

# How to Become an FQHC

A GUIDE TO ESTABLISHING A  
FEDERALLY QUALIFIED HEALTH CENTER

A female doctor with blonde hair, wearing a white lab coat and blue gloves, is smiling warmly while examining a patient's long, wavy red hair. The doctor has a stethoscope around her neck. The background is a soft, out-of-focus light color.

mend

## In today's ever-evolving healthcare landscape, patient experience is paramount for building trust and strong connections, especially in communities that may not have easy access to healthcare.

Federally Qualified Health Centers (FQHCs) are the backbone to the US healthcare ecosystem as they play a pivotal role in providing accessible, high-quality healthcare for underserved communities. The ecosystem can't afford for FQHCs to close because there would be no way to keep up with patient demand. They ensure patients have access to comprehensive, top-tier primary care and preventive services regardless of patients financial capabilities.

### Additionally, health centers:

- Emphasize community engagement and prioritize patient needs.
- Deliver comprehensive and top-tier primary care and preventive services, irrespective of patients' financial capabilities.
- Utilize inter-professional teams and adopt patient-centric approaches in healthcare delivery.
- Offer care coordination and additional enabling services to enhance access to healthcare.
- Foster collaboration with other providers and programs to improve access to care and community resources, particularly those addressing social determinants of health.

Whether you're a healthcare professional or a community leader passionate about enhancing public health, this e-book can be your comprehensive guide to navigating the intricate process of establishing an FQHC. It's essential not to lose hope; persisting with continuous iteration and operational enhancements in application submissions is crucial. Many organizations don't secure FQHC status on their initial submission, making perseverance indispensable in this journey.

Lastly, it is important to keep in mind that FQHCs not only qualify for reimbursement for telehealth services, especially when patients are in a qualifying area (proximity to the FQHC) during their telehealth visits, but they can also receive reimbursement for virtual services. This emphasizes the significance of utilizing technology to broaden healthcare access. At Mend, our commitment lies in enabling convenient access to mental and behavioral healthcare through our telehealth and digital patient engagement solutions. Consider incorporating Mend into your strategies aimed at enhancing care access within your community.

# Table of Contents

<b>Understanding the FQHC Model</b>	<b>1</b>
Accessible Services	1
Comprehensive Care	1
Patient-Centered Approach	1
Community Engagement	1
<b>Understanding Health Center Program Look-alikes</b>	<b>2</b>
Eligibility	2
Application Guidance	3
<b>Legal and Regulatory Framework</b>	<b>4</b>
Requirements for Designation	4
Compliance with Federal Regulations	4
State-Specific Considerations	4
<b>Steps to Establish an FQHC</b>	<b>5</b>
Needs Assessment	5
Forming a Governing Board	5
Developing a Business Plan	6
Securing Funding	6
<b>Facility and Infrastructure Requirements</b>	<b>7</b>
Physical Infrastructure	7
Health Information Technology	7
<b>Legal and Regulatory Compliance</b>	<b>8</b>
Navigating Medicaid and Medicare Requirements	8
Accreditation and Certification	8
<b>Quality Improvement and Performance Metrics</b>	<b>9</b>
Establishing Quality Improvement Programs	9
Meeting Performance Metrics	9

# Understanding the FQHC Model

Federally Qualified Health Centers (FQHCs) embody a unique model of healthcare delivery. To start, they're characterized by core principles that prioritize accessibility, comprehensiveness, patient-centric care, and community engagement. In this chapter, we will dive deeper into the fundamental characteristics that define FQHCs and why they're recognized as necessary contributors to accessible community health.

## → Accessible Services

FQHCs exist to provide accessible healthcare, eliminating roadblocks to ensure that key services are within reach of all community members, regardless of income and other factors. To provide premium care for the target population, FQHCs employ numerous strategies to enforce accessibility, from strategically located facilities to culturally competent care and innovative outreach programs. Together, these tactics foster a healthcare environment where no one is left behind.

## → Comprehensive Care

The commitment of FQHCs extends beyond providing the community basic medical services. FQHCs employ a comprehensive care model, addressing not only the immediate healthcare needs of patients but also considering the broader factors influencing their well-being.

For example, FQHCs emphasize the importance of preventive care to encourage patients to address health issues proactively. This includes routine check-ups, vaccinations, and health screenings. Additionally, FQHCs recognize common chronic conditions (such as diabetes and hypertension) and provide ongoing care, education, and support to individuals managing chronic conditions.

