



# POLICY INFORMATION NOTICE

**DOCUMENT NUMBER:** 2009-05

**DATE:** March 23, 2009

**DOCUMENT NAME:** Policy for Special Populations-Only Grantees Requesting a Change in Scope to Add a New Target Population

**TO:** Health Center Program Grantees  
Primary Care Associations  
Primary Care Offices  
National Cooperative Agreements  
Federally Qualified Health Center Look-Alikes

This Policy Information Notice (PIN) describes the Health Resources and Services Administration's (HRSA) policy for Health Center Program grantees funded only under sections 330(g), (h), and/or (i) of the Public Health Service (PHS) Act ("special populations-only grantees") requesting to change their scope of project by adding a new target population beyond the designated population for which section 330 Federal grant funds were awarded. As health centers continue to expand access to services in their communities, they are experiencing greater demand for services from populations beyond those for which section 330 funding was awarded. This PIN describes the factors that will be considered by HRSA in evaluating change in scope requests from special populations-only Health Center Program grantees to add a new target population.

This PIN is supplemental to PIN 2008-01: Defining Scope of Project and Policy for Requesting Changes. All grantees considering a change in scope are encouraged to carefully review PIN 2008-01 prior to initiating a request. In considering a change in scope, all grantees should review the proposal with their Board of Directors and consult with their Project Officer.

In implementing this policy clarification, HRSA will provide all grantees with an opportunity to modify and/or update their scope of project information to assure that every grantee's scope of project is consistent with current policies. If there are any discrepancies, HRSA will work with grantees to resolve any potential issues.

If you have any questions or require further guidance on this PIN, please contact the Bureau of Primary Health Care, Office of Policy and Program Development at 301-594-4300. If you require further guidance on the process for submitting requests for prior approval for changes in scope of project, please contact your Project Officer.

/s/

James Macrae  
Associate Administrator

Attachments

## I. PURPOSE

The purpose of this Policy Information Notice (PIN) is to describe the factors that will be considered by the Health Resources and Services Administration (HRSA) when evaluating change in scope requests for prior approval from health centers funded only under sections 330(g), (h), and/or (i) of the Public Health Service (PHS) Act (“special populations-only grantees”) who seek to add a new target population beyond the designated population for which section 330<sup>1</sup> Federal grant funds were awarded.

## II. APPLICABILITY

This PIN applies to special populations-only grantees funded under the Health Center Program authorized in sections 330(g), (h), and/or (i) of the PHS Act (42 U.S.C. 254b), as amended, specifically:

- Migrant Health Center (MHC) Programs, funded under section 330(g);
- Health Care for the Homeless (HCH) Programs, funded under section 330(h); and
- Public Housing Primary Care (PHPC) Programs, funded under section 330(i).

Health centers funded under section 330(g), (h), and/or (i) of the PHS Act are required to provide services to a statutorily defined target population; therefore, they must request a change in scope request in order to add a new target population. This PIN does not apply to health centers funded under section 330(e) because these health centers receive funding to serve general underserved populations (including migratory and seasonal farmworkers, homeless individuals and residents of public housing) and are not restricted to a specific statutorily defined target population.<sup>2</sup>

Health centers receiving funding under section 330(e) as community health centers identify a general medically underserved population as their target population in the service area (e.g., individuals below 200 percent of poverty) and are statutorily obligated to make services available to all residents of the service area<sup>3</sup> (including migratory and seasonal farmworkers, homeless individuals and residents of public housing), to the extent that they are able, using available resources. Health centers receiving funding under sections 330(g), (h), and/or (i) of the PHS Act (“special populations-only grantees”), respectively provide services to their specific statutorily defined target populations of migratory and seasonal agricultural farmworkers<sup>4</sup>, homeless individuals<sup>5</sup>, or residents of public housing<sup>6</sup>, and are not subject to the requirement to provide access to care for all residents of the service area.<sup>7</sup> However, all section 330 grantees are expected to address the acute care needs of all who present for service, regardless of residence or ability to pay. Individuals who are not members of the special population(s)

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<sup>1</sup> Here and throughout the PIN, “section 330” refers to section 330 of the PHS Act, as amended (42 U.S.C. 254b).

<sup>2</sup> Section 330(e)(1)(A).

<sup>3</sup> Section 330(a)(1) of the PHS Act.

<sup>4</sup> Sections 330(g)(1) and 330(g)(3) of the PHS Act.

<sup>5</sup> Sections 330(h)(1) and 330(h)(5) of the PHS Act.

<sup>6</sup> Section 330(i)(1) of the PHS Act.

