Susquehanna Community Health & Dental Clinic, Inc.

4.0.0
Financial Control Policy Manual

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4.1.0 General Accounting

4.1.1 Authority, Administration, and Revisions

Purpose

To clarify the authority of the policies contained herein and the hierarchy of responsibility for administration and revision.

Policy

The Financial Control Policy Manual of Susquehanna Community Health & Dental Clinic, Inc. (SCH&DC) is the official document for the conduct of business and the accounting, superseding all other policies and procedures. This manual has been designed as a reference for SCH&DC staff and Board Members. Susquehanna Community Health & Dental Clinic, Inc. was incorporated in 2010 in the state of Pennsylvania as a non-profit corporation. It is a 501[c](3) per the Internal Revenue Service classifications. The Financial Control Policy Manual includes fiscal policies established by the Board of Directors as well as fiscal procedures designed to implement those policies and provide simple methods to organize SCH&DC's affairs. This manual constitutes all current financial control and fiscal policies and standards that have been developed by SCH&DC and approved by its Board of Directors, unless otherwise noted, through the time of issuance.

The Chief Financial Officer (CFO) or such person specifically appointed by the Chief Executive Officer (CEO) for such purpose, is responsible for administering all financial control and fiscal policies and carrying out the Financial Management function referred to herein. The Finance and Audit Committee at the Board of Director level will also provide oversight in the development and maintenance of the policies contained herein. All policies and corresponding procedures will be maintained in a manner as to reflect current business conditions. At least biennial reviews will be made to ensure that said policies and procedures do reflect business conditions and are consistent with all other company policies. The Manual will be updated at least biennial to reflect changes and clarifications in policies and procedures. Should it be determined that revisions are appropriate, proposed changes will be submitted to the Board of Directors for consideration.

Applicability

This policy is applicable to all policies contained within the Susquehanna Community Health & Dental Clinic, Inc. "Financial Control Policy Manual" as approved by the Board of Directors. The duties and responsibilities authorized herein apply to all units of the company. They are to remain in effect unless revised or superseded as prescribed in the company's applicable procedures for doing so. They are intended to be used as both a working guide for all personnel employed in financial functions, as well as by other departments with whom they interface.

4.1.2 Budgeting

Purpose

To ensure that operating and capital budgets are appropriately prepared and monitored.

Policy

Financial Management will prepare a preliminary operating budget for review and comment by management before the close of each fiscal year. Financial Management will take suggested revisions under consideration before making a budget recommendation to the Board of Directors for each fiscal year. Financial Management will formulate annual operating budgets based on incremental changes to the previous budget. Previous budgets and historical financial data will be made available to the Board of Directors for review with recommended budgets. The budget will be separated into Federal and Non-Federal funds.

Capital budgets will be prepared, presented, and approved independently of operating budgets. Only expenditures meeting the requirements for capital budgets, as specified in the *Capital Expenditures* policy, will be included in capital budgets.

Financial Management will prepare a "Total Budget" annually for the Health Center Program award which runs on a June 1st – May 31st grant cycle, which, once approved, shall be submitted to HRSA.

It shall be Financial Management's responsibility to ensure that all SCH&DC expenditures are consistent with the HRSA-approved total budget and with any additional applicable HRSA approvals that have been requested and received.

- The HRSA-approved total budget shall refer to the Health Center Program Federal award funds and all other sources of revenue in support of the HRSA-approved Health Center Program scope of project. Other sources of revenue shall be defined as:
    - Fees, premiums, and third-party reimbursements and payments that are generated from the delivery of services.
    - Revenues from state, local, or other Federal grants or contracts.
    - Private support or income generated from contributions.
    - Any other funding expected to be received for purposes of supporting the Health Center Program project.
- Concerning applicable HRSA approvals that have been requested and received, 45 CFR 75.308, post-award, outlines that Federal award recipients are required to report significant deviations from budget or project scope or objective, and are required to request prior approvals from HHS awarding agencies for budget and program plan revisions.
- As outlined by Health Resources and Services Administration (HRSA), "re-budgeting, or moving funds between direct cost budget categories in an approved budget, is considered significant when cumulative transfers for a single budget period exceeds 25 percent of the total approved budget (inclusive of direct and indirect costs and Federal funds and required matching or cost sharing). The base used for determining significant re-budgeting excludes carryover balances but includes any amounts awarded as supplements."
- In the event SCH&DC conducts other lines of business, such as activities that are not part of the HRSA-approved scope of project, it shall be Financial Management's responsibility to ensure that the costs of any such activities are not included in the annual budget for the Health Center Program project.

