

# **Health Center Program Site Visit Protocol: Board Composition**

*Last updated: February 27, 2020*

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# BOARD COMPOSITION

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**Primary Reviewer:** Governance/Administrative Expert  
**Secondary Reviewer:** N/A

**Authority:** Section 330(k)(3)(H) of the Public Health Service (PHS) Act; and 42 CFR 51c.304 and 42 CFR 56.304

## Document Checklist for Health Center Staff

### Documents Provided Prior to Site Visit:

- Health center organization chart(s) with names of key management staff
- Corporate organization chart(s) (only applicable for public agencies or for organizations with a parent or subsidiary)
- Form 6A or Board Roster (if updated since last application submission to HRSA)
- Articles of Incorporation (if updated since last application submission to HRSA)
- Bylaws (if updated since last application submission to HRSA)
- Co-applicant agreement (if applicable) (if updated since last application submission to HRSA)

### Documents Provided at the Start of the Site Visit:

- Documentation regarding board member representation (for example, applications, bios, disclosure forms)
- Clinical or billing records within the past 24 months to verify board member patient status
- For health centers with approved waivers, examples of the use of special populations input (for example, board minutes, board meeting handouts, board packets)

## Demonstrating Compliance

1. Is the health center operated by an Indian tribe, tribal group, or Indian organization under the Indian Self-Determination Act or an Urban Indian Organization under the Indian Health Care Improvement Act?<sup>1</sup>  
 YES       NO

**NOTE: IF "YES" WAS SELECTED, NONE OF THE QUESTIONS FOR ANY OF THE ELEMENTS IN THE BOARD COMPOSITION SECTION ARE APPLICABLE.**

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<sup>1</sup> The governing board of a health center operated by Indian tribes, tribal groups, or Indian organizations under the Indian Self-Determination Act or Urban Indian Organizations under the Indian Health Care Improvement Act is exempt from the specific board composition requirements discussed in [the [Health Center Program Compliance Manual](#)]. Section 330(k)(3)(H) of the PHS Act.

## Element a: Board Member Selection and Removal Process

The health center has bylaws or other relevant documents that specify the process for ongoing selection and removal of board members. This board member selection and removal process does not permit any other entity, committee or individual (other than the board) to select either the board chair or the majority of health center board members,<sup>2</sup> including a majority of the non-patient board members.<sup>3</sup>

### Site Visit Team Methodology

- Review organizational chart(s) (health center project and, if applicable, corporate), articles of incorporation, bylaws, or other relevant corporate or governing documents and co-applicant agreement (if applicable).

**Note:** *Bylaw provisions regarding composition are to be assessed for compliance with Health Center Program requirements as noted in the Health Center Program Compliance Manual and are not to be assessed beyond those requirements.*

### Site Visit Findings

2. Do the bylaws or other documentation specify an ongoing selection and removal process for board members?  
 YES       NO

If No, an explanation is required:

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3. Do the bylaws or other documentation in any way limit the health center's ability to select or remove its own board members, specifically the ability to select any of the following:
  - o The board chair?  
 YES       NO
  - o The majority of health center board members?  
 YES       NO
  - o The majority of the non-patient board members?  
 YES       NO

If Yes was selected for any of the above, an explanation is required describing how the health center board is limited in its board member selection or removal process:

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<sup>2</sup> An outside entity may only remove a board member who has been selected by that entity as an organizational representative to the governing board.

<sup>3</sup> For example, if the health center has an agreement with another organization, the agreement does not permit that organization to select either the chair or a majority of the health center board.

## Element b: Required Board Composition

The health center has bylaws or other relevant documents that require the board to be composed<sup>4</sup> as follows:

- Board size is at least 9 and no more than 25 members,<sup>5</sup> with either a specific number or a range of board members prescribed;
- At least 51 percent of board members are patients served by the health center. For the purposes of board composition, a patient is an individual who has received at least one service in the past 24 months that generated a health center visit, where both the service and the [site](#) where the service was received are within the HRSA-approved [scope of project](#);
- 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;
- Non-patient members are representative of the community served by the health center or the health center's [service area](#);
- 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;
- No more than one-half of non-patient board members derive more than 10 percent of their annual income from the health care industry;<sup>6</sup> and
- Health center employees<sup>7,8,9</sup> and immediate family members (i.e., spouses, children, parents, or siblings through blood, adoption, or marriage) of employees may not be health center board members.

