

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Health Services Agency *max*

BOARD AGENDA # \*B-1

Urgent  Routine

AGENDA DATE August 4, 2009

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Acceptance of the Staff Report on the Federal Health Resources and Services Administration's (HRSA) Site Visit for the Federally Qualified Health Center Look-Alike Recertification and Approval of the Proposed Action Plan to Address a Change in the Governance Structure of the Community Health Center Board

STAFF RECOMMENDATIONS:

1. Accept the Staff Report on the Federal Health Resources and Services Administration's (HRSA) Site Visit for the Federally Qualified Health Center Look-Alike Recertification and Approve the Proposed Action Plan to Address a Change in the Governance Structure of the Community Health Center Board
2. Authorize the Chief Executive Officer or his designee, to submit the Proposed Action Plan to the federal Health Resources and Services Administration.

FISCAL IMPACT:

The Fiscal Year 2009-2010 Proposed Clinic and Ancillary budget is \$49,633,469. Contained within this budget is the annual net impact of the Federally Qualified Health Center Look-Alike (FQHC-LA) designation of over \$7 million in enhanced revenue and prescription drug discounts. The recommendations are being made in order to maintain this FQHC-LA designation and the essential funding and other related benefits it affords.

BOARD ACTION AS FOLLOWS:

No. 2009-511

On motion of Supervisor Chiesa, Seconded by Supervisor Grover

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Grover, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2)        Denied

3)        Approved as amended

4)        Other:

MOTION:

*Christine Ferraro*

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

## **DISCUSSION:**

The Federally Qualified Health Center Look-Alike (FQHC-LA) designation for the Health Services Agency's primary care clinics was awarded effective September 20, 2007. On an annualized basis, it is projected that the designation will contribute over \$7 million dollars to the Stanislaus County Community Health Centers (Health Services Agency primary care clinics). This increase in revenue is based on the cost based methodology of reimbursement provided to FQHC designated clinics for services provided to Medi-Cal and Medicare beneficiaries, compared with the standard fee schedule applied to non FQHC designated providers. The FQHC designation is the single largest contributing factor to the Health Services Agency clinic system's improved financial operating performance.

In order to maintain the FQHC designation, the Health Services Agency must submit an annual recertification application to the federal Health Resources and Services Administration (HRSA) each July (due 60 days prior to the anniversary of the initial designation). On July 17, 2008, staff submitted HSA's first annual recertification application to HRSA. Although traditionally the recertification process for FQHC Look-Alikes has been a paper submission and desk review process, on October 3, 2008, HRSA sent a notification to Stanislaus County that its designation had been selected for a site visit pursuant to the 2008-07 Program Assistance Letter which announced a pilot whereby ten FQHC Look-Alike designations across the country would receive a site visit as part of the recertification review.

The site visit was to occur in November of 2008, but was subsequently rescheduled twice by HRSA. The site visit review did take place on February 25-26, 2009 and was conducted by two contracted reviewers and one HRSA project officer.

The feedback from this visit was sent by HRSA to Stanislaus County on June 3, 2009. The report entitled "FQHC-LA Site Visit Response Tool" contained 25 measures, of which HSA was found in compliance on 24. The remaining measure is with respect to governance structure, and the composition now considered non-compliant was previously approved and considered compliant by HRSA during the initial application review in 2007. Nonetheless and despite recent communication with HRSA as to the inconsistency, a corrective action plan based upon this revised interpretation is due to HRSA by August 30, 2009.

The issue of non-compliance is with respect to the three members of the Community Health Center Board (CHC Board) who are employed by Stanislaus County. HRSA has now determined that although the three board members are not employed in the health centers (primary care clinics), a violation of the conflict of interest policy is present as those board members are employees of the FQHC-LA "Applicant." Note: In the Stanislaus County Community Health Centers FQHC-LA designation, Stanislaus

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County is the "Applicant" and the CHC Board is the "Co-Applicant." This is a reversal by HRSA, as it had thoroughly reviewed the governance structure in the original August 2006 application as evidenced by a change it required the County to make before granting the designation. In February of 2007, the Board of Supervisors amended the original ordinance to meet HRSA's then current expectations as outlined in its January 2007 communication. Despite staff's disagreement with this finding, it is recommended that the Board of Supervisors approve the necessary changes in order to maintain the designation and the essential funding it provides.

To achieve compliance, changes would be necessary which would impact the County ordinance which established the CHC Board, the CHC Board bylaws, and ultimately the participation of the County employed board members.

As required by HRSA, a Proposed Action Plan has been developed (see Attachment A), and with the approval of the Board of Supervisors and the CHC Board, would be the basis for the required response by August 30, 2009. Should HRSA take issue with the proposed plan, the actions and timelines may need to be adjusted.