When preparing any budgets that may involve the expenditure of Federal funds, it shall be the responsibility of Financial Management to ensure that all budgeted items requiring the use of Federal funds are allowable in accordance with the terms and conditions of the Federal award and with the Federal Cost Principles as outlined in 45 CFR Part 75 Subpart E.

Allocation percentages of costs that are not directly attributed to specific departments and/or service lines will be determined annually during the budgeting process utilizing organization headcount as a basis for all administrative overhead costs and utilizing percentage of total projected facility visits for any overhead costs directly associated with providing patient care, such as billing and information technology services. The allocation percentages shall be determined by Financial Management. In the event of a significant change in

the organization that would materially change the allocation percentages, Financial Management reserves the right to modify the allocation percentages when booking actual costs.

All budgets including any applicable revisions shall be approved by the Board of Directors. All reports prepared by Financial Management including budgetary information will include such budgets as they were approved by the Board of Directors.

4.1.3 Confidentiality & Maintenance of Records

Purpose

To ensure that proper accounting records are maintained and to prevent unauthorized disclosure of the company's financial and accounting data.

Policy

The company's operation's records systems will be reliable, accurate, consistent, easily understood, and lend themselves to prompt access. Among the types of records and reports which fall under the responsibility of Financial Management are:

- Balance Sheets, Income Statements, and other financial reports
- Journals, Ledgers, Chart of Accounts, and Budgets
- Cash Receipts and Deposit Summaries
- Checks, Cancelled Checks, Deposit Slips, Bank Statements, and Reconciliations
- Audit Reports, Cost Reports, Tax Records, and other external reports
- Accounts Payable records and Invoices
- Accounts Receivable records
- Insurance Register and policies
- Payroll records
- Fixed Asset records
- Leases, Tax Exemption letters, and other Legal documentation

Access to accounting records is restricted to authorized personnel within the company's Accounting Department. Paper records will be stored in a security-controlled location. Data will be password protected with appropriate levels of security enabled for the appropriate persons requiring access to the accounting software and other financial data.

Accounting records and data released will consist of the minimum amount of information necessary to satisfy a legitimate request for information received from a party with appropriate authorization or need. Accounting data are to be released only with the approval of Financial Management to release such information. SCH&DC organizational reviews will be conducted regarding the appropriateness of the distribution or reports and records to ensure the adequacy of the protection of confidential information and the opportunities which may exist for reducing either the amounts, frequencies, or distribution of financial data.

Accounting records will be kept for periods in accordance with the Business Record Retention Schedule provided by the company's auditors. No data will be purged from the accounting software without the authorization of Financial Management.

Any paper records being discarded which include confidential information about employees or patients will be shredded.

4.1.4 Conflict of Interest

Purpose

To eliminate potential conflicts of interest.

Policy

A. Conflicts of interest are unacceptable under any conditions.

A conflict of interest is hereby defined as any situation, either at or away from the office, which affects the ability of an employee to act or to make a decision in the company's best interest. Apparent conflicts of interest will be resolved by the Board of Directors.

Certain acts are specifically prohibited by this policy. Employees found to be engaging in such acts shall be subject to severe disciplinary actions, per the personnel policy. While this list does not include all prohibited acts, the following examples are provided:

1. Appropriating, using or permitting others to appropriate or use any funds, property or time compensated by the company or any of the assets of the company for personal gain or benefit or for any unlawful purpose.
2. Failing to disclose personal interests, whether direct or indirect, in any entity with which the company does business or seeks to do business, excluding personal interests consisting solely of publicly traded securities amounting to less than 5% of the total of any one class of outstanding securities. An employee shall be deemed as having an indirect interest in a business if an immediate family member of such employee has a direct interest in such business, or if a nominee or trust controlled by the employee or one of the employee's immediate family members has a direct interest in such business.
3. Accepting personal or business loans from entities with which the company does business, excluding loans obtained from lending institutions at prevailing interest rates, terms, and conditions.
4. Serving at any time as an incorporator, director, officer, partner, employee or consultant of any partnership, corporation, or other entity doing business or seeking to do business with the company.
5. Accepting gifts, gratuities or entertainment in cash or in kind valued greater than $50 from any present or potential vendor.

