Sliding Fee Discount Program:

Opportunities for Improvement and Areas of Risk including Pharmacy Discounts

David Fields, CPA, CMA, CFM – BKD, LLP
Partner
dfields@bkd.com
Twitter – @DavidFieldsCPA

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Agenda – Sliding Fee Program

- Sliding fee & 340b pharmacy
- 330 law and CHC compliance manual
- Site visit protocol
- Common challenges
- Fee schedule/billing
Sliding Fee & 340B Pharmacy

• What makes this so complex?
  • Our normal sliding fee categories or a pharmacy category
  • What if generic or others are cheaper?
  • The question of co-pays?
  • Contracting versus in-house
  • Patient definition and accessibility
• Our normal sliding fee categories or a pharmacy category
  • Can you have more than one sliding fee scale? Yes
    • Caution with income scales
    • Opportunities for slide category payment amounts
  • Sliding the fill fee, the cost of the drug, or both?
    • Fill fee – required to slide? – I would argue yes
    • Cost of drug – required to slide? – I would argue you can, but not required
    • Let’s talk nominal fee – how are we meeting this expectation?
Sliding Fee & 340B Pharmacy

- What if generic or others are cheaper?
  - Do you have to offer 340b if pharmacy is offering generic cheaper?
    - Think $4 generic
    - Let’s talk winners & losers for a minute – consider with contract providers
    - Note recent law – no gag order if non-insured price is cheaper

- Word of warning
  - Commercial insurance contracts asking for average costs being paid
  - What if they are trying to pay you that amount?
  - Typically we recommend you argue for the average whole cost
Sliding Fee & 340B Pharmacy

- The question of co-pays?
  - Billing
    - Legally you must follow your contract
    - Could you consider your sliding fee to be secondary insurance and a contractual adjustment?
    - Could you consider paying yourself under the sliding fee like a 3rd party secondary insurer? e.g. you physically write yourself a check
  - How far out on a limb are you going?
  - How much extra work are you willing to do?
  - A key perspective is to always make it about the patient and patient care
Sliding Fee & 340B Pharmacy

- Sliding fee contracting versus in-house
  - Do you have to provide the sliding fee everywhere for pharmacy?
    - All contract pharmacies or select contract pharmacies
    - What about only at your in-house pharmacy?
    - How is your plan providing accessibility to all your patients?
    - Creative solutions?
      - Unique discount cards for contract pharmacies
      - Mail order
      - Courier
      - Pickup
  - All plans and strategies must comply with laws and the state board of pharmacy
Sliding Fee & 340B Pharmacy

- Sliding fee contracting versus in-house
  - How are contract pharmacies enforcing patient co-pays?
    - Walgreen’s, CVS, etc.
  - Look at the plans and how patients pay and match to sliding fee policy
  - Think patient access, practicality and legality

- Patient definition and accessibility
  - Area of scrutiny and potential revision by regulators
330 Statute Requirements

• Health centers should
  • Assure no patient will be denied health care services due to inability to pay
    • Ensure financial barriers to care are minimized for patients who meet certain eligibility criteria
  • Fees or payments required by center for such services will be reduced or waived to enable center is able to fulfill the assurance above
    • Sliding Fee Discount Program
Overview

• HC Program Compliance Manual – Authoritative Sliding Fee Guidance
  • Purpose
  • Applicability
  • Structure

• HC Program Compliance Manual – Chapters 1 through 21
  • Sliding Fee is Chapter 9
HC Program Compliance Manual

• Purpose:

• **Streamlined & consolidated** resource to assist health centers in understanding & demonstrating compliance with the Health Center Program & FTCA

• Identifies requirements found in the Health Center Program’s **authorizing legislation & implementing regulations**, as well as certain applicable grants regulations

• Reduce time & effort necessary for HCs to understand & demonstrate compliance with program requirements
Applicable to **ALL** Health Center Program award recipients, subrecipients & look-alikes

- Including public entities & Health Centers funded to serve only special populations (Homeless, Public Housing and/or Migrant)

**Effective Date:** Immediately upon release – **August 28, 2017** & Updated **August 20, 2018**

- Only revisions to chapter 9 were typographical corrections

Does not apply to activities conducted outside of a health center’s approved Scope of Project
HC Program Compliance Manual

• Supersedes non-regulatory policy issuances (PINs, PALs, etc.)
  – Appendix A contains those still in effect
    • Including Sliding Fee PIN 2014-02
    • PIN 2014-02 was 16 pages and chapter 9 is 5 pages

