

FCR 9

Office of the President
December 14, 2004

Members, Board of Trustees:

PROJECT APPROVAL FOR FEDERALLY QUALIFIED HEALTH CENTER IN
HAZARD TO BE KNOWN AS NORTH FORK VALLEY COMMUNITY HEALTH
CENTER OF THE UNIVERSITY OF KENTUCKY

Recommendation: that the Board of Trustees approve the project to establish the North Fork Valley Community Health Center of the University of Kentucky, as a community based Federally Qualified Health Center (FQHC), under a co-application made by North Fork Valley Community Health and the University of Kentucky, College of Medicine (Hazard Family Practice Center or Center) to the U.S. Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health, (BPHC), and further ratify actions already taken to accomplish said Project.

Background: The University of Kentucky, College of Medicine (UKCOM) operates a Family Practice Center in Hazard, Kentucky that includes residency and rural health outreach programs. North Fork Valley Community Health Board is a recently formed not-for-profit corporation (Corporation) established to be the governing body of a community based FQHC. UKCOM and the Corporation wish to operate the Hazard Family Practice Center as a FQHC, as co-applicants to the BPHC.

FQHC's must meet certain government requirements, including local control of management, so that the FQHC is community based. Specifically, the Corporation must have authority to appoint the Center Medical Director and Director, who are and will remain University employees. In addition, the University assets and personnel currently used to operate the Center will be utilized by the new Hazard FQHC.

FQHC's, such as the one envisioned by this project, receive numerous benefits. These include Federal grants, improved reimbursement for services, new reimbursement for services for which none currently exists, better pricing for pharmaceuticals and designation as a site at which physicians may satisfy public health service commitments. All of these factors will enhance the quality of healthcare and medical education delivered by the UKCOM at the Center. Furthermore, this project may serve as a model for future UKCOM Community Outreach Programs. For these reasons, Management of the University of Kentucky Clinical Enterprise has determined that the advantages and benefits of the Project far offset the technical loss of management control; and, therefore, strongly endorse approval of the same.

In order to take advantage of this year's funding cycle, a Grant application had to be submitted to BPHC by December 1, 2004. This Application contains a Co-applicant Agreement, the form of which is attached hereto as Exhibit A. If approved, the co-applicants can expect to receive an initial \$650,000 in Federal funding as well as the benefits described, above. The application may be withdrawn if the Board of Trustees does not approve the Project. However, it is submitted that the Project is of great benefit to UKCOM and the citizens of the Commonwealth. Accordingly, the Board of Trustees' approval is requested.

Action taken: Approved Disapproved Other _____

CO-APPLICANT AGREEMENT
THE NORTH FORK VALLEY COMMUNITY HEALTH BOARD, INC
and
THE UNIVERSITY OF KENTUCKY COLLEGE OF MEDICINE

The North Fork Valley Community Health Board is a separate and distinct entity from the University of Kentucky College of Medicine Family Practice Center-Hazard. Together, they are co-applicants for the North Fork Valley Community Health Center of the University of Kentucky Program. This Agreement satisfies the designation of a public entity and a co-applicant entity which together meet the Section 330 requirements as laid out in PIN 99-09.

The North Fork Valley Community Health Board will be incorporated as a separate entity, with adopted bylaws that specify its authorities and methods of operation vis-à-vis the public entity. We believe this method will assure maximum accountability for the user majority board and will best achieve the purposes of the Section 330 programs. The governing board selection, composition and responsibility requirements apply to the North Fork Valley Community Health Board as it functions as the community-based board of the health center.

The North Fork Valley Community Health Board will retain full authority for the following functions:

1. Selection of the services to be provided by the health center.
2. Approval of the health center's annual budget, with the overall plan and budget prepared under its direction by a committee consisting of representatives of the health center board, administrative staff, and the medical staff of the health center.
3. Approval of the selection and dismissal of the Executive Director and Medical Director for the center;
4. Approval of the application for a second or subsequent grant of FQHC re-certification;
5. Adopt health care policies, including scope and availability of services, location, fees and hours of services and quality of care audit procedures;
6. Assure that the health center is operated in compliance with applicable Federal, State and local laws and regulations; and
7. Evaluate center activities including services utilization patterns, productivity of the center, patient satisfaction, achievement of project objectives, and development of a process for hearing and resolving patient grievances.

The University of Kentucky College of Medicine retains certain personnel and financial functions:

1. To establish personnel policies, and procedures, including selection and dismissal procedures, salary and benefit scales, employee grievance procedures, and equal employment opportunity practices.

2. To develop management and control systems that are in accordance with sound financial management procedures, including:
- the provision for an audit on an annual basis to determine, at a minimum, the fiscal integrity of financial transactions and reports and compliance with the terms and conditions of FQHC New Start designation;
 - approval of the annual center budget;
 - establishment of systems for eligibility determination, billing and collection, including partial payment schedules;
 - making other reasonable efforts to collect for costs in providing health services to persons eligible for Federal, State or local public assistance; and, long range financial planning;
 - writing grants and completing progress reports and submitting to the North Fork Valley Community Health Board for review and approval;
 - assisting the North Fork Valley Community Health Board by providing appropriate trainings;
 - providing translation services to ensure the full participation of non-English speaking members of the community served by the health center;
 - assisting with grant reporting requirements

There will be no other decision-making exercised by the University of Kentucky College of Medicine to the exclusion of the North Fork Valley Community Health Board.

Lines of authority: Executive Director (who is also Program Administrator at the UK Family Practice Clinic-Hazard), and Medical Director (who is also Residency Director of the University of Kentucky East Kentucky Family Practice Residency-Hazard) report directly to the North Fork Valley Community Health Board which has the power to hire and fire them in their roles as Executive Director and Medical Director for the North Fork Valley Community Health Board. The staff of the UK Family Practice Clinic report to the Executive Director of the North Fork Valley Community Health Board. Both parties agree that the North Fork Valley Community Health Board retains the final and ultimate decision-making authority.

Janice Combs November 15, 2004
 Janice Combs, Chair, North Fork Valley Community Health Board Date

Jay Perjan 11/10/04
 Jay Perjan, MD, Dean & Vice-President of Academic Affairs
 University of Kentucky College of Medicine Date

Beretta R. Casey, MD 11/15/04
 Beretta R. Casey, MD, Medical Director, NFVCHB & Director, UK-EKFPR Date