

Frequently Asked Questions (FAQs) About Starting a Federally Qualified Health Center (FQHC)

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1. What is in the new health care reform law for Federally Qualified Health Centers?

The federal health reform package contains provisions that will significantly grow the Federally Qualified Health Center (FQHC) program over the coming years. These provisions include both dedicated, direct funding through a new Trust Fund and a permanent authorization of the program.

Beginning in 2010, \$11 billion in *new, dedicated funding* for the Health Centers program is available over a five year period. \$9.5 billion of this funding will allow health centers to expand their operational capacity, and \$1.5 billion of this funding is dedicated to capital projects.

Annual allocations for the operations dollars in the health care reform package are outlined as follows:

Fiscal Year	Total CHC Fund	Annual Increase
2011	\$1 Billion	
2012	\$1.2 Billion	+\$200 Million
2013	\$1.5 Billion	+\$300 Million
2014	\$2.2 Billion	+\$700 Million
2015	\$3.6 Billion	+\$1.4 Billion

2. What Are Federally Qualified Health Centers (FQHCs)?

Federally Qualified Health Centers (FQHCs) – often referred to as Community Health Centers (CHCs) – are nonprofit, community-directed health care providers serving low-income and medically underserved communities. Created by Congress over 40 years ago, FQHCs provide quality, affordable primary and preventive care for those whom other providers do not serve, regardless of an individual's ability to pay.

In Minnesota, there are 18 FQHCs in both urban and rural areas that served over 175,000 patients in 2009. For a listing of Minnesota’s FQHCs click [here](#) and maps are located [here](#).

3. *What Are the Benefits of Becoming an FQHC?*

There are many benefits of becoming an FQHC. Briefly, some of these benefits are:

<i>FEDERAL DOLLARS TO SERVE THE UNINSURED</i>	FQHCs receive annual ongoing grant funding from the federal government (“Section 330 Grants”) to offset the costs of uncompensated care and other key enabling services.
<i>MALPRACTICE COVERAGE</i>	The Federal Tort Claims Act (FTCA) provides free malpractice liability coverage to FQHC Board members, employees including clinicians and certain contracted clinicians for acts conducted within the scope of the FQHC’s project. <i>Click here to learn more about the FTCA.</i>
<i>WORKFORCE RECRUITMENT AND RETENTION</i>	The National Health Service Corps program provides FQHC providers with health professions scholarships and loan repayment. Students may become eligible for scholarships in exchange for a promise to work in a Health Professional Shortage Area (HPSA), while current health professionals can receive loan repayment assistance if they work with approved organizations in a HPSA. <i>Click here to learn more about the NHSC.</i>
<i>ENHANCED MEDICARE AND MEDICAID REIMBURSEMENT</i>	FQHCs receive cost-based reimbursement for services to Medicare patients, and Prospective Payment System (PPS) reimbursement for Medicaid patients.
<i>“FIRST DOLLAR” REIMBURSEMENT UNDER MEDICARE</i>	FQHCs receive reimbursement by Medicare for “first dollar” of services because deductible is waived if FQHC is providing the Medicare services.
<i>FAVORABLE PRESCRIPTION DRUG PRICES FOR PATIENTS</i>	The federal 340B program allows FQHCs to purchase covered outpatient prescription pharmaceuticals for patients at substantially discounted prices. The FQHC may distribute the pharmaceuticals through their in-house pharmacy or through contract with a retail pharmacy.

	<i>Click here to learn more about the 340B program.</i>
CAPITAL INVESTMENTS	FQHCs are eligible to receive grant support and loan guarantees for capital improvements.

4. When Will the new FQHC dollars be available?

There will be \$1 billion available for FQHCs beginning in federal fiscal year 2011. The federal fiscal year begins on October 1, 2010. The first round of applications to apply for this funding will be during the summer of 2010 with the first grant awards as early as October/November 2010. (This schedule may change depending upon Congressional activity.)

5. What Are the Key Requirements to Qualify as an FQHC?

In order to receive the FQHC designation, the following criteria must be met:

NON-FOR-PROFIT CORPORATION	FQHCs must be a private not-for-profit or public organization.
COMPREHENSIVE PRIMARY CARE	FQHCs must provide comprehensive primary care directly and/or by contract. (A listing of the specific services can be found here.) In addition, the FQHC must provide “supportive services” (e.g., patient education, translation, outreach) that promote access to care.
LOCATED OR SERVE A HIGH NEED COMMUNITY	The FQHC must be provide care to a either a Medically Underserved Area (MUA) or serve a Medically Underserved Population (MUP). To learn more about the MUA/ MUP designation, click here, and to see if your community is located in an MUA/MUP, click here.
SLIDING FEE SCHEDULE TO THE UNINSURED	The FQHC must have a schedule of fee discounts for services based upon the patient’s family income and size.
INDEPENEDENT, COMMUNITY-BASED BOARD OF DIRECTORS	FQHCs boards must reflect the larger community using the health center. Consequently, at least 51% of board members must be regular consumers of the health center. In addition, the FQHC must have an independent Board of Directors the exercises key authorities.

6. How Do I Apply to Become an FQHC?

With the large investment of funds into the FQHC program over the next five years, the federal government will have at least one funding application opportunity per year. These grants will be announced on the Health Resources Services Administration's (HRSA) newsroom web-site (<http://newsroom.hrsa.gov/>). Also, FQHC application packages will be available at www.hrsa.gov/grants/ when they become available.

Beyond the procedural process, MNACHC encourages applicants to make sure your location or population served is eligible and that you have community support. Also, we encourage you to contact MNACHC if you have any questions about the application process, program requirements or assistance with developing an application.

Finally, the National Association of Community Health Centers (NACHC), provides a broad range of services and trainings. NACHC created [A Practical Guide for Starting a Federally Qualified Health Center](#) in January of 2005 to assist those interested in starting an FQHC.

7. Who is MNACHC?

The Minnesota Association of Community Health Centers (MNACHC) is a non-profit membership organization of Minnesota's Federally Qualified Health Centers (FQHCs). MNACHC works on behalf of its members and their patients to promote the cost-effective delivery of affordable, quality primary health care services, with a special emphasis on meeting the needs of low income and medically underserved populations.