

# FINANCING SCHOOL-BASED HEALTH CENTERS

School-Based Health Centers (SBHCs) in Colorado typically depend upon several sources of revenue. In general, these sources include federal, state, and local government funding, private grants and donations, patient revenue, and in-kind support. Currently, federal funding dedicated specifically for SBHCs does not exist. However, SBHCs that are sponsored by Federally-Qualified Health Centers may be eligible to receive support through Section 330 of the Public Health Services Act. Other special circumstances may qualify a SBHC to receive federal funding for specific services.

State-administered support of SBHCs began in 1982, when the Colorado Department of Public Health and Environment first disbursed a portion of its funding from the federal Maternal and Child Health Block Grant to SBHCs. However, it was not until the passage of House Bill 1396 in 2006 that state general fund dollars were invested in SBHCs.

Local sources of SBHC funding include city and county governments as well as health districts. The origin of these funds varies considerably from the Temporary Aid to Needy Families program to local tax revenues. School districts typically provide only in-kind support for SBHCs. This includes space, utilities, phones, janitorial, maintenance and security. Often the SBHC's medical sponsor and other community partners also provide in-kind support in the form of loaned providers and other staff, billing and accounting services, and malpractice and other insurance.

Revenue Sources for Colorado SBHCs in 2006-2007		
Source	Amount	Percent
Federal	\$1,204,526	13%
State	\$982,894	11%
Local	\$137,816	2%
Private	\$2,272,941	25%
Patient Revenue	\$2,028,458	22%
In-Kind	\$2,471,846	27%
Total	\$9,098,481	100%

Source: Colorado Health Institute analysis of data from 2008 Survey of Colorado School-Based Health Centers. There were 38 operational SBHCs in 2006-07.

## HOUSE BILL 06-1396: "CONCERNING THE FUNDING OF SCHOOL-BASED HEALTH CENTERS"

In 2006, the Colorado General Assembly passed legislation (HB 06-1396) creating a grant program specifically for School-Based Health Centers. The funds are administered by the Colorado Department of Public Health and Environment.

This legislation defined a SBHC as

*"a clinic established and operated within a public school building, including charter schools and state-sanctioned GED programs associated with a school district, or on public school property."*

For the first two years of the program, \$500,000 was appropriated. For 2008-09, this amount was increased to almost \$1 million. Grants may be awarded for the establishment, expansion, and ongoing operations of SBHCs. Priority is to be given to centers that serve a disproportionate number of uninsured children or a low-income population or both.

In Colorado, one-quarter of SBHC revenue comes from private sources including foundation grants, corporate donations, community campaigns such as United Way, and fundraising. An additional 22% is collected in patient revenue. Most of this patient revenue comes from Medicaid as shown in the table below.

Sources of Patient Revenue for Colorado SBHCs in 2006-07		
Payer	Amount	Percent
Medicaid	\$1,509,261	74%
CHP+	\$334,586	17%
Private Insurance	\$28,287	1%
Self-Pay	\$135,841	7%
Other	\$20,483	1%
Total	\$2,028,458	100%

Source: Colorado Health Institute analysis of data from 2008 Survey of Colorado School-Based Health Centers. There were 38 operational SBHCs in 2006-07.

## PRACTICES THAT INCREASE THE COLLECTION OF PATIENT REVENUE

- Establish an expectation of payment for services rendered
- Collect insurance information at school registration and verify when making an appointment or at the time of service
- For uninsured patients, offer convenient financial screening and Medicaid/CHP+ application assistance
- Require uninsured families to cooperate with financial screening or pay full charge at time of service
- Send bills to families for balances remaining after denial of application or after insurance has paid
- Employ aggressive collection efforts

Source: National Assembly on School-Based Health Care analysis of five case studies, 2001

## ISSUES IN COLLECTING PATIENT REVENUE

- Do aggressive collection efforts create barriers to care for children/adolescents?
- Does it cost more to implement billing and collection systems than the effort produces?
- Is having cash in the clinic a security issue?

SBHC that serves privately insured patients has to establish contractual relationships with at least the largest carriers and self-insured employers in the area. A computer system capable of producing and electronically transmitting claim forms, staff to input data into the system and follow-up on unpaid claims, and staff to outreach to families and enroll eligible children in Medicaid and CHP+, are all required. And finally, the SBHC must have the capacity to manage and secure cash.

In lieu of billing, some SBHCs implement an annual enrollment fee, while others address sustainability through developing a stable source of support in the community or diversifying their funding streams to include a wide range of income sources. Whatever strategies are employed, SBHC operators agree that stable funding is the greatest barrier to replicating a proven model for increasing access to preventive and primary health care for our most vulnerable children.

Although it is well recognized that effective third-party billing contributes to financial sustainability, some SBHCs in Colorado do not bill for services rendered. This is especially true of smaller programs, programs located in rural areas, and programs that serve large numbers of uninsured children and adolescents. In order to effectively collect patient revenue, a School-Based Health Center has to qualify for a Medicaid/CHP+ provider number. In addition, a