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Credentialing and privileging requirements for Federally Qualified Health Centers

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The Department of Health and Human Services (HHS) has eleven operating divisions, including eight within the Public Health Service (PHS). The Health Resources and Services Administration (HRSA), one of the divisions of the PHS, is responsible for the administration and funding of Federally Qualified Health Centers (FQHCs) throughout the United States.

What is a Federally Qualified Health Center?

FQHCs are community-based and patient-directed organizations that deliver comprehensive, culturally competent, high-quality primary healthcare services. The term “Federally Qualified Health Center” is a Medicare/Medicaid designation administered by the Centers for Medicare & Medicaid Services (CMS). Health centers that are designated as FQHCs by HRSA must comply with federal rules that pertain to the Health Center Program as authorized in Section 330 of the Public Health Service Act (42 U.S.C. §254b). Within HRSA, the Bureau of Primary Health Care (BPHC) oversees Section 330 program requirements.

FQHCs provide families and individuals with access to primary healthcare, pharmacy, mental health, substance use disorder, and oral health services in medically underserved communities in which economic, geographic, or cultural barriers limit access to affordable healthcare services. FQHCs play a significant role in the delivery of ambulatory healthcare in the United States. The BPHC highlights on its website^[1] that more than 27 million people—1 in 12 nationwide—rely on a HRSA-funded health center for affordable, accessible, primary healthcare, including:

- One in 9 children 17 years or younger nationwide
- One in 3 people living in poverty nationwide
- One in 5 people living in rural communities
- More than 355,000 veterans

Unique resources and requirements for FQHCs

FQHCs have access to significant resources that help to support ongoing service to their target population and community. In addition to their annual federal award^[2] under Section 330 from HRSA, all FQHCs receive access to the following resources:

- FQHC Prospective Payment System (PPS) reimbursement for services to Medicare and Medicaid beneficiaries

- 340B Drug Pricing Program discounts for pharmaceutical products
- Free vaccines for uninsured and underinsured children through the Vaccines for Children Program
- Assistance in the recruitment and retention of primary care providers through the National Health Service Corps
- Eligibility for medical malpractice liability protection through the Federal Tort Claims Act (FTCA)^[3]
- The Accreditation and Patient Centered Medical Home Recognition Initiative^[4]

FQHCs must meet a defined set of Section 330 standards that have been established by the BPHC and addressed in its Health Center Program Compliance Manual.^[5] Following enactment of the Bipartisan Budget Act of 2018, which amended Section 330 of the PHS, the BPHC issued an update to its Compliance Manual. Subsequently, the BPHC revised its Site Visit Protocol in September 2018 to align with the statutory changes. Therefore, it is critical that FQHC-based compliance officers conduct a gap analysis to determine whether any enhancements or other modifications may be warranted for their Health Center's annual compliance work plan.

The BPHC's Compliance Manual outlines the following series of requirements for FQHCs:

- Chapter 1: Health Center Program Eligibility
- Chapter 2: Health Center Program Oversight
- Chapter 3: Needs Assessment
- Chapter 4: Required and Additional Health Services
- **Chapter 5: Clinical Staffing***
- Chapter 6: Accessible Locations and Hours of Operation
- Chapter 7: Coverage for Medical Emergencies During and After Hours
- Chapter 8: Continuity of Care and Hospital Admitting
- Chapter 9: Sliding Fee Discount Program
- Chapter 10: Quality Improvement/Assurance
- Chapter 11: Key Management Staff
- Chapter 12: Contracts and Subawards
- Chapter 13: Conflict of Interest
- Chapter 14: Collaborative Relationships
- Chapter 15: Financial Management and Accounting Systems
- Chapter 16: Billing and Collections
- Chapter 17: Budget

- Chapter 18: Program Monitoring and Data Reporting Systems
- Chapter 19: Board Authority
- Chapter 20: Board Composition
- **Chapter 21: Federal Tort Claims Act (FTCA) Deeming Requirements***

In the preceding list, chapters that have relevance for FQHCs' credentialing and privileging (C&P) policies and processes have been highlighted in bold font with an asterisk (*).

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