<sup>7</sup> Section 330(a)(2) of the PHS Act.

served by a special populations-only grantee should then be referred to more appropriate settings for their non-acute health care needs.

Organizations that are designated under the FQHC Look-Alike Program that are seeking a change to their approved scope of project should follow the process outlined in PINs for FQHC Look-Alikes on <http://bphc.hrsa.gov/policy/#lookalikes>.

### **III. BACKGROUND**

HRSA recognizes that there are many reasons why a special populations-only health center may seek to add a new target population to its current scope of project. Grantees may be presented with a unique opportunity to serve a new population as a result of increased State funding or increased demand from a new population group. Health centers may also face unavoidable circumstances that can have significant effects on target populations. For instance, a health center funded only under section 330(g) to serve migrant and seasonal farmworkers may experience a significant decrease in demand for services from migrant farmworkers, concurrent with an increase in demand from the general population, as a result of a significant natural disaster that destroys most agricultural fields in their service area. HRSA also recognizes that gradual environmental or demographic changes (e.g., gentrification) are constantly occurring in communities which can result in fluctuations or declines in existing target populations and may present a need to redirect resources to another target population.

This PIN describes the factors that will be considered by HRSA in evaluating change in scope requests from special populations-only Health Center Program grantees that propose to add a new target population beyond that for which funding was awarded.

### **IV. SCOPE OF PROJECT**

A health center's scope of project includes the activities that the total approved section 330 grant-related project budget supports.<sup>8</sup> Specifically, the scope of project defines the approved service sites, services, providers, service area(s), and target populations(s) which are supported (wholly or in part) under the total section 330 grant-related project budget. A grantee's scope of project must be consistent with applicable statutory and regulatory requirements and the mission of the health center.

Section 330-funded health centers may also carry out other activities (other lines of business) that are not part of their Federal scope of project and, thus, are not subject to section 330 requirements. For example, a grantee corporation may run a day care center that is not within the scope of the federally supported project and does not use section 330 funds, personnel, or related revenue for support; therefore, it would not be subject to section 330 requirements or eligible for the benefits that extend to activities within the grantee's scope of project.

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<sup>8</sup> For additional requirements regarding changes in the Federal scope of project, please see HRSA PIN 2008-01, "Defining Scope of Project and Policy for Requesting Changes" at <http://bphc.hrsa.gov/policy/pin0801/>.

It is important to note that certain benefits, i.e., utilization of section 330 funds and related program income, Medicaid Prospective Payment System (PPS) and Federally Qualified Health Center (FQHC) Medicare reimbursements, Federal Tort Claims Act coverage, and 340B Drug Pricing apply only to the approved scope of project.<sup>9</sup>

#### V. **PRIOR APPROVAL FOR A CHANGE IN SCOPE TO ADD A NEW TARGET POPULATION FOR SPECIAL POPULATIONS-ONLY GRANTEEES**

Health centers are required to submit a request for prior approval to HRSA for changes in scope of project that are considered significant.<sup>10</sup> In addition to those types of change in scope requests that are considered significant (i.e., add/delete/relocate a site or add/delete a service), a special populations-only health center must request prior approval from HRSA to expand its current scope of project to include a new population beyond that for which funding was awarded (e.g., more than 25 percent of the health center's patient population is/will not be part of the defined target population). For example, a migrant health center funded under section 330(g) is experiencing a significant increase in demand for services at its existing sites from the general underserved population in its service area, resulting in approximately 30 percent of the health center's current patients being from the general population. In this case, since the new population being served is not consistent with that for which section 330 funding was awarded and represents more than 25 percent of the health center's current patients, the health center is required to request prior approval from HRSA, in accordance with this PIN, to add the new target population (i.e., the general population) to its approved scope of project. **This change in scope to add a new target population may be done in conjunction with, or independent of, a change in scope request to add/delete/relocate a site or add/delete a service.**

As is the case with all change in scope requests, proposals to expand the target population must be fully accomplished with no additional Federal support. Therefore, the health center must be able to demonstrate sufficient revenue to cover the costs of providing care to the new target population, while to the extent possible, maintaining the health center's ability to sustain services for the existing target population.

The addition of a new target population that occurs through a funded New Access Point (NAP) or Expanded Medical Capacity grant application does not require additional approval (i.e., a change in scope request) beyond that provided in the Notice of Grant Award (NGA) which will specify the respective funding for the grant application. For example, when a section 330(h) grantee seeks to expand its current target population to include the general population through a NAP application, the NGA will specify that the

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<sup>9</sup> Inclusion in the Federal scope of project is necessary but not sufficient to qualify for these programs. For example, medical malpractice coverage under the FTCA also requires HRSA's approval of a health center's FTCA deeming application. As another example, a health center's Federal scope of project may include a service that is not covered as an "FQHC service" under the relevant State's Medicaid plan, consequently, that service would be reimbursed at a fee-for-service rate rather than a per visit rate.

