INTRODUCTION

For over 40 years, community health centers and other Health Center Program grantees have provided high-quality, comprehensive and affordable primary health care for low-income, medically underserved communities and families. Health centers have reduced health disparities and improved health care outcomes for patients and served as a model of effective health care delivery strategies.

Health centers are expected to play a crucial role in delivering care to millions of newly insured individuals who gain coverage as a result of the Patient Protection and Affordable Care Act (ACA). According to a 2011 analysis from the Center for Studying Health System Change, “Today, FQHCs [Federally Qualified Health Centers] seem poised to play a key role in federal health care reform, including coverage expansions and the emphasis on primary care and medical homes.” Assuming that role offers important opportunities for improving access to care as well as daunting challenges in developing workforce and health center capacity to meet the growing demand for services.

This fact sheet provides an overview of health centers, summarizes key components of the ACA as they relate to health centers, and identifies potential supporting roles for state and territorial health agencies (S/THAs) and primary care offices (PCOs).

BACKGROUND

Communities and organizations must navigate a complex process to qualifying for grant funding under the Health Center Program. They must demonstrate that they meet several standards of need, community support, financing and availability of services, and primary care providers and administrative staff.

What is a Health Center Program Grantee?

Health Center Program grantees encompass a variety of public and private organizations that share the core function of providing primary care and prevention services to underserved individuals. According to the U.S. Health Resources and Services Administration (HRSA), Health Center Program grantees are “community-based and patient-directed organizations that serve populations with limited access to...

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1 In this document, unless otherwise noted, the term “health centers” is used to refer to organizations that receive grants under the Health Center Program as authorized under section 330 of the Public Health Service Act, as amended. It does not refer to FQHC Look-Alikes or clinics that are sponsored by tribal or Urban Indian Health Organizations, except for those that receive Health Center Program grants.

health care. These include low-income populations, the uninsured, those with limited English proficiency, migrant and seasonal farm workers, homeless individuals and families, and those living in public housing.  

HRSA supports more than 1,100 Health Center Program grantees nationally. These centers operate over 8,100 sites located in every state, U.S. territory, and the District of Columbia. Together, these centers provided primary care and enabling services (such as transportation and translation) to 19.5 million patients in 2010.

There are four types of federal Health Center Program grantees:

- Community Health Centers
- Migrant Health Centers
- Health Care for the Homeless Programs
- Public Housing Primary Care Programs

In addition to these grant-funded health centers, FQHC Look-Alike Centers meet the Section 330 requirements for health centers; however, they do not receive federal grants. FQHC Look-Alikes receive most of the other FQHC benefits, including prospective payment system (PPS) reimbursement for services, participation in the 340B Drug Discount Pricing Program, and access to National Health Service Corps providers and resources.

**What's Required.** Health centers must meet several requirements to qualify for Health Center Program grants or be designated as FQHC Look-Alikes. In addition to being a private or public nonprofit organization, qualifying health centers must:

- **Provide care to an underserved and high-need community.** Health centers must provide care to a federally designated Medically Underserved Area (MUA) or Medically Underserved Population (MUP).
- **Meet governance and board requirements.** Governing boards must maintain authority to oversee the center’s operations and the board must be comprised of a majority of health center patients who represent the population served by the health center.
- **Promote access to health care by providing comprehensive primary health care and supporting services such as transportation, translation, outreach and patient education.** In addition, the health center must have an adequate staff to deliver these services. Other service requirements concern hours of operation, after-hours coverage and hospital admitting privileges for health center physicians.

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4 The 340B Drug Discount Pricing Program allows eligible organizations to purchase prescription drugs at a discounted price. For more information, visit http://www.hrsa.gov/opa/introduction.htm.
• Provide services to any person, with sliding scale fees that reflect the patient’s ability to pay. Patients pay for services based on their income, ranging from full discounts for individuals or families below 100 percent of the federal poverty guidelines to no sliding fee discounts for patients with incomes above 200 percent of the federal poverty level.

• Meet other performance and accountability standards. Health centers must meet several additional standards related to financial management systems, budget practices, program reporting systems and quality improvement and assurance plans.
Steps to Establish a Health Center

Community Development and Planning. As community-based organizations, health centers reflect the needs and resources of the local community. The first step in establishing a health center involves planning and development among community leaders and stakeholders to assess the need and then determine the delivery model that most suits the community’s resources and unmet primary health care needs. While the process is community-led, primary care associations and PCOs and other stakeholders are often involved in the process by facilitating dialogue among stakeholders, sharing information about health care delivery options and federal requirements, linking community members to public and private resources, and providing technical assistance with program and application development. In addition, PCOs provide data training and analysis, which reveals access problems and unmet needs.