B. Record Keeping

To provide an accurate record of all financial transactions, clinic books, records, and accounts must be maintained in conformity with generally accepted accounting principles. All employees and directors are responsible for safeguarding SCH&DC assets under their control and for maintaining an auditable record of financial transactions.

Further, SCH&DC specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described on the books and records of SCH&DC.
2. Receipts and disbursements must be fully and accurately described on the books and records of SCH&DC.

3. No false entries may be made on the books or records nor any false or misleading reports issued.
4. Payments may be made only to the granting party or a valid assignee and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

C. SCH&DC Conflict by Board of Director Participation

No director, nor any member of any Board committee, shall derive any personal profit or gain, directly or indirectly, because of his/her participation on the Board or one of its committees. Board members may be reimbursed for expenses incurred. No director shall be an employee or the family member (spouse, parent, and/or children) of an employee of SCH&DC. Each director or committee member shall disclose any personal interest which he/she may have in any matter pending before the Board of Directors and shall refrain from participation in any decision on such matter. All such recusals by directors/committee members shall be noted in the minutes.

D. Conflict of Interest Forms

1. Conflict of Interest Forms are completed annually as outlined in the Bylaws of Susquehanna Community Health & Dental Clinic, Inc.

2. The Finance Committee of the Board of Directors reviews conflict of interest forms received which indicate potential conflicts, advises employees with potential conflicts, and monitors those activities with potential conflicts as necessary.

Applicability
This policy applies to all employees and board members, whether temporary, part-time or full-time regular.

4.1.5 Training

Purpose
To ensure that all personnel performing financial functions meet the current skill requirements for their positions.

Policy
Financial Management will keep abreast of developments in applicable laws and regulations pertaining to the operations of the company. Personnel performing functions that require specific ongoing training or knowledge will be provided opportunities to obtain such training or knowledge to ensure compliance by the company with any legal requirements, contracted obligations, or other commitments specified by grantors or other relevant entities.

Applicability
This policy applies to all personnel whose functions under Financial Management are to any extent controlled by requirements external to the policies of the company.

4.2.0 General Ledger Reporting and Analysis

4.2.1 Recognition Concept

Purpose
To specify the parameters for transactions posted to the general ledger.

Policy
Susquehanna Community Health & Dental Clinic, Inc. utilizes the accrual basis for accounting in which revenues are recorded in the period in which they are earned, and expenses are recorded in the period in which they are incurred regardless of when cash is received or disbursed.

A double entry bookkeeping system will be used at all times.

For both management and cost determination purposes, cost accounting will be used.

Accounting software used by the company must require all transactions posted to the general ledger to have an active account, date, amount, source, reference, encumbrance, journal type, class, and, if applicable, Grants and project code. All posted batches are to be balanced by source, journal type, amount, and date before posting.

Applicability
This policy applies to all transactions posted to the company's general ledger and subsidiary ledgers that are summarized and posted to the general ledger.

4.2.2 Chart of Accounts

Purpose
To ensure that appropriate accounts are established for recording all financial activity and to establish formal criteria for changes to the company's chart of accounts.

Policy
All cost accumulation and reporting will be made by department and account codes established for that purpose by the entity. Each operation of SCH&DC is assigned a department number under which it operates. All departments are required to use this identification system for recording financial activity. Only Financial Management is authorized to revise the department identification numbers.

The company's chart of accounts will be changed when, in the opinion of Financial Management, one of the following has occurred:

1. There is no longer any activity in an existing account, or any activity in an existing account would be more accurately reflected in a different account, and thus, no need for such an account exists.
2. Activity which cannot properly be charged to an existing account.