<sup>10</sup> For additional requirements regarding changes in the Federal scope of project, please see Attachment A of this PIN, which lists the approval criteria for prior approval of a Federal change in scope request, as well as HRSA PIN 2008-01, "Defining Scope of Project and Policy for Requesting Changes."

funds are being awarded under section 330(e) to establish a new Community Health Center project. The scope of project for the grantee will then include both the section 330(h) and section 330(e) activities.

Of note, when a health center requests to expand its target population beyond the designated population for which section 330 funds have been awarded, the change of scope will occur at the health center level (i.e., it will be applicable to the health center's entire scope of project) and will not be considered on a site-by-site basis. Consistent with existing scope of project policies, not all services must be available to all patients at every grantee service site; rather, all patients (from both the current and new target populations) must have reasonable access to the full complement of services offered by the center as a whole, either directly or through formal established arrangements.

## **VI. FACTORS THAT WILL BE CONSIDERED IN EVALUATING CHANGE IN SCOPE REQUESTS TO ADD A NEW TARGET POPULATION**

In addition to the requirements for all change in scope requests, HRSA will consider several factors when evaluating change in scope requests from special population-only grantees to add a new target population. Health centers must carefully consider the impact of the request on access to care for its current target population as well as the impact on the health center's short and long-term operations.

### **A. NEED FOR EXPANDING THE TARGET POPULATION**

As changes occur in communities, health centers may experience demand for services from underserved population(s) beyond that for which funding was awarded. This is particularly true in areas with high numbers of underserved people with limited access to providers serving this population or in areas with emerging population groups that may need special approaches to ensure access and the appropriate level of care.

Each health center is required to perform a periodic assessment of its declared service area to ensure that the description adequately reflects the health center's current activities.<sup>11</sup> As part of this assessment, the health center should also evaluate the degree and type of unmet need in the service area. Often health centers conduct patient origin analyses (i.e., using the zip codes of the patient records on file) as part of the service area assessment to monitor the areas from which the health center draws the majority of its patients and to determine if there are new service delivery patterns in the community.

As trends emerge through these periodic assessments (e.g., a significant change in demand for services and/or an unmet need relative to a new underserved population), a special populations-only health center may consider expanding its current target population. If this new population is not part of the defined target population for which section 330 funding was awarded and it is/would be a significant portion of the

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<sup>11</sup> Section 330(k)(3)(J) of the PHS Act.

total health center patients (e.g., more than 25 percent of the total health center patients are/would be from the new target population), a health center must seek prior approval before using section 330 grant funds and other grant-supported resources to provide care for this population. As part of a change in scope request to expand to a new target population, the health center must submit documentation of the unmet need of the proposed new target population.

#### **B. IMPACT ON NEIGHBORING HEALTH CENTERS**

It is essential that the population(s) served by other existing providers of care including other section 330 funded health centers and FQHC Look-Alikes, be examined when changes in scope of project (i.e., expanding the target population) are requested. The impact of the proposed expansion on the viability of these neighboring health centers providing services to the underserved should be considered. HRSA will review both the need for access to primary care services of the community/population to be served and the potential impact of such an expansion on a given neighboring health center(s).<sup>12</sup> Documentation of support and/or cooperation from any neighboring health centers in the form of a Board of Directors-endorsed letter, or an explanation why such a letter cannot be obtained, must be submitted with the change in scope request to add a new target population.

#### **C. COMPLIANCE WITH SECTION 330 REQUIREMENTS**

Change in scope requests to add a new target population must demonstrate how the special populations-only health center will comply with any newly applicable section 330 requirements that would result from the addition of the new target population. For instance, a health center currently funded to serve homeless individuals under section 330(h), requesting to serve the general community population under section 330(e), would need to demonstrate: (a) how the health center will meet any statutory and regulatory governance requirements that may have been waived (e.g., consumer majority, monthly meetings) as these requirements would no longer be eligible to be waived as a section 330(e) grantee; (b) how the health center plans to make services available to all residents of the service area, regardless of an individual's ability to pay (i.e., the limitation of section 330(a)(2) would no longer be applicable); and (c) how the health center will continue to meet any unique additional requirements that apply under section 330(h).