## → Patient-Centered Approach

Patients are at the heart of FQHCs. Patient-centered care ensures the individual needs and preferences of patients are met, fostering a healthcare experience that is not only medically sound but also respectful and responsive. By considering the preferences, cultural identities, and unique symptoms of each patient, FQHCs empower their patients to actively participate in decisions about their health which cultivates a collaborative and trustworthy environment.

## → Community Engagement

FQHCs don't operate in isolation; they deeply integrate with the communities they serve. In order to maximize their potential reach, FQHCs can benefit from forging partnerships with local organizations as well as actively conducting outreach programs. This may entail hosting health fairs, educational workshops, and other initiatives to connect with community members. By meeting patients where they are, FQHCs strengthen their ties to the community, become more prominent, and exemplify their commitment to accessible healthcare.

# Understanding Health Center Program Look-alikes

Health Center Program Look-alikes are a key component of the broader Health Center Program. They are designed to extend the reach of essential health services to underserved populations and must meet all of the [Health Center Program requirements](#). Look-alikes are healthcare organizations that, while not officially designated as Health Centers, operate in a similar manner and serve the same purpose — to provide comprehensive, culturally competent, high-quality primary healthcare services.

**The main differentiating factor that separates Health Center Program Look-alikes from FQHCs is they do not receive federal award funding. Irrespective of funding, Look-alikes play a crucial role in expanding access to primary healthcare, preventive services, and other essential healthcare services to communities in need.**

Look-alikes are eligible to apply for several beneficial programs:

- Federally Qualified Health Center (FQHC) Prospective Payment System (PPS) reimbursement through the [Centers for Medicare and Medicaid Services \(CMS\)](#)
- HRSA's [340B Federal Drug Pricing Program](#)
- [National Health Service Corps](#)

## Eligibility

To be eligible for the Health Center Program Look-alike designation, specific criteria outlined by the Health Resources and Services Administration (HRSA) must be met. These criteria include, but are not limited to:

### → Service to Underserved Areas

Organizations seeking Look-alike status must demonstrate a commitment to serving populations residing in medically underserved areas. This ensures the unique healthcare needs of communities with limited access to primary care and other specialty care services are met.

### → Comprehensive Services

Similar to Health Centers, Look-alikes are also expected to provide a broad range of services. These services include primary care, dental, behavioral health, and more. This comprehensive blend of services ensures that the diverse health needs of the community are met at an affordable price.

### → Sliding Fee Scale

To further enhance accessibility, Look-alike organizations must implement a sliding fee scale to ensure equality across varying income levels.



## Application Guidance

Prior to applying for Look-alike designation, organizations should ensure they meet the eligibility criteria to maximize their efforts. To start, they should conduct a thorough internal assessment such as evaluating the services they can provide, the geographic area served, and the organization's commitment to addressing health disparities. Additionally, applicants are required to showcase eligibility and adherence, as outlined in the [Health Center Program Compliance Manual](#), in both the Look-alike ID application and during an operational site visit.

### ➔ How to Apply

1. Register in the [System for Award Management](#).
2. Submit your ID application via the [HRSA EHBs](#).  
Note that once you begin your application in HRSA EHBs, you have 90 days to complete and submit your application

For additional help and guidance on the application process, complete the [Health Care Center Program Web Support form](#). For technical assistance needs, complete the [LAL ID Technical Assistance Web Form](#). It may also be helpful to use the [Site Visit Protocol tool](#) to prepare for and assess compliance prior to the operational site visit.

# Legal and Regulatory Framework

One of the most crucial steps in establishing a FQHC is obtaining a thorough understanding of the legal and regulatory landscape governing healthcare institutions. The legal and regulatory framework isn't meant to burden FQHCs but rather empower them to provide optimal patient-centered, quality care at an affordable cost. In this chapter, we'll explore the critical aspects of the legal framework, ensuring that aspiring FQHCs can mitigate any potential challenges that may hinder the process.

## ➔ Requirements for Designation

The HRSA sets forth specific guidelines and criteria for FQHC designation. Understanding the [HRSA guidelines](#) is imperative for aspiring FQHCs because adhering to these standards is fundamental to achieving and maintaining FQHC status. This includes service area considerations, the target population the FQHC will serve, and ensuring a sliding fee scale to accommodate individuals with varying income levels. Additionally, a FQHC must have a governing board of directors and an ongoing quality assurance program.

## ➔ Compliance with Federal Regulations

FQHCs must meet strict requirements to qualify for Medicare and Medicaid reimbursement. The compliance standards set by these federal

programs ensure FQHCs are adhering to billing and reimbursement protocols, electronic health record (EHR) integration, and other key considerations to secure financial sustainability. It's also important to note that FQHCs must align their operations with state-specific Medicaid requirements, which may vary. Furthermore, having a firm understanding of the implications of the [Federal Tort Claims Act](#) is crucial.

