned or Directed Jointly
 (eg. Network corporation) by a Health Center and an Affiliation Partner

_____ Contract for a substantial portion _____ Other (describe)
 of the project

Name and Type of proposed Affiliate Organization(s): _____

ELEMENTS OF PROGRAM ACCOUNTABILITY:

Check "yes" if in compliance and "no" if not. Identify reference documents and appropriate page number, and attach copies . Attach explanations for any "no" responses.

GOVERNANCE:

The Health Center Board structure is in compliance with requirements. **YES** _____ **NO** _____

	Reference Document	Page #
• board composition	_____	_____
• executive committee function and composition	_____	_____
• selection of board chairperson	_____	_____
• selection of members	_____	_____

The health center's Board retains its full authorities, responsibilities and functions as prescribed in legislation/regulations. **YES** _____ **NO** _____

	Reference Document	Page #
• strategic planning	_____	_____
• approval of the annual budget of the center	_____	_____
• directly employs, selects/dismiss and evaluates the CEO	_____	_____
• adoption of policies and procedures for personnel and financial management	_____	_____
• establishes center priorities	_____	_____
• establishes eligibility requirements for partial payment of services	_____	_____

COMMUNITY AND MIGRANT HEALTH CENTER AFFILIATION CHECKLIST

Organization: _____

Grant # _____
(where applicable)

	Reference Document	Page #
• provide for an independent audit	_____	_____
• evaluation of center activities	_____	_____
• adoption of center's health care policies including scope and availability of services, location, hours of operation and quality of care audit procedures	_____	_____
• establishes and maintains collaborative relationships with other health care providers in the service area	_____	_____
• existence of a conflict of interest policy	_____	_____

The arrangements do not compromise the Board authorities or limit **its legislative and regulatory role**.
Examples of compromising arrangements are: overriding approval or veto authority by another entity; dual majority requirements; super-majority requirements; or hiring and selection of the CEO.

YES _____ **NO** _____

STAFFING

The center directly employs the CFO, CMO and the core staff of full-time primary care providers.

YES _____ **NO** _____

If NO, the CEO of the center retains the authority to select and dismiss staff assigned to the center.

YES _____ **NO** _____

(Please cite reference document and page #.) _____

CONTRACTING

	Reference Document	Page #
The center has justified the performance of the work by a third party.	_____	_____

YES _____ **NO** _____

Written affiliation agreement(s) comply with current DHHS policies, i.e.:

YES _____ **NO** _____

- contains appropriate provisions around the activities to be performed, time, schedules, the policies and procedures to be followed in carrying out the agreement, and the maximum amount of money for which the grantee may become liable to the contractor under the agreement;

Organization: _____

Grant # _____
(where applicable)

	Reference Document	Page #
<ul style="list-style-type: none"> • requires the contractor to maintain appropriate financial, program and property management systems and records in accordance with 45 CFR Part 74 and provides the center, DHHS and the U.S. Comptroller General with access to such records; 	_____	_____
<ul style="list-style-type: none"> • requires the submission of financial and programmatic reports to the health center; 	_____	_____
<ul style="list-style-type: none"> • complies with Federal procurement standards including conflict of interest standards; 	_____	_____
<ul style="list-style-type: none"> • is subject to termination (with administrative, contractual and legal remedies) in the event of breach by the contractor. 	_____	_____

 Signature of Governing Board Chairperson

 Date

PLEASE LIST ALL ATTACHMENTS