



## Community Health Center Sliding Fee Discount Program Requirements

Federally qualified health centers (FQHCs or Community Health Centers, CHCs) are required to have a sliding fee discount program. This requirement is established in the statute and regulations that govern the FQHC program<sup>1</sup> as well as in the sub-regulatory guidance that helps to clarify how to demonstrate compliance<sup>2</sup>.

### Sliding Fee Discount Program Basics

CHCs are required to:

- Prepare a schedule of fees for services based on reasonable costs to cover the provision of services and consistent with locally prevailing rates.
- Prepare and apply a sliding fee discount schedule so that the amounts owed by eligible patients are discounted based on the patient's ability to pay. The schedule must:
  - Allow for a full discount or a nominal fee for all patients below 100% of the Federal Poverty Level (FPL).
  - Include at least three categories of discounts for patients between 101% and 200% FPL, with none of the discounts being greater than the discount offered to those below 100% FPL.
  - All patients eligible for the program receive the same treatment. CHCs are not allowed to offer special discounts for particular populations.
- Make every reasonable effort to obtain reimbursement from third party payers, including Medicaid, Medicare, CHP+, and private health insurance.
- Have board-approved policies, with supporting procedures, covering eligibility, documentation and verification requirements, the schedule of discounts, billing and collections, and provisions for waiving the fee.
- Annually update the schedule based on changes to Federal Poverty Guidelines and on a regular basis review the sliding fee schedule and fees to ensure there are no barriers to care.

### Sliding Fee Discount Program Eligibility Requirements

CHCs are required to:

- Screen patients for eligibility for a sliding fee discount. Per federal requirements, eligibility for a sliding fee discount is only for below 200% FPL. However, if the CHC has additional funding from other sources discounts can be extended to patients above 200% FPL.
- Eligibility is based on family size and income. Both must be defined by the CHC and must be consistent with Federal, State, or local laws and requirements. The definition of income cannot include assets. It is up to the CHC to determine what type of documentation is required to demonstrate both income and family size.

### Further Details

- The CHC can have multiple sliding fee discount schedules if appropriate.
- The CHC can charge a separate fee for supplies and equipment, and in some cases labs. The patient needs to be informed of the separate charge prior to the service.
- Patients with public or private insurance may also be eligible for a sliding fee discount. The maximum charge a patient would pay is based on where they fall on the sliding fee discount schedule based on income.
- If providing a service via a formal arrangement, the contract or formal agreement must detail how that organization will provide the services following a sliding fee structure that is at least equal to the sliding fee discount program used by the CHC.

<sup>1</sup> Section 330(k)(3)(G) of the PHS Act; and 42 CFR 51c.303(f), 42 CFR 51c.303(g), 42 CFR 51c.303(u), 42 CFR 56.303(f), 42 CFR 56.303(g), and 42 CFR 56.303(u).

<sup>2</sup> [Policy Information Notice 2014-02](#): Sliding Fee Discount and Relating Billing and Collections Program Requirements.