#### **D. SUSTAINED LEVEL OF CURRENT PATIENTS IN THE TARGET POPULATION**

In proposing a change in scope to add a new target population, a special populations-only health center must consider the impact on the availability and accessibility of services for its defined target population. A change in scope request to add a new target population should not result in the diminution of the grantee's level of health services currently being provided to the existing target population, either in terms of the number of patients served or the various types of services provided to these patients. At a minimum, special populations-only health centers approved to add a new target

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<sup>12</sup> See PIN 2007-09, Service Area Overlap: Policy and Process at <http://bphc.hrsa.gov/policy/pin0709.htm>.

population are expected to maintain, to the extent possible, the existing level of patients in the original defined target population. Any unique and unavoidable circumstances that are expected to impact the ability of the grantee to meet this expectation, and the health center's efforts to mitigate these circumstances, must be fully explained and documented in the change in scope request. (See section III of this PIN for further discussion on gradual environmental or demographic changes and unavoidable and unexpected fluctuations or declines in existing target populations.)

#### **E. FUNDING/BUDGET**

As stated in PIN 2008-01, all change in scope requests must be fully accomplished with no additional Federal section 330 grant support. When adding a new target population, a special populations-only health center must be able to demonstrate that it can generate sufficient revenue from the new population to cover direct costs as well as a reasonable share of the overhead costs projected to be incurred by the center in administering services to the new population. If an analysis indicates that additional Federal funds will be necessary in order to implement an expansion to serve a new target population, then the health center should submit an appropriate application for competitive funding rather than a change in scope request.

When approval is granted for a change in scope request to add a new target population, HRSA will reallocate a portion of the existing section 330 grant funding to the appropriate new section 330 subpart to support statutory requirements (section 330(r)(2)(B) of the PHS Act). Therefore, as part of the change in scope request, a health center must propose an amount of its current section 330 grant funding to be reallocated to the new section 330 subpart and provide a breakout of the projected patients for both the current target population and the new population to be served along with any other relevant supporting documentation. The section 330 grant funds to be reallocated should reflect a reasonable amount to cover the costs of providing care to the new target population, while maintaining the health center's ability to sustain services for the existing target population. HRSA will use this information, data from other health centers with similar patient profiles, as well as projected costs and revenues to arrive at an appropriate amount of Federal section 330 funds to be reallocated to the new subpart. This reallocation of funding to a new subpart will be documented in the NGA that approves the change in scope request.

#### **VII. CONTACTS**

If you have any questions regarding this PIN, please contact the Bureau of Primary Health Care, Office of Policy and Program Development at 301-594-4300. If you require further guidance on the process for submitting requests for prior approval for changes in scope of project, please contact your Project Officer.

## ATTACHMENT A

### Criteria for Prior Approval of a Change in Scope Request to Add a New Target Population

All requests for change in scope of project requiring prior approval will be reviewed by HRSA to determine if the request complies with the following criteria:

- 1) will not require "any additional section 330 funding" to be accomplished;
- 2) does not shift resources away from providing services for the current target population (see the additional criteria below regarding this expectation in the context of adding a new target population);
- 3) furthers the mission of the health center by increasing or maintaining access and improving or maintaining quality of care for the current target population;
- 4) is fully consistent with section 330 of the PHS Act and the implementing regulations including appropriate governing board representation for changes in service sites and populations served;
- 5) provides for appropriate credentialing and privileging of providers;
- 6) does not eliminate or reduce access to a required service;
- 7) does not result in the diminution of the grantee's total level or quality of health services currently provided to the target population (see the additional criteria below regarding this expectation in the context of adding a new target population);
- 8) continues to serve a Medically Underserved Area (MUA) or Medically Underserved Population (MUP).<sup>13</sup> Please note that the service site does not have to be located in an MUA to serve it;
- 9) demonstrates approval from the health center's Board of Directors and is documented in the board minutes; and
- 10) does not adversely affect the current operation of another health center located in the same or adjacent service area by providing documentation of support and/or cooperation from a neighboring health center(s) in the form of a Board of Directors-endorsed letter or an explanation why such a letter cannot be obtained.<sup>14</sup>

In addition, all requests from special population-only grantees to add a new target population beyond the designated population for which section 330 Federal grant funds were awarded, must comply with the following criteria:

- 1) maintains, to the extent possible, the existing level of services for the current target population for which section 330 funds were originally awarded;
- 2) demonstrates compliance with any and all new applicable requirements of section 330 of the PHS Act and Health Center Program regulations (42 C.F.R. parts 51 or 56) as appropriate; and
- 3) provides a reasonable projection of grant funds and patients allocated between the appropriate section 330 subparts.

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<sup>13</sup> Required for health centers funded under section 330(e).

<sup>14</sup> See PIN 2007-09, Service Area Overlap: Policy and Process at <http://bphc.hrsa.gov/policy/pin0709.htm>.