• Will HRSA update conditions currently on health center’s awards?
  • Compliance manuals typically are effective when released
  • HRSA will use the manual to assess all active conditions to ensure that any continued progressive action is consistent with the manual
• Will HRSA update the compliance manual?
  • Yes, on a routine basis & as deemed appropriate

• Health Center Program Site Visit Protocol
  • Updated periodically current version is – April 18, 2019
  • Aligns with the HC Program Compliance Manual
• Structure of the Compliance Manual (Each Chapter)
  • **Authority**: Lists the applicable statutory & regulatory citations
  • **Requirements**: States the statutory & regulatory requirements
  • **Demonstrating Compliance**: Describes how health centers would demonstrate to HRSA their compliance with the requirements
  • **Related Considerations**: Describes areas where HCs have discretion with respect to decision making (not all inclusive)
Summary Chapter 9: Sliding Fee Discount Program

**Authority**: Section 330(k)(3)(G) of the PHS Act

**Requirements**: The CHC must provide care based on a sliding fee discount schedule consistent with the most recent Federal Poverty Guidelines (FPG) not exceeding 200% FPG

**Demonstrating Compliance**: The sliding fee discount program is applied within the HRSA-approved scope of project in accordance with a Board approved policy

**Related Considerations**: This explains the discretion the CHC has with respect to decision making for the sliding fee discount program
Chapter 9: Sliding Fee Discount Program

• Requirements:
  • The health center must operate in a manner such that no patient shall be denied service due to an individual’s inability to pay.
  • The health center must prepare a schedule of fees or payments for the provision of its services consistent with locally prevailing rates or charges & designed to cover its reasonable costs of operation & must prepare a corresponding schedule of discounts (sliding fee discount schedule [SFDS]) to be applied to the payment of such fees or payments, by which discounts are adjusted on the basis of the patient’s ability to pay.
Chapter 9: Sliding Fee Discount Program

• Requirements (continued):
  • The health center must establish systems for (sliding fee) eligibility determination.
  • The health center’s schedule of discounts must provide for:
    • A full discount to individuals & families with annual incomes at or below 100% of FPG, except that nominal charges for service may be collected from such individuals & families where imposition of such fees is consistent with project goals; &
    • No discount to individuals & families with annual incomes greater than twice those set forth in FPG (200%)
• Demonstrating compliance
  a) Applicability to in-scope services – required & additional
  b) Sliding fee discount program policies – Board approved
  c) Sliding fee for column I services – form 5A
  d) Multiple sliding fee discount schedules – if applicable
  e) Incorporation of current federal poverty guidelines
  f) Procedures for assessing income & family size
Sliding Fee – Chapter 9 & Site Visit Protocol

• Demonstrating compliance
  g) Assessing & documenting income & family size – re-assessing
  h) Informing patients of sliding fee discounts – literacy & language
  i) Sliding fee for Column II Services – board approved policy
  j) Sliding fee for Column III Services – board approved policy
  k) Applicability to patients with third party coverage
  l) Evaluation of the sliding fee discount program
    • Collects utilization data, surveys, etc. to assess effectiveness & minimize barriers, & implements changes as needed
Chapter 9: Sliding Fee Discount Program

• Significant Changes/Focus of Requirement:
  • Clarification of multiple sliding fee discount schedules – Each SFDS can be based on broad service type (medical or dental), distinct subcategories (preventive vs. restorative dental), or service delivery method (in-scope CI vs. CII)
  • Assessing/reassessing patients for income & family size – should this still be done annually? What is HC policy?
  • Clarification of C III – Sliding Fee Discount Structure
    • Aligns with way HCs are required to structure
    • Or it can be a greater discount at or below 200% of FPG if Health Center’s Sliding Fee Discount is applied to fee schedule
Chapter 9: Sliding Fee Discount Program

• Keys - Site Visit Protocol:
  • Are all services provided on SFDS?
    • Dispensation of pharmaceuticals, labs, x-rays, etc...
  • Focus on policies in place at HC – Required language
  • FPG current on SFDS
  • Procedures for reassessing patients
  • How does Health Center analyze program ensuring no financial barriers to access of care – every 3 years?
    • Medicare/Medicaid co-pays, patient satisfaction surveys...
    • What has Health Center changed as a result of patient feedback?
Chapter 9: Sliding Fee Discount Program

