



Tennessee Primary Care Association Principles of Health Center Growth and Expansion

The mission of the Tennessee Primary Care Association (TPCA) is to improve access to primary health care through leadership, advocacy and support as the voice of health centers. The Association promotes the development of primary health care services that provide comprehensive, accessible, community based, and integrated preventive and primary health care regardless of an individual's or family's ability to pay.

TPCA aims to support members and community partners as they strategically expand services and develop new sites in order to achieve better access to quality health care services in all communities of need in Tennessee. By working collaboratively with all Tennessee Health Centers towards this vision, TPCA intends to facilitate their growth and to meet the unmet needs of local communities. TPCA works to strengthen and grow the existing network of Health Centers and to maximize their chances of successful, sustainable projects.

Historically, Health Centers have expanded by securing federal grant awards through the Health Resources and Services Administration (HRSA) funded New Access Point competitions, by adding sites through an FQHC Look-alike application and by submitting for HRSA Change in Scope approval in order to add a site without seeking an additional federal award. (Under the proposed new HRSA Compliance Manual, health center grantees would no longer add sites through an FQHC Look-alike application.) The principles outlined in this document reflect the historical understanding of health center growth and expansion which closely aligns with HRSA policy.

Looking forward the nature of expansions will likely take on new shapes including mergers and affiliations. The health care marketplace is changing rapidly and this has propelled health centers to consider new strategies for sustaining their organizations. Nationally, health centers are exploring affiliations or mergers while others are forming Independent Practice Associations (IPAs) and/or Accountable Care Organizations (ACOs). An indicator of the shift in the health care delivery system can be seen in the recent growth of physician practices acquired by hospitals. According to Modern Health Care (September 2016) hospitals acquired 31,000 physician practices between 2012 and 2015 representing a growth of 86% in hospital ownership of medical practices. Rapid changes in the healthcare system and the move toward value based payment are propelling health centers to consider strategies for growth they may not have considered in the past.

TPCA will continue to work with NACHC, HRSA and other partners to better understand and inform health centers about mergers and affiliations of health centers with other health care providers

Tennessee Community Health Center Principles of Growth and Expansion

The following Principles of Expansion establish a vision intended to guide Health Center expansion activities in a manner that meets the unmet needs of local communities, strengthens the existing Health Center infrastructure, and maximizes the chances of successful, sustainable projects. The Principles are aspirational standards that provide a guide for Health Center Executives, Boards of Directors, and staff

to consider prior to expanding. TPCA's priority is to maintain a united and cohesive membership. Thus, TPCA recognizes that there are both legal and relational dimensions to growth and expansion decisions. The interest of the Association and its membership is to encourage disclosure of growth plans among health centers for the purposes of identifying opportunities for collaboration and minimizing the likelihood of confusion, misunderstanding and conflict. This voluntary disclosure would be subject to appropriate confidentiality policies and procedures.

These Principles of Growth and Expansion are adopted by the Tennessee Primary Care Association Board of Directors. TPCA will share a copy of the Tennessee Community Health Centers Principles of Growth and Expansion each time it issues a Letter of Support and will distribute them annually to every Health Center CEO.

Any Community Health Centers (CHC) or potential CHC should consider the following Principles of Growth and Expansion:

- Assure compliance with local, state, and federal rules and regulatory requirements governing Community Health Centers. This includes any conditions on federal grant awards and any progressive action that HRSA has undertaken.
- Assure that a target population has been identified and a needs assessment has been conducted. Needs assessment data should be objective and, if possible, take into account multiple data sources. The data should clearly demonstrate the need for either medical, dental, or behavioral health within the target population. The target populations refers to the individuals within a geographic area that the health center intends to serve including individuals and families at or below 200% of the Federal Poverty Level, and/or specific racial or ethnic groups, people who have significant geographic or language barriers to obtaining care, or people whose financial circumstances create a barrier to health care.
- Assure financial viability to support existing services and planned expansions in accordance with all applicable laws and regulations.
- Assure sustainability of operations through the recruitment, retention and development of leadership staff and maintenance of succession plans.
- Assure access to quality primary medical, oral health, behavioral health and supportive services regardless of an individual's ability to pay.
- Assure that the Health Center operates with integrity, honesty, truthfulness and adherence to the absolute obligation to safeguard the public trust.
- Assure collaboration, or an attempt at collaboration, with existing CHCs where there is the likelihood of a service area overlap. Disclose growth plans whenever possible in order to maximize collaboration and minimize the likelihood of misunderstanding. This disclosure would be subject to appropriate confidentiality policies or procedures.