Accounts for which there is no longer a need will be inactivated as soon as that determination has been made. Similarly, as soon as the determination is made that a new account is needed to accommodate a new activity, such new account will be immediately added to the existing chart of accounts.

In addition to the standard account string a grant and/or project attribute will be added to the system to ensure that SCH&DC's financial management system is able to account for all Federal awards (including the Federal award made under the Health Center Program) in order to identify the source (receipt) and application (expenditure) of funds for federally-funded activities in whole or in part. The grant and/or project record within the financial management system will include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, Federal award identification number and year, name of the HHS awarding agency, and name of the pass-through entity, if any. In addition to the information included above, the official grant

award documents will be scanned and directly attached to the grant attribute record. Grant attributes will be monitored by the Senior Accountant for accuracy and completeness.

4.2.3 Journal Entries

Purpose

To ensure all activity posted to the general ledger via general and/or adjusting journal entries follows a standard approval process, including appropriate documentation supporting the need for the entry.

Policy

All general ledger entries will be posted in detail from the following journals:

1. Accounts Payable
2. Payroll from external payroll system using a system generated General Ledger Detail Report
3. Fee for Service Revenue
4. Other Revenue
5. Other Cash Entries
6. Fixed/Variable Accruals
7. Adjustments and Corrections
8. Fixed Assets

All journals will be posted at least weekly, after the close of the month's business, and before financial statement preparation. All journals are to be recorded and maintained in the accounting software in current use by SCH&DC.

Procedure

SCH&DC has implemented an electronic approval process for General and Adjusting Journal Entry batches. Journal Entries will be entered into the accounting software in current use by SCH&DC as follows:

1. Person requesting/making the entry will open a new General/Adjusting Journal Entry Batch.
2. All entries will be recorded with supporting documentation uploaded and directly attached to the Journal Entry Batch.
3. Upon verification that the entry is complete, the individual will set the batch status to **PENDING APPROVAL.**
4. Per the approval process outlined below, the authorizing individual will review all batches daily for pending approvals. Batch will be reviewed by the authorizing individual and the status for the batch set to **APPROVED.**
    a. Any errors in the journal entry will be presented to the person requesting/making the entry for further investigation and correction.
5. Once the batch status has been set to **APPROVED**, the authorizing individual will run the internal validation tool in the software to validate the batch entries.
    a. Any failed validations will be presented to the person requesting/making the entry for further investigation and correction.
6. Upon completion of the batch validation, the authorizing individual will post the batch. Once complete, the batch status will automatically update to **POSTED**.

General Journal and Adjusting Entries will follow the below approval process:

Person Requesting/Making Entry	Authorizing Individual
Accounting Clerk	Accountant, Senior Accountant, or CFO
Accountant	Senior Accountant, CFO
Senior Accountant	CFO
CFO	CEO

4.2.4 Cost Allocation

Purpose

To properly determine the allocation of costs for the activities of the company.

Policy

Financial Management will allocate all costs of the company on an annual basis, or more often as necessary, to correctly determine the administrative and facility expenses incurred by the different programs of the company.

4.2.5 Financial Reporting

Purpose

To ensure that all decision-making persons in the company have the appropriate knowledge of the company's finances to make well-reasoned business decisions.

Policy

Financial Management's function is responsible for maintaining systems that are capable of tracking, analyzing, and reporting key aspects of SCH&DC's financial status. This will include providing management with forecasts of the company's profit and loss and projections of cash flow requirements. Except when noted, SCH&DC follows Generally Accepted Accounting Principles (GAAP) for non-profit health and welfare organizations.

The Board of Directors and management team will receive monthly financial statements, at a minimum to include an income statement and balance sheet for the current period. All reports will include comparisons to budgets, forecasts or prior periods as applicable. These reports will be prepared, updated, and issued by Financial Management and distributed only to the appropriate individuals. These reports shall serve the capacity for the CEO and CFO to track the financial performance of the health center, including the identification of trends or conditions that may warrant action by the CEO and CFO in order to maintain financial stability.

Financial Management will make available any supporting detail for said reports as requested by the individuals receiving them.

Special projects, grants, HMOs, and other entities that necessitate revenue and expenses to be tracked independently of the established chart of accounts, require the assignment of a unique project code. All departments involved in such projects will record said code on the appropriate transactions to provide a means of reporting on the activities of the entity in question.