## ➔ State-Specific Considerations

As mentioned earlier, FQHCs must align their operations to comply with state-specific Medicaid requirements. These requirements may vary from state to state. This includes understanding and meeting the Medicaid standards set by the state in which the FQHC operates. It's also important to comply with Medicaid reimbursement rates for covered services, which may differ from Medicare rates.

# Steps to Establish an FQHC

Establishing a FQHC requires a strategic approach to effectively lay the groundwork for a resilient and impactful center. Follow the essential steps necessary to build the foundation for a successful FQHC, ensuring that your health center is well-equipped to serve the needs of the surrounding community effectively.

## Needs Assessment

### → Identifying Target Population

- Conduct a thorough analysis of the demographics in the FQHC intended service area to better understand the target population. Consider factors such as age, income, cultural diversity, and existing healthcare access.
- Identify health disparities within the target population to understand common healthcare needs and unique challenges they face.

### → Assessing Community Health Needs

- Conduct surveys and engage with the local community to gather a deeper understanding of their health needs, preferences, and perceptions of existing healthcare services.
- Work with local public health agencies to access existing data and have a transparent view of any prevalent health issues in the community.

## Forming a Governing Board

When forming a governing board, keep in mind the majority (at least 51%) of the health center board members must be patients of the health center and demographically representative of the populations served by the health center.

### → Composition and Roles

- The governing board should be representative of the diversity of the community. Include professionals with healthcare, finance, law, and community advocacy expertise.
- Clearly define the roles and responsibilities of board members, ensuring they understand and adhere to the FQHC's mission and values.

### → Governance Structure

- Develop a strategic plan outlining the FQHC's goals, objectives, and anticipated outcomes.
- Create rules and guidelines for how decisions are made to guide decision-making, transparency, and accountability within the organization.



## Developing a Business Plan

Develop a business plan identifying the population groups to be served, management and organizational structure, projected demand for services, and expected expenses and revenue.

### → Financial Projections

- Create a detailed budget that encompasses all aspects of FQHC operations, including personnel, facilities, technology, and outreach programs to more accurately forecast the budget.
- Project revenue streams, such as Medicare and Medicaid reimbursements, sliding fee scale collections, and potential grant funding.

### → Sustainability Strategies

- Explore avenues for diversifying funding sources to reduce depending on a single revenue stream.
- Grants and fundraising activities are of the utmost importance. Develop a comprehensive strategy for both to support ongoing operations and expansion plans.

## Securing Funding

### → Federal Grant Opportunities

- Explore [funding opportunities](#) provided by HRSA for FQHCs. Familiarize yourself with the application processes and eligibility criteria.
- Prepare and submit well-crafted grant applications. Highlight the alignment of the FQHC's mission with the objectives of the funding opportunity.

### → State and Local Funding Sources

- Establish connections with state health departments and other relevant agencies to explore state-specific funding opportunities.
- Build partnerships with local governments, philanthropic organizations, and community groups to potentially secure additional funding sources.

### → Private Funding Options

- Connect with philanthropic organizations and foundations that align closely with the FQHC's mission and goals.
- Explore partnerships with local businesses and corporations interested in supporting the local community's health initiatives.

### → Other Benefits

Health centers are eligible to apply for or receive the following benefits:

- Federally Qualified Health Center (FQHC) Prospective Payment System (PPS) reimbursement through the [Centers for Medicare and Medicaid Services \(CMS\)](#)
- HRSA's [340B Drug Pricing Program](#) for discounted drugs
- Free vaccines for uninsured and underinsured children through the [Vaccines for Children Program](#)
- Help with recruitment and retention of primary care providers through HRSA's [National Health Service Corps](#)
- [HRSA-supported training and technical assistance](#)

# Facility and Infrastructure Requirements

Ensuring the physical infrastructure of a FQHC aligns with the organization's mission and can deliver the level of healthcare services patients have come to expect is pivotal to its success. There are myriad considerations related to the facility and infrastructure requirements, addressing aspects such as location, design, and health information technology.

## Physical Infrastructure

### → Location Considerations

- Select a location that is easily accessible to the target population. Keep in mind factors such as public transportation, parking, and proximity to residential areas.
- Align the facility's location with the identified needs of the community, ensuring it is convenient and fosters a warm, welcoming atmosphere.

### → Facilities Design and Layout

- Design the facility to optimize patient flow, minimizing wait times and providing a seamless experience for patients at every stage of care.
- Create spaces accommodating a multidisciplinary approach, such as primary care and specialty practices. This fosters collaboration among healthcare providers and promotes a one-stop destination for patients.

