



**Strengthening Oklahoma's Safety Net,
One Community At A Time**

Board Bulletin

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Protecting the Future of Your Health Center

Health centers are public/private entities -- they receive 330 grant funding (public) but are governed by community boards (private). 330 dollars provide a funding stream to augment the uncompensated care health centers provide to the uninsured and those at or below 200% federal poverty level. However, sole dependence on grant funding would be fatal to the long term sustainability of a health center. CHC boards must be diligent in monitoring the fiscal management not only to protect health center viability but also to build resources needed to accomplish strategic planning goals.

The Board's Role in Proper Fiscal Management

- **Establish the center's financial priorities** - CHC boards must develop an issues agenda after carefully examining critical issues (difficulties that have significant impact on goal accomplishment) and assessing health center strengths. Mission accomplishment should drive priority-setting, with health centers using available resources effectively to ensure viability and cost-competitiveness in their marketplace.
- **Institute long-range financial planning** - Boards provide the health center vision - grounded in organizational history and culture but untethered in pursuit of growth for excellence. Once the vision is clear and all stakeholders know where the organization is headed, boards must engage in long-range financial planning to ensure adequate funding for future goals and then diligently work to dedicate available resources so that set goals can be accomplished.
- **Review and approve annual budget and annual audit** - As stated in Bureau of Primary Health Care (BPHC) Policy Information Notice (PIN) 98-23, "the ***budget***, as part of the health center's operating plan, must attempt to accurately project both the resources available in the coming budget period and the expenditures required to achieve the health center's goals and objectives." Great attention should be devoted to budget development where boards, along with health center management, assess trends (internal and external) and review center history (visit volume patient mix, expenses and revenue). After a budget is approved, the board must monitor it monthly to determine the health center's financial situation and make adjustments as necessary. Health center management must provide board members with appropriate financial reports for proper budget stewardship. Because of its importance, the budget will be the sole focus of next month's *Board Bulletin*. Health centers must also ensure that an annual independent ***audit*** is performed in accordance with the most recent federal guidelines for non-profit institutions, specifically those related to the auditing of recipients of federal funding. As stated in PIN 98-23, if there are significant audit exceptions, "the health center must implement a time-phased corrective action plan and may be subject to grant award conditions."
- **Establish internal control procedures** - Internal controls segregate financial duties and guard against fraud and abuse. Please see the March 2004 issue of *Board Bulletin* for more information on this issue.
- **Develop purchasing policies and standards** - Written standards of conduct must be developed along with a competitive bid process. Specific procurement and contracting procedures must also be outlined.
- **Establish protocols for determining eligibility and ensure an effective billing and collection system** - PIN 98-23 states, "Health centers must provide access to services without regard for a person's ability to pay." Once the board establishes protocol for eligibility of services, they must ensure that every effort is being made to maximize revenue from all sources. An effective billing and collection system is crucial to protecting health center viability and ensuring ready access to care for community residents. If you have questions or want further information, please contact OPCA by phone or e-mail jgrant@okpca.org.

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