Report	Frequency	Distribution List
Board Financial Dashboard	Monthly	BOD
Income to budget	Monthly	Finance Committee
Balance Sheet	Monthly	Finance Committee

Actual to budget by department	Monthly	Management
Listing of Checks Written	Monthly	Finance Committee Chair

It shall be the responsibility of Financial Management to ensure and document through reporting mechanisms, that any non-grant funds generated from Health Center Program project activities, in excess of what is necessary to support the HRSA-approved total Health Center Program project budget, were utilized to further the objectives of the project by benefiting the current or proposed patient population and were not utilized for purposes that are specifically prohibited by the Health Center program.

4.2.6 Statistical Data Collection and Reporting

Purpose

To ensure that appropriate non-financial data is collected and summarized accurately for managerial and reporting purposes.

Policy

Financial Management will maintain systems for the collection, summary and dissemination of clinical data. This data will include encounter data by department and provider, using Current Procedural Terminology (CPT) and International Classification of Disease (ICD) coding, and, to the extent allowable by the patient management system, detailed data by relative value units (RVU's) or other such measure that allows for more detailed analysis.

Said systems will also allow for the collection of data necessary for the Uniform Data System (UDS) Report submitted annually to the Bureau of Primary Health Care. Financial Management will complete and submit other such special program reports as necessary and maintain appropriate backup documentation so that the information contained within such reports may be verified. Such data will be regularly presented to the Board of Directors with appropriate comparative and budget data.

Applicability

This policy applies to all clinical, case management, and other data recorded in the patient management system or elsewhere for which analysis is deemed to be necessary by the Board of Directors.

4.2.7 Control, Auditing and Analysis

Purpose

To ensure that the financial record system is accurate, current, and complete, and appropriately analyzed to provide insight regarding changes, trends, and other anomalies in the company's financial activity.

Policy

Financial Management is to direct efforts to issue and administer internal control procedures that ensure the accuracy of financial records and protect the company's assets against irregularities and fraud. Provisions will include, whenever possible, independent verification of actions by at least one neutral source, elimination of duplication of effort wherever possible and separation of functions involving movement, physical accountability, and records verification of company assets. Cash will be handled as directed in the Cash Policy as approved by the Board of Directors.

Financial Management is responsible for analyzing the financial ratios of operating groups to determine the effectiveness of the company's financial management and operations. Comparisons will be drawn whenever

possible to known data on other community health centers. Analysis performed by Financial Management will include performance indicators for both financial and productivity measures.

Financial Management may embark on conducting internal audits at any time deemed necessary to ensure the proper accounting of the company's activity. Audit activities may encompass financial activity as well as statistical data available to validate financial measures, such as encounter data corresponding to patient account charges.

Financial Management will have an annual independent financial audit performed on the company's books. The audit will be performed in accordance with OMB A-133. Copies of said audit and accompanying management letter will be provided upon receipt by Financial Management to the Board of Directors. Financial Management will submit a corrective action plan for any findings noted in the management letter, and promptly act on such plan.

In the event SCH&DC expends $750,000 or more in award funds from all federal sources during a given fiscal year, it is Financial Management's responsibility to ensure that a "single or program-specific audit" is conducted and submitted for that year in accordance with the provisions of 45 CFR Part 75, Subpart F: Audit Requirements. In addition, it is Financial Management's responsibility that all subsequent audits demonstrate that corrective actions have been taken to address all findings, questioned costs, reportable conditions, and material weaknesses cited in the previous audit report, if applicable.

Applicability
This policy applies to all financial and statistical data recorded by the company.

4.3.0 Cash and Investments

4.3.1 Financial Relations

Purpose
To ensure proper measures of control exist for any relationships held with financial institutions.

Policy
The Board of Directors will approve the opening and closing of all accounts, and the authorized signers on each account.

The Finance and Audit Committee of the Board of Directors will be informed by Financial Management of any transfer of funds taking place between financial institutions with which the company does business.