## Health Information Technology

### → Electronic Health Records

- Adopt a robust Electronic Health Records (EHR) system to enhance the efficiency and accuracy of healthcare delivery. Work with IT professionals to ensure proper integration with other health information technology systems.
- Make sure that your health information systems can easily share data with other healthcare providers to ensure smooth and continuous care for patients.

### → Telehealth Integration

- Be ready for the increasing use of [telehealth in healthcare](#). Implement and integrate telehealth technologies to make healthcare accessible beyond the clinic's physical walls.
- Plan for future advancements given the current ever-evolving technology landscape. This way, the health center can easily adjust to changes in healthcare.

# Legal and Regulatory Compliance

To keep a FQH running smoothly, it's important to familiarize yourself with legal and regulatory compliance. It might sound a bit complicated, however, we'll break down each area of focus into simple, easy-to-follow steps to pave your path toward patient and provider satisfaction.

## Navigating Medicaid and Medicare Requirements

When you provide healthcare, you want to make sure you get paid for it. This involves following specific rules set by Medicaid and Medicare.

### ➔ Billing and Reimbursement

- FQHCs must include a FQHC payment code on their claim for payment.
- To find the specific FQHC payment codes to use when submitting claims under the PPS and a list of billable visits, visit the [FQHC webpage](#).

### ➔ Compliance with Federal Laws

- Health centers that fail to demonstrate compliance as described in the [Health Center Program Compliance Manual](#) will receive a condition of award/designation.
- Federal laws prohibit discrimination in healthcare based on factors such as race, ethnicity, gender, and socioeconomic status.
- These laws also highlight the need to make sure everyone, especially those who are more vulnerable, can get the healthcare they need.

## Accreditation and Certification

Understanding and keeping up with FQHC accreditation and certification may seem like a daunting task, but it will help propel the health center's success and the well-being of the people you're serving.

### ➔ Achieving FQHC Designation

- To be officially recognized as a FQHC, you need to meet specific standards under the Health Center Program statute and regulations.
- To achieve designation, eligibility requires being either a private non-profit or a public agency entity. Additionally, Native American tribal organizations, which are recognized under the Indian Self-Determination Act or the Indian Health Care Improvement Act, have the opportunity to apply.

### ➔ Maintaining Compliance

- Once a FQHC is designated, it's important to stick to the rules to keep that status.
- FQHCs can expect regular check-ins to make sure the health center continues to meet the necessary standards.

# Quality Improvement and Performance Metrics

Continuously elevating patient experiences empowers health centers to provide top-notch care and continually enhance the services they offer. Identifying improvement opportunities begins with assessing the quality of care the health center is providing from the patients' perspective.

## Establishing Quality Improvement Programs

Quality Improvement starts with purposeful programs designed to enhance the overall healthcare experience and can improve patient outcomes, safety, and the efficiency of healthcare delivery.

### → Continuous Monitoring and Evaluation

- Implementing systems for ongoing assessment means staying in the loop in real-time to identify areas for improvement promptly.
- Instill a proactive problem-solving approach to ensure the health center tackles challenges head-on for continuous improvement.

### → Patient Satisfaction Surveys

- Collect data that goes beyond numbers to provide a higher-level view of patient experiences, operational workflows, and overall healthcare delivery.
- Understand how your health center performs in comparison to benchmarks and industry standards.

## Meeting Performance Metrics

Meeting performance metrics benefits a FQHC as it ensures the delivery of high-quality, efficient healthcare. Furthermore, performance metrics contribute to positive patient outcomes, improved financial stability, regulatory compliance, and overall reputation within the community.

### → Key Performance Indicators

- Set clear performance metrics that align with the health center's goals such as patient satisfaction, utilization rates, access to care, appointment adherence, population health outcomes, and more.
- Regularly evaluate performance against established metrics to foster continual improvement.

### → Reporting and Compliance

- Develop clear and transparent reporting mechanisms to showcase the health center's achievements and areas for improvement.
- Gain a comprehensive understanding of the regulatory landscape that governs healthcare including federal, state, and local authorities.

We wish you the best on your journey to becoming a Federally Qualified Health Center. To learn more about becoming a FQHC, we recommend visiting the [Health Resources and Services Administration](#) for more information. We hope this has been a helpful, quick introduction.

And we'd love to partner with you to discover how Mend can provide the tools you need to equip you to meet your FQHC goals.

Visit us and schedule an appointment at [www.Mend.com](http://www.Mend.com).

**mend**

