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Health Center Compliance Manual

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Chapter 19: Board Authority

Note: This chapter contains language that was revised based on the Bipartisan Budget Act of 2018. [View the revisions.](#) (PDF - 583 KB)

Authority

Section 330(k)(3)(H) of the PHS Act; 42 CFR 51c.303(i), 42 CFR 56.303(i), 42 CFR 51c.304(d), and 42 CFR 56.304(d); and 45 CFR 75.507(b)(2)

Requirements¹

- The health center must establish a governing board² that has specific responsibility for oversight of the Health Center Program project.
- The health center governing board must develop bylaws which specify the responsibilities of the board.
- The health center governing board must assure that the center is operated in compliance with applicable Federal, State, and local laws and regulations.
- The health center governing board must hold monthly meetings^{3,4} and record in meeting minutes the board's attendance, key actions, and decisions.
- The health center governing board must approve the selection and termination/dismissal of the health center's Project Director/Chief Executive Officer (CEO).
- The health center governing board must have authority for establishing or adopting policies for the conduct of the Health Center Program project and for updating these policies when needed. Specifically, the health center governing board must have authority for:
 - Adopting policies for financial management practices and a system to ensure accountability for center resources (unless already established by the public agency as the [Federal award](#) or designation recipient), including periodically reviewing the financial status of the health center and the results of the annual audit to ensure appropriate follow-up actions are taken;⁵
 - Adopting policy for eligibility for services including criteria for partial payment schedules;⁶
 - Establishing and maintaining general personnel policies for the health center (unless already established by the public agency as the Federal award or designation recipient), including those addressing selection and dismissal procedures, salary and benefit scales, employee grievance procedures, and equal opportunity practices; and
 - Adopting health care policies including quality-of-care audit procedures.
- The health center governing board must adopt health care policies including the:
 - Scope and availability of services to be provided within the Health Center Program project, including decisions to [subaward](#) or [contract](#) for a substantial portion of the services;^{7,8}
 - [Service site](#) location(s);⁹ and

- Hours of operation of service sites.
- The health center governing board must review and approve the annual Health Center Program project budget.¹⁰
- The health center must develop its overall plan for the Health Center Program project under the direction of the governing board.
- The health center governing board must provide direction for long-range planning, including but not limited to identifying health center priorities and adopting a three-year plan for financial management and capital expenditures.
- The health center governing board must assess the achievement of project objectives through evaluation of health center activities, including service utilization patterns, productivity [efficiency and effectiveness] of the center, and patient satisfaction.
- The health center governing board must ensure that a process is developed for hearing and resolving patient grievances.

Demonstrating Compliance

A health center would demonstrate compliance with these requirements by fulfilling all of the following:

- a. The health center's organizational structure, articles of incorporation, bylaws, and other relevant documents ensure the health center governing board maintains the authority for oversight of the Health Center Program project, specifically:
 - The organizational structure and documents do not allow for any other individual, entity or committee (including, but not limited to, an executive committee authorized by the board) to reserve approval authority or have veto power over the health center board with regard to the required authorities and functions;¹¹
 - In cases where a health center collaborates with other entities in fulfilling the health center's HRSA-approved [scope of project](#), such collaboration or agreements with the other entities do not restrict or infringe upon the health center board's required authorities and functions; and
 - For public agencies with a [co-applicant](#) board;¹² the health center has a co-applicant agreement that delegates the required authorities and functions to the co-applicant board and delineates the roles and responsibilities of the public agency and the co-applicant in carrying out the Health Center Program project.
- b. The health center's articles of incorporation, bylaws, or other relevant documents outline the following required authorities and responsibilities of the governing board:
 - Holding monthly meetings;
 - Approving the selection (and termination or dismissal, as appropriate) of the health center's Project Director/CEO;
 - Approving the annual Health Center Program project budget and applications;
 - Approving health center services and the location and hours of operation of health center sites;
 - Evaluating the performance of the health center;
 - Establishing or adopting policy¹³ related to the operations of the health center; and
 - Assuring the health center operates in compliance with applicable Federal, State, and local laws and regulations.
- c. The health center's board minutes and other relevant documents confirm that the board exercises, without restriction, the following authorities and functions:
 - Holding monthly meetings where a quorum is present to ensure the board has the ability to exercise its required authorities and functions;
 - Approving the selection, evaluation and, if necessary, the dismissal or termination of the Project Director/CEO from the Health Center Program project;
 - Approving applications related to the Health Center Program project, including approving the annual budget, which outlines the proposed uses of both Health Center Program award and non-Federal resources and revenue;

+ Chapter 13: Conflict of Interest

+ Chapter 14: Collaborative Relationships

+ Chapter 15: Financial Management and Accounting Systems

+ Chapter 16: Billing and Collections

+ Chapter 17: Budget

+ Chapter 18: Program Monitoring and Data Reporting Systems

+ Chapter 19: Board Authority

+ Chapter 20: Board Composition

+ Chapter 21: Federal Tort Claims Act (FTCA) Deeming Requirements

Appendix A: Health Center Program Non-Regulatory Policy Issuances That Remain in Effect