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<sup>4</sup> For public agencies that elect to have a [co-applicant](#), these board composition requirements apply to the co-applicant board.

<sup>5</sup> For the purposes of the Health Center Program, the term “board member” refers only to voting members of the board.

<sup>6</sup> Per the regulations in 42 CFR 56.304, for health centers awarded/designated solely under [section 330\(g\)](#) of the PHS Act, no more than [two-thirds](#) of the non-patient board members may derive more than 10 percent of their annual income from the health care industry.

<sup>7</sup> For the purposes of health center board composition, an employee of the health center would include an individual who would be considered a “common-law employee” or “statutory employee” according to the Internal Revenue Service (IRS) criteria, as well as an individual who would be considered an employee for state or local law purposes.

<sup>8</sup> In the case of public agencies with co-applicant boards, this includes employees or immediate family members of both the co-applicant organization and the public agency component (for example, department, division, or sub-agency) in which the Health Center Program project is located.

<sup>9</sup> While no board member may be an employee of the health center, 42 CFR 51c.107 permits the health center to use [federal award](#) funds to reimburse board members for these limited purposes: 1) reasonable expenses actually incurred by reason of their participation in board activities (for example, transportation to board meetings, childcare during board meetings); or 2) wages lost by reason of participation in the activities of such board members if the member is from a family with an annual family income less than

## Site Visit Team Methodology

- Review the health center articles of incorporation, bylaws, or other relevant corporate or governing documents and co-applicant agreement (if applicable).

## Site Visit Findings

4. Do the bylaws or other corporate or governing documentation include provisions that ensure:
  - o Board size is at least 9 and no more than 25 members, with either a specific number or a range of board members prescribed?  
 YES                       NO
  - o At least 51 percent of board members are patients served by the health center?  
  
**Note:** Select "Not Applicable" only if the health center has an approved waiver.  
 YES                       NO                       NOT APPLICABLE
  - o 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?  
 YES                       NO
  - o Non-patient members are representative of the community served by the health center or the health center's service area?  
 YES                       NO
  - o 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?  
 YES                       NO
  - o No more than one-half of non-patient board members derive more than 10 percent of their annual income from the health care industry?<sup>10</sup>  
 YES                       NO

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\$10,000 or if the member is a single person with an annual income less than \$7,000. For section 330(g)-only awarded/designated health centers, 42 CFR 56.108 permits the use of grant funds for certain limited reimbursement of board members as follows: 1) for reasonable expenses actually incurred by reason of their participation in board activities (for example, transportation to board meetings, childcare during board meetings); 2) for wages lost by reason of participation in the activities of such board members. Health centers may wish to consult with their legal counsel and auditor on applicable state law regarding reimbursement restrictions for non-profit board members and implications for IRS tax-exempt status.

<sup>10</sup> Per the regulations in 42 CFR 56.304, for health centers awarded/designated solely under section 330(g) of the PHS Act, no more than two-thirds of the non-patient board members may derive more than 10 percent of their annual income from the health care industry.

- Health center employees and immediate family members (i.e., spouses, children, parents, or siblings through blood, adoption, or marriage) of employees may not be health center board members?  
 YES                       NO

If No was selected for any of the above, an explanation is required:

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## Element c: Current Board Composition

The health center has documentation that the board is composed of:

- At least 9 and no more than 25 members;
- A patient<sup>11</sup> majority (at least 51 percent);
- Patient board members, 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;<sup>12</sup>
- Representative(s) from or for each of the [special population\(s\)](#)<sup>13</sup> for those health centers that receive any award/designation under one or more of the special populations section 330 subparts, 330(g), (h), and/or (i); and
- As applicable, non-patient board members:
  - Who are representative of the community in which the health center is located, either by living or working in the community, or by having a demonstrable connection to the community;
  - With relevant skills and expertise in areas such as community affairs, local government, finance and banking, legal affairs, trade unions, other commercial and industrial concerns, or social services within the community; and
  - Of whom no more than 50 percent earn more than 10 percent of their annual income from the health care industry.<sup>14</sup>

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<sup>11</sup> A legal guardian of a patient who is a dependent child or adult, a person who has legal authority to make health care decisions on behalf of a patient, or a legal sponsor of an immigrant patient may also be considered a patient of the health center for purposes of board representation. Students who are health center patients may participate as board members subject to state laws applicable to such non-profit board members.