HRSA Requirements and Grantee Responsibilities

Both TPCA and existing Community Health Centers (CHCs) are bound by expectations that are revised and updated on an ongoing basis and are governed by HRSA Policy. It is our general intent that both TPCA and CHCs operate in good faith with the expectations placed on us by the Health Resources and Services Administration. As an example, at the time of this edit, HRSA has requirements for both Primary Care Associations, existing grantees, and new applicants for Look-Alikes or New Access Point grants. These requirements are listed here:

HRSA Primary Care Association Requirements

Provision of Training and Technical Assistance (T/TA): Any T/TA activity for which PCAs use HRSA funds must be made available to all existing health centers (i.e. Health Center Program grantees, FQHC Look-alikes) within the state/region, regardless of PCA membership. It will be a violation of the Cooperative Agreement if PCAs refuse to work with an existing health center. PCAs should provide equal access to T/TA services without regard to PCA membership. Additionally, PCA's are required to work with all proposed NAP applicants as they are included under the broad umbrella of FQHC's.

HRSA Existing Grantee Requirements

Service Area Overlap: The funded NAP or SAC application is the basis for determining a grantee's initial service area. Similarly, FQHC Look-Alikes initially document their service area in the designation application. Once established, health centers should incorporate periodic service area assessments into the annual grant application (competing or non-competing) or FQHC Look-Alike annual re-certification application. In communities with high levels of unmet need among the underserved population(s), service area overlap may be appropriate and provide critical additional access. This is particularly true in areas with high numbers of underserved people and limited providers serving this population or in areas with specific sub-groups of the population who may need special approaches to ensure access (e.g., non-English speaking groups, people who are homeless, or newly arrived immigrants/refugees).

HRSA will be guided by the following overarching principles listed below when assessing individual situations of service area overlap:

- 1. Meeting the health care needs of the community and target population is paramount in decisions related to service area overlap;*
- 2. Federal grant dollars should be distributed in such a way as to minimize the potential for unnecessary duplication and/or overlap in services, sites, or programs;*
- 3. HRSA recognizes the advantage of using existing resources with proven capabilities to maintain effective and efficient delivery of health care within communities;*
- 4. When a newly identified group of underserved people within a community already served by a health center is proposed to be served by a new site (e.g., homeless people within the service area), this potentially unmet need in the community will be considered when reviewed for service area overlap. If the health care needs of the relevant medically underserved population group within a service area are not being met, geographic service area boundaries will not serve as a barrier to the approval of the application, even where the service area does in fact overlap with that of an existing grantee health center or FQHC Look-Alike;*
- 5. HRSA encourages openness and collaboration among providers. The goal of collaboration is to utilize the strengths of all involved organizations to best meet the overall needs of the area's underserved population; and*
- 6. HRSA has a responsibility to ensure the efficient distribution of Federal resources. Therefore, when the potential exists for patients to be drawn from an existing health center to a new organization or proposed site, HRSA will consider the financial impact on the existing health.*

HRSA Service Area Competition and New Applicant Requirements

Collaboration: As part of the 2017 Service Area Competition applications and previous New Access Point (NAP) Funding Opportunity Announcement, applicants are asked to provide either letters of support from current Federally Qualified Health Centers (FQHCs), FQHC Look-Alikes, Rural Health Clinics (RHCs), health departments, and/or Critical Access Hospitals (CAHs) that could potentially serve their target population, or a justification as to why such letters cannot be obtained. In addition, these applications

will be assessed and scored by an Objective Review Committee on the extent to which they demonstrate formal and informal collaboration and coordination of services with other health care providers. These assessments will factor into decisions about which applications HRSA will fund. In doing so, HRSA may examine the past performance of the existing health center and its historical and current ability to meet the needs of the community

Needs Assessment: Applications for New Access Point funding must demonstrate a high level of unmet need within their service area/target population, present a sound proposal to meet this need consistent with the requirements of the Health Center Program, and demonstrate collaborative and coordinated delivery systems for the provision of health care to the underserved. Further, applicants are expected to demonstrate that the New Access Points will increase access to comprehensive, culturally competent, quality primary health care services and improve the health status of underserved and vulnerable populations in the area to be served.

Collaboration & Disclosure Standard

In accordance with Section 330 (k) (B), this standard requires every Health Center that applies for Section 330 grant funds demonstrate that it "has made and will continue to make every reasonable effort to establish and maintain collaborative relationships with other health care providers in the catchment area of the center." Centers considering expansion must also be compliant with DHHS implementation rules 42 CFR 51c305 (h) and (i) which provide that consideration be made that the applicant's catchment area is exclusive of the area served by another center, as well as the degree to which the applicant intends to integrate services with "other Federally assisted health services or reimbursement programs or projects."