Appropriate accounts will be maintained for all fiduciary purposes, and funds will be allocated to these accounts in accordance with the guidelines set forth in the Cash and Investment Management policy.
Financial Management will monitor existing accounts for necessity and reasonableness of fees charged in relation to services received, as well as the returns derived from such in the form of interest, dividends, and unrealized gains in equity. Based on such observations, Financial Management will make necessary recommendations to the Board of Directors regarding necessary changes in accounts.

Applicability
This policy applies to all company accounts with any bank, brokerage, or other financial institution.

4.3.2 Cash and Investment Management

Purpose

To ensure that retained earnings of the company be invested in a manner that is profitable and prudent, ensuring that the assets are available for future use and, at a minimum, maintain their purchasing power over the long term.

Policy

Because of the variety of requirements for the assets of SCH&DC, available assets are to be divided into three classes, subsequently described as the Operating Fund, Short Term Investments, and Long-Term Investments. Each is to be managed in accordance with its respective policy described herein.

Operating Fund

Amount and Liquidity

The goal is to have at least 30 days of operating expenses maintained. Excess funds shall be invested in short term instruments, as appropriate.

Risk, Return and Time Horizon

Given the short-term use of these funds, it is critical that the invested assets consistently maintain or improve their purchasing power. An operating fund is to be maintained as long as the company is in existence.

Management and Reporting

Management of the Operating Fund is completely at the discretion of Financial Management. Standard financial reports presented to the Board of Directors will suffice to show the adequacy of cash flow to the Operating Fund.

Allowable Investment Vehicles

- Bank Accounts and Money Market Equivalents of High Quality Banks
- As recommended by advisor(s) retained by management for the purpose of managing these assets.

Short Term Investments

Amount and Liquidity

Short Term Investments (if any) shall be invested in instruments with low risk and high liquidity, since these will be the first funds accessed to supplement the Operating Fund in the event of a prolonged negative cash flow and for significant capital expenditures.

Risk, Return and Time Horizon

The amount of time these assets might remain invested is long. However, some circumstances could dictate that a substantial portion of the assets be available for use within a few months' or years' time, so the average investment risk accepted for these assets will be low. It is therefore critical that the invested assets consistently maintain or improve their purchasing power. It is expected that these investments will be maintained indefinitely but will fluctuate in size based on the fiscal health, capital needs, and political and economic environment for the services of the company.

Management and Reporting

Management of Short-Term Investments is at the discretion of Financial Management. Management may retain independent experts to oversee the assets of the Short-Term Investments. Any expert retained for

this purpose will enter a contract with the company to invest and manage these assets in a prudent manner that is acceptable to management, and in a fiduciary manner that is consistent with these Policies and Guidelines. Management will review allocation between the Operating Fund and Short-Term Investments as cash flow needs dictate and will have complete discretion for the transfer of funds between the Operating Fund and Short-Term Investments. Management will review Short Term Investment performance at least annually.

Allowable Investment Vehicles

- Money Market Equivalents
- Certificates of Deposit issued by High Quality Banks
- U.S. Government Bonds (including Treasury Inflation Protected Securities, i.e. TIPS)
- Agency Bonds issued by U.S. Government sponsored enterprises (e.g. Fannie Mae)
- Bonds or Commercial Paper of High Quality Corporations
- Other Bonds or Bond Funds with no greater than Low principal risk and terms of five years and under

Long Term Investments

Amount and Liquidity

The remainder of the assets of the company (except the Retirement Fund) are to be invested in Long Term Investments, for which a lower level of liquidity is acceptable, so long as future cash needs are being periodically reviewed by management.

Risk, Return and Time Horizon

These assets will be invested in instruments with no greater than low to moderate risk, unless otherwise recommended by the management and approved by the Board of Directors. Since the expected time these remaining assets will be invested is long, a diverse portfolio of assets invested in vehicles that contained some downside risk that could, in turn, lose value, would have a high probability for the recovery of at least the original principal by the time of use. However, given the mission and non-profit status of the company, consideration for moderating risk will override any expectation to maximize return. An appropriate mechanism for managing the risk of the invested assets is to diversify the assets across a series of different investment securities.