Among the proposed actions is the future amending of the County Ordinance (9.90 Community Health Center Board) by the Board of Supervisors. References to the two "non-user" seats which call for the Board of Supervisor appointments would need to be changed to eliminate the specific references to the appointees from the County Chief Executive Office and from the County Health Services Agency. Appointment, reappointment and removal of two of the five "non-user" seats however, would continue to be an authority of the Board of Supervisors, while the remaining three "non-user" seats and all six of the "user" seats would remain under the authority of the CHC Board. This is consistent with a federal requirement that allows an entity other than the CHC Board to appoint no more than half of the "non-user" board members.

This CHC Board composition issue was discussed with the CHC Board. Board members expressed disappointment based upon the areas of expertise of the three county employed board members and the value each has brought to the board and board discussions. Presently the two Board of Supervisor appointees are the County's Chief Operating Officer and the Public Health Officer. Although not a requirement, the CHC Board had appointed a county employee who is an Assistant Director of the Community Services Agency. If the Proposed Action Plan and subsequent intended ordinance amendment receive Board of Supervisors approval, it would be the intent of staff to assist in the identification of replacement board members who could offer similar areas of expertise and to continue to invite the three county employees to attend the CHC Board meetings.

Staff are recommending approval of the Proposed Action Plan, but specifically not recommending the adoption of an amended ordinance at this time. The reason for this

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distinction is the desire to seek approval for and implement ordinance and bylaws changes only after assurance is received that the Proposed Action Plan is acceptable to HRSA and that compliance will be achieved once the actions are implemented. Further, it is important to strategically time the implementation of the suggested changes to meet several objectives as outlined below:

1. To cause the effective date of an amendment to the ordinance which established and sets forth the responsibilities of the CHC Board, to closely coincide with the CHC Board's adoption of corresponding amendments to its bylaws.
2. To cause the effective dates of an amended ordinance and amended bylaws to be synchronized with the resignations/removal of the County employed CHC Board members to ensure that the CHC Board composition is consistent with the bylaws.
3. To cause the duration of vacancies to be as short as possible to ensure a CHC Board with at least nine members in accordance with the HRSA rules.
4. To cause the duration of vacant seats to be as short as possible to ensure an effective board and the achievement of required quorum at all board meetings.
5. To allow a reasonable timeframe to identify, orient and appoint qualified and interested community members.

This Proposed Action Plan was presented to and was supported by the Health Executive Committee of the Board of Supervisors on July 28, 2009.

Note: The second annual recertification application was submitted to HRSA by the Health Services Agency on July 16, 2009.

**POLICY ISSUE:**

This recommendation supports the Board of Supervisor's priorities of *A healthy community, Effective partnerships* and *Efficient delivery of public services*, as the FQHC-LA designation is an essential financial component of the Agency's ability to sustain the County's clinic system services for our community, and supports the Community Health Center Board's activities.

**STAFFING IMPACT:**

While there is no impact to the Salary and Position Allocation Resolution, the governing responsibilities of three county employees would eventually be impacted as a result of this recommendation and the intended future recommendation regarding the relevant county ordinance.

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ATTACHMENT A

**Proposed Action Plan in Response to FQHC-LA Site Visit Report of June 3, 2009  
(if approved by Board of Supervisors and CHC Board)**

Action	Responsibility	Timeline
1. Present proposed amended Ordinance to the Stanislaus County Board of Supervisors for approval to adopt.	HSA Managing Director/CHC Executive Director, County Counsel, County CEO Office and County Board of Supervisors	Within forty-five (45) days of receiving HRSA approval of the proposed plan
2. Cause Ordinance to be adopted (includes a required thirty (30) day timeframe which provides for a public notice).	Clerk of the Stanislaus County Board of Supervisors	Within forty-five (45) days of approval by Board of Supervisors
3. Present and consider proposed amended Bylaws to the Stanislaus County Community Health Center Board for approval	HSA Managing Director/CHC Executive Director and CHC Board	Within one hundred twenty (120) days of receiving HRSA approval to the proposed plan
4. Seek interested community members for the three "non-user" CHC board seats. Obtain completed applications.	HSA Managing Director/CHC Executive Director, County Chief Executive Office, County Board of Supervisors and CHC Board	Within one hundred twenty (120) days of receiving HRSA approval of proposed plan
5. Coordinate and accept resignations from the three County employed CHC Board members.	HSA Managing Director/CHC Executive Director and CHC Board	Within one hundred twenty (120) days of receiving HRSA approval of proposed plan
6. Appoint two new "non-user" members as replacements for the County Chief Executive Office appointee and the Health Services Agency appointee.	County Board of Supervisors	Within one hundred fifty (150) days of receiving HRSA approval of proposed plan
7. Appoint one new "non-user" member as replacement for the one County employed board member originally appointed by the CHC Board.	CHC Board	Within one hundred fifty (150) days of receiving HRSA approval of proposed plan
8. Submit report to HRSA Project Officer confirming implementation of the approved plan and full compliance.	HSA Managing Director/CHC Executive Director	Within one hundred eighty (180) days of receiving HRSA approved plan