HRSA Considerations for Health Center Mergers, Acquisitions and Other Corporate Changes

A health center that alters its legal identity through a corporate transaction which could result in a merger (unification of two or more entities), an acquisition (being acquired by another entity) must submit a written request to HRSA. If the prior approval request is approved, it is possible for the federal award to be transferred from the health center to another corporate entity. For additional information see: <http://www.hrsa.gov/grants/hhsgrantspolicy.pdf> "Changes in Organizational Status" pages 11-82.

Expansion Considerations for Health Centers

When a health center brings a new site or new services into an underserved community, the first consideration is the community's need and their wishes. For the purposes of this discussion, community is understood to mean the people representing or closely aligned with the needs of the target population for health center expansion. Expansions to new communities may be done in a number of ways: with communities partnering with an existing CHC, with a community developing a new entity, with an existing local resource (e.g., an existing non-funded clinic) developing into a compliant Section 330 FQHC and applying for an independent grant, or through any number of creative collaborative models.

There are significant benefits to communities in partnering with an existing CHC including leveraging existing resources; avoiding unnecessary duplication of costs and/or overlapping services; enabling economies of scale and lowering overall costs of care; and preventing destabilization of existing CHCs in which considerable federal investments have been made.

There may be drawbacks to partnering with an existing CHC in some instances. It is important for community partners to assess the capacity and interest level of the existing CHC to expand within the

community's timeframe; the administrative, leadership, or clinical capacity of the existing CHC; the geographic distance between the CHC and the community; whether the existing CHC is adequately meeting the needs of the existing service area; and political and/or financial barriers that might emerge by aligning with an entity that has different priorities than the community.

While TPCA encourages collaborative conversation among interested communities and existing CHCs, the ultimate decision on expansion is not a decision to be made by TPCA. The decision rests with the community, including individuals representing underserved populations. In conversations among Health Centers, the ultimate decision on expansion belongs to the Health Centers' Board of Directors. Ultimately, any final funding decisions always rest with HRSA and in this capacity, HRSA will evaluate the merits and strengths of the different proposals. TPCA is required to provide technical assistance and support to both FQHC's interested in expansion and entities interested in starting an FQHC. This technical assistance should not be viewed as an endorsement of an expansion proposal.

TPCA's Role and Responsibilities

In accordance with HRSA expectations for Primary Care Associations and consistent with its mission, TPCA promotes community health center development in order to provide new or expanded services to a community. To advance this goal, TPCA promotes the development of new access points and expansion of capacity and services by new and existing Federally Qualified Health Centers (FQHC) as a means to provide primary and preventive health care to underserved populations.

To assist in the development and expansion of FQHCs, TPCA promotes the use of federal, state and/or private foundation grant funds as well as means other than direct federal grants (i.e. non-financial change of scope). Specifically, TPCA

- publishes and distributes information regarding federal and state grant opportunities to its members and, as applicable, other interested organizations;
- provides technical assistance, training and advocates for increased federal and state grants dollars for the expansion of community-based primary health care in Tennessee; and
- Partners with funders, payers, policy makers, community health centers and safety net providers, and other relevant stakeholders in order to promote the stability and growth of an accessible and readily available community based community health care system in Tennessee.

TPCA supports collaborative ventures between and among FQHCs as well as collaborations between FQHCs and other interested organizations whose missions include providing services and care to poor and underserved populations. TPCA's aim in supporting collaborative ventures is to enhance the ability of health centers to provide high quality, cost-effective health care services to patients by, among other things:

- integrating the capacity of Health Center in a community;
- avoiding unnecessary duplication of costs and/or overlapping services;
- enabling economies of scale and lowering the costs of care;
- preventing destabilization of existing Health Centers in which considerable federal investments have been and continue to be made; and/or
- allocating limited federal grant funds and related resources to areas most in need.



Through TPCA sponsored CEO meetings, TPCA provides opportunities for its member health centers to learn about each other's organizations and to communicate, collaborate, and develop shared plans to increase access to primary health care services for Tennessee communities. TPCA may additionally convene smaller meetings in order to facilitate dialogue among health centers. TPCA provides training and technical assistance related to the health care delivery system and value based payment in order to empower health center leaders and their Boards of Directors to consider strategic options for their growth and sustainability.