<sup>12</sup> For health centers that have not yet made a [UDS](#) report, this would be assessed based on demographic data included in the health center's application.

<sup>13</sup> Representation could include advocates for the health center's section 330 (g), (h), or (i) patient population (for example, those who have personally experienced being a member of, have expertise about, or work closely with the current special population). Such advocate board members would count as "patient" board members only if they meet the patient definition set forth in the [Health Center Program Compliance Manual] [Chapter 20: Board Composition](#).

<sup>14</sup> For example, in a 9 member board with 5 patient board members, there could be 4 non-patient board members. In this case, no more than 2 non-patient board members could earn more than 10 percent of their income from the health care industry.

## Site Visit Team Methodology

- Interview board members (concurrent with interviews for Board Authority requirements).
- Review current board roster or Form 6A.
- Review documentation regarding board member representation.
- Review clinical or billing records to confirm the patient status of board members.
- Review UDS data for an overview of patient population demographic factors (race, ethnicity, and gender).
- Review background information on health center to confirm special populations funding or designation (if applicable).

## Site Visit Findings

5. Is the health center board currently composed of at least 9 and no more than 25 members?

YES       NO

If No, an explanation is required, including specifying the number of total board members:

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6. Are at least 51 percent of health center board members classified by the health center as patients?

**Note:** Select "Not Applicable" only if the health center has an approved waiver.

YES       NO       NOT APPLICABLE

If No, an explanation is required, including specifying the number of total board members and how many (if any) are current patients of the health center:

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7. Were you able to confirm that individuals classified by the health center as patient board members have actually received at least one in-scope service at an in-scope site within the past 24 months that generated a health center visit?

YES       NO

If No, an explanation is required:

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8. **For health centers with special populations funding/designation:** Was the health center able to identify one or more board member(s) who serves as a representative from or for each of the health center's funded/designated special population(s) (individuals experiencing homelessness, migratory and seasonal agricultural workers, residents of public housing)?

YES       NO       NOT APPLICABLE

If No, an explanation is required:

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9. Are patient board members as a group representative of the health center's patient population in terms of race, ethnicity, and gender?

**Note:** Select "Not Applicable" only if the health center has an approved waiver.

YES       NO       NOT APPLICABLE

If No, an explanation is required regarding why patient board members as a group are not representative of the health center's patient population and what efforts the health center has made to recruit representative board members:

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10. For the health center's non-patient board members, do all such board members either live or work in the community where the health center is located?

YES       NO

If No, an explanation is required describing whether/how board members who do not live or work in the community have a demonstrable connection to the community:

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11. Do the non-patient board members have relevant skills and expertise in a variety of areas that support the board's governance and oversight role (for example, community affairs, local government, finance, banking, legal affairs, trade unions, major local employers or businesses, social services)?

YES       NO

If No, an explanation is required:

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12. Do any non-patient board members earn more than 10 percent of their annual income from the health care industry?<sup>15</sup>

**Note:** The health center determines how to define "health care industry" and how to determine the percentage of annual income of each non-patient board member derived from the health care industry.

YES       NO

If Yes, an explanation is required that includes the number of non-patient board members who earn more than 10 percent of their annual income from the health care industry and the total number of non-patient board members:

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## Element d: Prohibited Board Members

The health center verifies periodically (for example, annually or during the selection or renewal of board member terms) that the governing board does not include members who are current

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<sup>15</sup> Per the regulations in 42 CFR 56.304, for health centers awarded/designated solely under section 330(g) of the PHS Act, no more than two-thirds of the non-patient board members may derive more than 10 percent of their annual income from the health care industry.

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).

## Site Visit Team Methodology

- Interview board members (concurrent with interviews for Board Authority requirements).
- Review current board roster or Form 6A.
- Review documentation regarding board member representation.