Management and Reporting

Management of Long-Term Investments is at the discretion of the Financial Management in consultation with the Finance and Audit Committee of the Board of Directors. Management may retain independent experts to oversee the assets of the Long-Term Investments. Any expert retained for this purpose will enter into a contract with the company to invest and manage these assets in a prudent manner that is acceptable to management, and in a fiduciary manner that is consistent with these Policies and Guidelines. Management will review allocation between the Long-Term Investments and other assets as cash flow needs dictate and will make recommendations to the Board of Directors or its representative(s) regarding transfers to and from Long Term Investments. Management will review Long Term Investment performance at least quarterly and report any significant anomalies or as requested to the Board of Directors.

Allowable Investment Vehicles

- Any of the Investments Listed for Short Term Investments
- Common Stock of High Quality Corporations
- Other Bonds or Bond Funds with no greater than Medium principal risk

- Other Stocks or Stock Funds with no greater than Average market risk• Or, as recommended by advisor(s) retained by management for the purpose of managing these assets.

Applicability
This policy applies to all monetary assets of the company.

4.3.3 Bank Reconciliation

Purpose
To ensure the proper reconciliation of all bank statements to the general ledger.

Policy
Bank accounts will be reconciled monthly no longer than 15 days after receiving the bank statement to the general ledger. The reconciliation process will be documented and account for deposits not yet recorded to the company's books, deposits recorded on the company's books but not yet received by the bank, and outstanding checks. The reconciliation will be completed by someone without check signing authority and approved monthly by the CFO.

Outstanding checks will be monitored regarding the number and age of stale checks. On a periodic basis, letters will be sent to all entities to whom checks were issued that have become stale (stale being defined as over six months from the date of issue). Those entities will be offered the options of either having the check reissued or declining payment on the basis that the invoice or charge in question is no longer valid or has been paid. Any outstanding checks that meet the guidelines of the Pennsylvania Treasury for Unclaimed Property, will be handled in accordance with the Pennsylvania Unclaimed Property Law.

Adjustments to cash required to complete a bank reconciliation will be clearly referenced as such in the general ledger.

Reconciliations for all brokerage and investment accounts to the general ledger will be completed on a quarterly basis.

Applicability
This policy applies to all bank and brokerage accounts.

4.3.4 Credit

Purpose
To establish limits on the use of credit for satisfying the company's financial obligations.

Policy
No lines of credit are to be established by Financial Management without the express approval of the Board of Directors, apart from the following exceptions:

1. Customary credit provided by vendors for the duration of a 30-90-day billing cycle.

Applicability
This policy applies to all lines of credit available from both financial institutions and vendors.

4.4.0 Property

4.4.1 Capital Expenditures

Purpose

To ensure the proper accounting of capital expenditures.

Policy

The purchase of capital expenditures are required to follow the policies and procedures as outlined in section *4.7.0 Procurement/Purchasing, Payables, & Disbursements.*

Capital expenditures are all to be recorded in the Fixed Assets Ledger at the time of purchase.

Applicability

This policy applies to all capital expenditures. A purchase is considered a capital expenditure when it meets the following three criteria:

1. The item or service must have a useful life of greater than one year.
2. The item or service must be physical in nature (includes computer software) or result in an improvement of physical property.
3. The cost for each individual item/service or the combination of like items/services purchased together exceeds $5,000.

No item purchased in which the individual cost is $5,000 or less shall be capitalized, even if the total invoice or purchase exceeds $5,000.

4.4.2 Tangible Assets

Purpose

To ensure the appropriate management and accounting of all land, depreciable assets, inventories and other real property, including, but not limited to those such assets associated with the Health Center Program project.

Policy

A ledger of fixed assets, including appropriate descriptive detail such as description, location, serial number, date of purchase, asset number, associated grant award, condition, and depreciation detail, will be maintained. Physical inventory of the fixed asset ledger items shall be completed no less than every other year. Physical property items will be tagged utilizing SCH&DC property tags.

SCH&DC property is safeguarded to prevent loss or theft through periodic inventory of equipment as well as physical safeguards within the facility such as the utilization of access control systems which limit access to appropriate staff, security systems, and security cameras on the perimeter of the facility and within the main lobby.

Depreciation is to be calculated for all capital expenditures, including all fixed assets, on a straight-line basis using the estimated lives and guidelines specified in applicable Internal Revenue Service regulations.