Glossary

- Approving the Health Center Program project's sites, hours of operation and services, including decisions to subaward or contract for a substantial portion of the health center's services;
 - Monitoring the financial status of the health center, including reviewing the results of the annual audit, and ensuring appropriate follow-up actions are taken;
 - Conducting long-range/strategic planning at least once every three years, which at a minimum addresses financial management and capital expenditure needs; and
 - Evaluating the performance of the health center based on quality assurance/quality improvement assessments and other information received from health center management,¹⁴ and ensuring appropriate follow-up actions are taken regarding:
 - Achievement of project objectives;
 - Service utilization patterns;
 - Quality of care;
 - Efficiency and effectiveness of the center; and
 - Patient satisfaction, including addressing any patient grievances.
- d. The health center board has adopted, evaluated at least once every three years, and, as needed, approved updates to policies in the following areas: [Sliding Fee Discount Program](#), [Quality Improvement/Assurance](#), and [Billing and Collections](#).¹⁵
- e. The health center board has adopted, evaluated at least once every three years, and, as needed, approved updates to policies that support financial management and accounting systems and personnel policies. However, in cases where a public agency is the [recipient](#) of the Health Center Program Federal award or designation and has established a co-applicant structure, the public agency may establish and retain the authority to adopt and approve policies that support financial management and accounting systems and personnel policies.

Related Considerations

The following points describe areas where health centers have discretion with respect to decision-making or that may be useful for health centers to consider when implementing these requirements:

- The health center board determines how to carry out required responsibilities, functions, and authorities in areas such as the following:
 - Whether to establish standing committees, including the number and type of such committees (for example, executive, finance, quality improvement, personnel, planning).
 - Whether to seek input or assistance from other organizations or subject matter experts (for example, joint committees for health centers that collaborate closely with other organizations, consultants, community leaders).
 - How often the Project Director/CEO performance is evaluated.
- The health center determines how to set quorum for board meetings consistent with state, territorial or other applicable law.
- The health center board determines the format of its long-range/strategic planning.
- For public agencies with co-applicant boards, the co-applicant board and the public agency determine how to collaborate in carrying out the Health Center Program project (for example, shared project assessment, public agency participation on board committees, joint preparation of grant applications).

Footnotes

1. The governing board of a health center operated by Indian tribes, tribal groups, or Indian organizations under the Indian Self-Determination Act or Urban Indian Organizations under the Indian Health Care Improvement Act is exempt from the specific board authority requirements discussed in this chapter. Section 330(k)(3)(H) of the PHS Act.
2. For public agencies that elect to have a [co-applicant](#), these authorities and functions apply to the co-applicant board.
3. Where geography or other circumstances make monthly, in-person participation in board meetings burdensome, monthly meetings may be conducted by telephone or other means of electronic communication where all parties can both listen and speak to all other parties.

4. Boards of organizations receiving a Health Center Program award/designation only under [section 330\(g\)](#) may meet less than once a month during periods of the year, as specified in the bylaws, where monthly meetings are not practical due to health center patient migration out of the area. 42 CFR 56.304(d)(2).
5. See Chapter 15: [Financial Management and Accounting Systems](#) for more information on the related requirements.
6. See Chapter 9: [Sliding Fee Discount Program](#) for more information on the related requirements.
7. See Chapter 4: [Required and Additional Health Services](#) for more information on the requirements associated with providing services within the HRSA-approved [scope of project](#).
8. See Chapter 12: [Contracts and Subawards](#) for more information on the requirements associated with such arrangements.
9. See Chapter 6: [Accessible Locations and Hours of Operation](#) for more information on the requirements associated with health center service sites and hours of operation.
10. See Chapter 17: [Budget](#) for more information on the requirements of the Health Center Program project budget.
11. This does not preclude an executive committee from taking actions on behalf of the board in emergencies, on which the full board will subsequently vote.
12. Public agencies are permitted to utilize a co-applicant governance structure for the purposes of meeting Health Center Program governance requirements. Public centers may be structured in one of two ways to meet the program requirements: 1) the public agency independently meets all the Health Center Program governance requirements based on the existing structure and vested authorities of the public agency's governing board; or 2) together, the public agency and the co-applicant meet all Health Center Program requirements.
13. The governing board of a health center is generally responsible for establishing and/or approving policies that govern health center operations, while the health center's staff is generally responsible for implementing and ensuring adherence to these policies (including through operating procedures).
14. For more information related to the production of reports associated with these topics, see Chapter 18: [Program Monitoring and Data Reporting Systems](#), Chapter 15: [Financial Management and Accounting Systems](#), and Chapter 10: [Quality Improvement/Assurance](#).
15. Policies related to billing and collections that require board approval include those that address the waiving or reducing of amounts owed by patients due to inability to pay, and if applicable those that limit or deny services due to refusal to pay.

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