Applying for Funding. Eligible organizations may apply for section 330 funding when HRSA announces open funding opportunities. Funding announcements are available through HRSA’s website (www.hrsa.gov), which also outlines the application process and timeline and technical assistance for applicants. Organizations are required to complete an application package based on the type of funding they are seeking. These include New Access Point Grants for new service delivery sites, expansion grants for existing grantees, and Service Area Competition Grants for areas that are currently being served by Health Center Program grantees.

Organizations that want to apply for FQHC Look-Alike status may submit applications at any time. Application guidelines and forms and technical assistance are available at http://bphc.hrsa.gov/about/lookalike/index.html. This offers multiple benefits for organizations that meet Health Center Program requirements, including access to National Health Service Corps (NHSC) providers and PPS Medicaid and Medicare reimbursement.

Applicants need to assess and demonstrate unmet needs in the target community. State and territorial health agencies, PCOs and primary care associations often support community development and planning activities through data gathering and analysis and technical assistance with strategic planning and program and application development. In addition, PCOs support establishment of health centers by designating MUAs/MUPs and Health Professional Shortage Areas. These designations provide important benefits for all safety net providers in the area, including access to NHSC providers and PPS Medicaid and Medicare reimbursement. PCOs gather and analyze necessary data to identify health care, dental and mental health shortage areas.

ACA Impact on Health Centers: Challenges and Opportunities

For More Information on Planning and Development

For information on planning and implementing health center programs, visit National Association of Community Health Centers’s Guidebook “So You Want to Start a Health Center…? A Practical Guide to Starting a Federally Qualified Health Center.”

The ACA’s Community Health Center fund provided $11 billion over a five-year period for health center expansion, construction and operations. Of that amount, $9.5 billion was earmarked to create new health center sites; support ongoing health center operations; and expand oral and behavioral health, pharmacy and other services at existing health center sites. The remaining $1.5 billion in health center funding is targeted to construction and renovation projects at existing health centers.

In August 2011, 67 communities received funding of $28.8 million for New Access Points.5 The additional funding is expected to help health centers deliver care to 286,000 new patients.6 Despite the positive impact associated with the New Access Point funding, fewer health centers were funded than originally expected, a consequence of federal spending cuts that resulted in reduced 2011 funding for health centers. Challenges include building, equipping and staffing health centers to meet the increased demand for services. By 2014, more than 32 million uninsured Americans are expected to have access to coverage and medical care, and health centers will play a key role as medical home for many of these people.

More than 800 organizations submitted New Access Point applications in 2011. Although these applicants did not receive federal grants in 2011, they have taken the necessary steps to apply for additional funding should it be made available. In addition, many of these applicants have taken the necessary steps to qualify for FQHC Look-Alike status.

STATE HEALTH AGENCY AND PCO ROLE IN HEALTH CENTER DEVELOPMENT

State and territorial health agencies and PCOs play an important role in establishing and supporting health centers. As described in greater detail in the accompanying report, PCO and PCA Partnerships to Support Health Center Development, PCOs and their partners in state Offices of Rural Health and other health programs offer important resources and tools that benefit health centers through the application, community development and planning, and implementation phases. While PCOs are limited by resource constraints to fulfill all of these roles, many PCOs have utilized staff time to perform critical functions related to health center development. Table 1 summarizes options for S/THA and PCO engagement with health center development.

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5 A list of awarded sites is available online at http://www.hrsa.gov/about/news/2011tables/110809newaccesspoints.html.
**Table 1: Supporting Health Center Development: State/Territorial Health Agency and PCO Roles**