• Governing Board approval

• Key that it is a compliant AND Board approved policy
  • Sliding fee discount categories number & range
  • Nominal fee
  • Billing, collection & waivers/reductions of fees/payments
Sliding Fee – Site Visit Protocol

• Documents
  • Sliding fee discount program (SFDP) policy(ies)
  • SFDP procedures
  • Sliding fee discount schedule (SFDS), including SFDSs that differ by service or service delivery method (if applicable)
  • Any related policies, procedures, forms & materials that support the SFDP (e.g. registration/scheduling, financial eligibility, screening, enrollment, patient notifications, billing & collections)

• Documents - sampling
  • 5 to 10 records to test, policy review, etc.
Sliding Fee – Site Visit Protocol

• Methodology
  • Interview staff, management & Board members
  • Time permitting walk-through of the process
  • Review of sliding fee policy
    • All categories of sliding fee discount scales
    • Definitions of family size, income, documentation, etc.
  • Review of CHCs Form 5A
• Sampling
• Review system reports on sliding fee discounts
Sliding Fee – Common Challenges

• Common definitions?
  • What about…unique characteristics, service area, etc.?

• Income
  • FPG fixed
  • Definition of income determined by Board policy – substantiation
  • Assets and/or “net worth” historically disallowed
  • Determine documentation – pay stub, tax return, self declaration

• Family size
  • Substantial flexibility in definition
Sliding Fee – Common Challenges

• No discounts over 200% FPG…unless
  • Other funding
    • Family planning at 250%
    • Other charities, federal/local grants, etc.
  • Exclude from the reporting of CHC sliding fee discounts
  • Address in your polices

• Fixed sliding fee or percentage of charges?
  • What is best for the patients?
  • What is best for compliance?
Sliding Fee – Common Challenges

• Awareness of SFDs
  • Language, literacy, blindness, etc.
  • Explained by staff during initial visit? Should it be?
  • Prominently displayed
    • Front desk, brochures, website, etc.

• Policy must be applied to all patients consistently and uniformly
  • Grace periods, emergencies, temporary, etc.
Sliding Fee – Common Challenges

- What is a nominal fee?
  - What data are you using/maintaining to make the determination?
  - Who is making the decision?
  - Cannot be more than the fee paid for higher SF categories

- Nominal fees should…
  - Not create a payment threshold or barrier to care
  - Not be referred to as minimum fees/charges or co-pays
  - Should be reasonably related to a patients ability to pay
Sliding Fee – Common Challenges

• Underinsured – qualifying for SFDS
  • Still eligible and should go through SFDP application process
  • May not pay more than insured of same category
  • Applicable to fees not covered by 3rd party insurance, co-insurance, deductibles, etc.
    • Documentation required if limited by federal/state laws of private insurance contracts
Sliding Fee – Common Challenges

- Written referral arrangements
  - Same sliding fee discount schedule required?
- Supplies and services “incident to”
  - Single fee charged for services inclusive of associated supplies
- Supplies and services “not incident to”
  - Eye glasses, dentures, pharmaceuticals, etc.
  - How do you price these supplies?
- Health center staff may not independently waive charges
  - Need a provision and guidelines in the policy
Requirement – Fee Schedule/Billing

• Requirement – reduction in communication

• PIN 2014-02 & FAQs had a lot on fee schedule - highlights
  • Maximize revenues from payers – reasonable efforts to collect
  • Must accept 3rd party payers
  • Cannot require patients to enroll in Medicare/Medicaid
  • Payment incentives for prompt payment permitted – consistency key
  • Refusal to pay policies necessary – discharge last resort
Requirement – Fee Schedule/Billing

• Fee schedule compliance/best practices
  • Schedule of services with distinct fee – charge master/fee schedule
    • Address all in-scope clinical services (required & additional)
    • Can include non-clinical services if typically reimbursed in local market
  • Based on costs – need to determine cost for services
  • Based on prevailing market – need to understand market
  • Regularly review fee schedule (annually) – policy & procedure

• PIN 2014-02 & FAQs not authoritative – frame of reference
Requirement – Fee Schedule/Billing

• Fee schedule best practices
  • Developing & maintaining correct fee schedule is crucial
  • Team approach is recommended
  • Health center should assign a knowledgeable employee to monitor fee schedule updates
  • Consider having a secondary approval
    • Addition or deletion of codes
    • Changes in reimbursement
    • Should check for updates at least quarterly
• Show & maintain support for your work – to validate your decisions
Questions?
Thank You!

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