## Site Visit Findings

13. Has the health center verified that the current board does not include any members who are:

- o Employees of the health center?<sup>16,17</sup>  
 YES                       NO
- o Immediate family members of current health center employees (i.e., spouses, children, parents, or siblings through blood, adoption, or marriage)?  
 YES                       NO

**Note:** *The health center board determines whether to include non-voting, ex-officio members such as the Project Director/CEO or community members on the board, consistent with what is permitted under other applicable laws.*

If No was selected for any of the above, an explanation is required:

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## Element e: Waiver Requests

*In cases where a health center receives an award/designation under section [330\(g\)](#), [330\(h\)](#) and/or [330\(j\)](#), does not receive an award/designation under section 330(e), and requests a waiver of the patient majority board composition requirements, the health center presents to HRSA for review and approval:*

- “Good cause” that justifies the need for the waiver by documenting:
  - o *The unique characteristics of the population ([homeless](#), [migratory or seasonal agricultural worker](#), and/or [public housing](#) patient population) or service area that create an undue hardship in recruiting a patient majority; and*
  - o *Its attempt(s) to recruit a majority of special population board members within the past 3 years; and*

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<sup>16</sup> For the purposes of health center board composition, an employee of the health center would include an individual who would be considered a “common-law employee” or “statutory employee” according to the IRS criteria, as well as an individual who would be considered an employee for state or local law purposes.

<sup>17</sup> In the case of public agencies with co-applicant boards, this includes employees or immediate family members of both the co-applicant organization and the public agency component (for example, department, division, or sub-agency) in which the Health Center Program project is located.

- *Strategies that will ensure patient participation and input in the direction and ongoing governance of the organization by addressing the following elements:*
  - *Collection and documentation of input from the special population(s);*
  - *Communication of special population input directly to the health center governing board; and*
  - *Incorporation of special population input into key areas, including but not limited to: selecting health center services;<sup>18</sup> setting hours of operation of health center sites;<sup>19</sup> defining budget priorities;<sup>20</sup> evaluating the organization's progress in meeting goals, including patient satisfaction;<sup>21</sup> and assessing the effectiveness of the sliding fee discount program (SFDP).<sup>22</sup>*

## Site Visit Team Methodology

*N/A – HRSA assesses whether the health center has demonstrated compliance with this element through its review of the competing continuation application (Service Area Competition (SAC) or Renewal of Designation (RD)). No onsite review of this element is required.*

## Site Visit Findings

*N/A – HRSA assesses whether the health center has demonstrated compliance with this element through its review of the competing continuation application (SAC or RD). No onsite review of this element is required.*

## Element f: Utilization of Special Population Input

For health centers with approved waivers, the health center has board minutes or other documentation that demonstrates how special population patient input is utilized in making governing board decisions in key areas, including but not limited to: selecting health center services; setting hours of operation of health center sites; defining budget priorities; evaluating the organization's progress in meeting goals, including patient satisfaction; and assessing the effectiveness of the SFDP.

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<sup>18</sup> See [Health Center Program Compliance Manual] [Chapter 4: Required and Additional Health Services](#) for more information on providing services within the HRSA-approved scope of project.

<sup>19</sup> See [Health Center Program Compliance Manual] [Chapter 6: Accessible Locations and Hours of Operation](#) for more information on health center service sites and hours of operation.

<sup>20</sup> See [Health Center Program Compliance Manual] [Chapter 17: Budget](#) for more information on the Health Center Program project budget.

<sup>21</sup> See [Health Center Program Compliance Manual] [Chapter 19: Board Authority](#) for more information on the health center board's required authorities.

<sup>22</sup> See [Health Center Program Compliance Manual] [Chapter 9: Sliding Fee Discount Program](#) for more information on requirements for health center SFDPs.

## Site Visit Team Methodology

- **For health centers with an approved waiver:** Review the health center's HRSA-approved waiver Form 6B.
- Review documented examples from the health center on the use of special populations input.
- Interview board members (concurrent with interviews for Board Authority requirements).

## Site Visit Findings

14. **For health centers with approved waivers only:** Does the health center collect and document input from the special population(s)?

**Note:** Select "Not Applicable" only if the health center does not have an approved waiver.

YES       NO       NOT APPLICABLE

If No, an explanation is required:

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15. Was the health center able to provide at least one example of how special population input has impacted board decision-making (for example, selecting health center services; setting hours of operation of health center sites; defining budget priorities; evaluating the organization's progress in meeting goals, including patient satisfaction; or assessing the effectiveness of the SFDP)?

YES       NO       NOT APPLICABLE

If No, an explanation is required:

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