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<th>Health Center Development Activities</th>
<th>S/THA and PCO Roles</th>
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| **Community Development and Planning**                      | **Primary care offices can play varying roles in community development and planning.**  
  - Providing data analysis and support for needs assessments and health center applications. Maryland’s PCO developed a comprehensive Data Compendium to assist applicants, and many PCOs provide customized data support.  
  - Disseminating information about federal resources and requirements for health center funding. S/THAs and PCOs, often in collaboration with the PCA and other partners, share information through webinars and conference calls, meetings, websites and technical assistance.  
  - Provide community facilitation and brokering among community stakeholders. Working with community stakeholders to analyze unmet needs and identify highest need communities.  
  - Designating Health Professional Shortage Areas and MUAs/MUPs, a requirement for section 330 recipients and financial benefit to other safety net providers who practice in those areas. |
| **State-Level Primary Care Planning and Development**        | **S/THAs and PCOs frequently participate in state-level planning and development activities to coordinate resources and assure maximum impact from public and private primary care resources. Steering committees and advisory councils serve an important function of convening partners, facilitating communication and enabling state-level planning and coordination.**  
  - North Carolina’s PCO and Primary Care Association Director both serve on a North Carolina Institute of Medicine Advisory Council that examines the impact of federal health reform on North Carolina’s safety net.  
  - Massachusetts’ Community Health Center Steering Committee engages state health agencies, including the PCO, as well as the Massachusetts League of Community Health Centers and other stakeholders to address emerging issues and challenges and support health centers throughout the state. |
| **Administering State Resources for Health Centers Development** | **Some S/THAs and PCOs administer state and other funding to support health center development. These funds support strategic planning and program development, new health center capital needs and ongoing operations.**  
  - A state tax on hospital discharges supports New Jersey Centers for Primary Health |
Care by providing reimbursement for medical and dental services for uninsured and underinsured individuals. In addition, state funding support health center development and expansion.

- Missouri’s Office of Primary Care and Rural Health provides grants, supported through Office of Rural Health and foundation sources, to develop rural health center capacity.

### Ongoing Health Center Support

Health centers face significant challenges related to recruiting and retaining health care professionals and administrative staff, funding operations and

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<th>S/THAs and PCOs support existing health centers through workforce development, technical assistance, and guidance about resources and opportunities related to ACA implementation.</th>
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<td><strong>Disseminate information</strong> to safety net providers about emerging issues and opportunities, such as funding announcements and updates about major ACA provisions, such as Patient Centered Medical Homes and Meaningful Use.</td>
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<td><strong>Workforce recruitment, retention and placement.</strong> In addition to required activities (e.g., NHSC and J-1 Visa programs) S/THAs and PCOs provide varying roles with workforce development.</td>
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<td>- Several PCOs collaborate with PCAs to administer the federal Student Experiences and Rotations in Community Health (SEARCH) Program, which exposes medical students and residents to community health.</td>
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<td>- North Carolina’s PCO aids in recruitment and marketing for a specialized training program for public health professionals known as the Management Academy for Public Health.</td>
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<td>- In addition, public-private partnerships between S/THAs, PCOs and other partners can leverage resources to develop workforce research and analysis capacity. The Massachusetts Health Care Workforce Center engages various state programs and academic and health care providers to analyze workforce needs and develop recommendations for workforce policy.</td>
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<td>- Several states administer financial incentives, including student loan forgiveness, for primary care providers who practice in underserved areas.</td>
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- Missouri’s Office of Primary Care and Rural Health provides grants, supported through Office of Rural Health and foundation sources, to develop rural health center capacity.
CONCLUSION

For more than four decades, health centers have been instrumental in providing high-quality, affordable care for medically underserved populations and communities. As federal health reform rolls out over the coming years, states and communities will rely on health centers to bridge the gap for millions of newly insured Americans. States, communities and safety net providers will face challenges and opportunities as they step up to meet the growing demand for primary care services. State and territorial health agencies and PCOs will build on their efforts to support communities and health centers through these uncharted waters. Through strategic partnerships with other public and private stakeholders, state health departments can play varying supporting and leadership roles in the midst of a rapidly changing primary care landscape.

Resources

Bureau of Primary Care New Start Web Guide
http://bphc.hrsa.gov/technicalassistance/newstarts/index.html

HRSA Program Requirements
http://bphc.hrsa.gov/about/requirements/index.html

HRSA, “How to Apply for Health Center Program Grant Funding”
http://bphc.hrsa.gov/about/howtoapply/index.html

HRSA’s Open Funding Opportunities
http://www.hrsa.gov/grants/index.html#Primary Health Care/Health Centers Open Opportunities


NACHC New Start Protocol

This fact sheet accompanies a more detailed report on PCO/PCA Partnerships to Support Health Centers, and a DVD Primer on Community Health Centers created by ASTHO and the National Conference of State Legislatures.

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