TPCA Compliance with State and Federal Statute, Regulation, and Policy

TPCA supports health center growth consistent with Federal statute, regulation, and policy that collectively stress collaboration as an appropriate means to facilitate high-quality, cost-effective, health care while taking into account the limited availability of state and federal grant resources to serve underserved communities. In particular, TPCA recognizes these applicable federal policies and supports collaborations consistent with:

- Section 330(k)(3)(B) of the Public Health Service Act which requires every health center that applies for grant funds to demonstrate that is "has made and will continue to make every reasonable effort to establish and maintain collaborative relationships with other health care providers in the catchment area of the center."
- The DHHS implementing regulations that provide that, in the review of Section 330 applications, DHHS may consider (among other factors) the relative need of the population to be served for the services provided, whether the applicant's catchment area is exclusive of the area served by another center, and the degree to which the applicant intends to integrate services with "other federally assisted health services or reimbursement programs or projects." 42 CFR 51c.305(b), (h), and (i).
- BPHC Policy Information Notice (PIN) 2007-09 (*Service Area Overlap: Policy and Process*) which describes HRSA's policies and processes for identifying health center service area overlap situations and its role and approach to resolving potential service area overlap.
- Any future BPHC PINS that address issues of competition and collaboration.

In supporting collaborative efforts of its members and other organizations, it is understood and agreed that TPCA will not support or engage in any actions or activities that result in or could result in illegal resource determination and/or distribution, market allocation or other actions in violation of applicable federal, state and local law, regulation and policy including, but not limited to, antitrust law. Should questions arise as to whether specific actions are permissible, TPCA will obtain advice from appropriate legal counsel or from national experts.

TPCA does not restrain competition in violation of federal antitrust laws or in a manner that does not promote collaboration to the fullest extent possible. In complying with federal antitrust laws, TPCA recognizes the autonomy of its members and, as applicable, other organizations to develop growth plans.

TPCA's Role in Facilitating Collaboration

The Board of Directors of TPCA asserts that is important for the TPCA staff to remain neutral during discussions among health center on growth and expansion that may result in competition or service area overlap. TPCA recognizes that ultimately decisions about growth and expansion are made by each Health



Center's Board of Directors and funding decisions are made by the funder (HRSA). TPCA urges transparency and collaboration among health centers. TPCA will not engage in activities that could result in illegal resource determination such as attempting to influence federal funding decisions, market allocation, or assisting one project over another.

In its provision of training and technical assistance services, TPCA may become aware of competition or the potential for among member Health Centers. In these situations, TPCA may offer to facilitate a conversation between members. Insofar as TPCA has a legitimate interest in ensuring that community needs are met, it may offer to:

- (a) participate in and/or facilitate collaborative discussions between parties at their request;
- (b) assist in data collection and analysis; and/or
- (c) identify other resources, expertise and guidance to assist the parties.

TPCA Providing Letters of Support

Health Centers are not required by HRSA to supply a Letter of Support from their state primary care associations in their grant applications and the support of the state primary care association is not a factor in HRSA funding decisions. However, these letters may be valuable for health centers and TPCA regularly supplies Letters of Support to health centers and other partners with the goal of increasing the presence of health centers in Tennessee and strengthening the state's health care system.

TPCA has an on-line [Letter of Support Request Form](#) on its website for Health Centers and others entities to use in requesting a letter of support. Health Centers requesting a letter identify the type of application, the proposed location of the new Health Center or site, and briefly describe the application's focus, service area or other important features. The applicant is asked to disclose whether or not the proposed service area is currently served by an existing FQHC and if the existing FQHC serving the same area has agreed to provide them a letter of support. Under the HRSA 2017 Service Area Competition FOA, health centers are required to secure letters from existing health centers within the service area. The service area is the area in which the majority of the health center's patients reside. See the [UDS Mapper](#) for a graphic representation of health center patients by zip code.

The TPCA CEO may provide a letter providing factual information including the need for primary health care services in the area, whether or not the applicant is a member of TPCA and TPCA may offer support the applicant with information, training and technical assistance. When more than one applicant is applying for funding in the same community, the TPCA CEO may seek guidance from the TPCA Executive Committee and consult with the TPCA Legal Counsel to determine the best course of action. TPCA reserves the right to decline a request to provide letters of support from organizations engaged in a competitive application cycle for overlapping service areas.

Policies and procedures shall be periodically reviewed and updated consistent with the requirements and standards established by the Board of Directors and by TPCA management, Federal and State law and regulations, and applicable accrediting and review organizations.

Responsible Party:

Kathy Wood-Dobbins
Chief Executive Officer Signature

2/17/17
Date

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