Once capitalized, property shall remain on the company's books until sale, retirement, or other disposition. At that time, both the cost and related accumulated depreciation shall be removed from the company's books, and any resulting gain or loss shall be recognized.

Property will be disposed when it is either determined to be obsolete, when disposal is warranted by the item's condition, when maintenance is no longer cost efficient, or when the item's intended use is no longer valid and there is no other application for the item. Disposal of property will be approved by Financial Management and a detailed report outlining all disposed property will be provided to the Finance Committee. Sales to employees who have authority to designate said property as surplus is prohibited.

In accordance with 45 CFR 75.320(e) any equipment purchased with Federal funds will be disposed of in the following manner:

- If current FMV is less than $5,000 no obligation to HHS or other Federal agency and equipment will be disposed of as described above.
- If current FMV is greater than $5,000 it is financial management's responsibility to ensure that approval from the HHS awarding agency is received prior to the disposal of the asset.

Tangible assets which are not capitalized will be recognized as inventory in the company's books if, in the estimation of the company's auditors, its value is material. Inventories are stated at cost determined on a first-in, first-out (FIFO) basis. Whenever physical accounting reveals either over or under amounts in actual inventory as compared to the booked inventory, necessary adjustments will be made so that the actual and recorded amounts are in balance.

Tangible assets which are not capitalized, and whose inventory is considered immaterial by the company's auditors, will not be recognized as assets in the company's books.

Depreciation is to be recorded monthly in the company's books. Changes in inventory amounts are to be determined and recorded on an annual basis in the company's books.

It is Financial Management's responsibility to ensure the safeguarding of all assets to assure they are used solely for authorized purposes in accordance with the terms and conditions of the Health Center Program award/designation.

4.4.3 Risk Management

Purpose

To ensure that natural and business risks will be managed to minimize the company's exposure to such risks using appropriate insurance.

Policy

Financial Management will develop and manage protections for business risks, including, but not limited to:

- Fraud and thefts (ERISA crime bond)
- Fire, floods, and acts of nature (commercial property and commercial multi-peril)
- Legal liability (general liability)
- Employment risks (workers' comp)
- Professional liability (D&O and malpractice tail)
- Cybersecurity

Financial Management will utilize, as necessary, the services of a broker or agent in order to ascertain the appropriate coverage necessary and obtain the most competitive pricing available.

Large loss exposures will be covered first. Less severe risks can be covered as budgets permit.
Deductibles will be used to reduce coverage costs, when practical. Insurance costs and levels of coverage will be reviewed periodically to determine if they are suitable for current conditions. Coverage will be purchased in as large a unit as possible.

Applicability
This policy applies to all aspects of the company's business, including daily operations, human resources, and the Board of Directors.

4.4.4 Inventory

Purpose
To ensure that inventory is accounted for correctly and in accordance with Generally Accepted Accounting Principles (GAAP).

Policy
Susquehanna Community Health & Dental Clinic Inc.'s inventory is immaterial; therefore, all purchases (excluding Capital Expenditures) are expensed.

Applicability
This policy applies to all aspects of the company's inventory.

4.4.4 Capital vs. Operating Leases

Purpose
To ensure that all leases entered into by the organization are tested for capital lease treatment as outlined by current GAAP standards.

Policy
In accordance with current GAAP standards, the Chief Financial Officer, shall be responsible for ensuring that all leases are tested against the capital lease criteria. If the lease meets one or more of the following four criteria, then the lease shall be recorded as a capital lease.

Capital Lease Criteria:

- The ownership of the asset is shifted from the lessor to the lessee by the end of the lease period.
- The lessee can buy the asset from the lessor at the end of the lease term for a below-market price.
- The period of the lease encompasses at least 75% of the useful life of the asset (and the lease is noncancelable during that time).
- The present value of the minimum lease payments required under the lease is at least 90% of the fair value of the asset at the inception of the lease.

It will be the responsibility of the Chief Financial Officer to create the amortization schedule in accordance with GAAP standards, ensuring lease payments are appropriately recorded on a monthly basis.

Should the lease not meet the criteria of a capital lease, it will be handled as an operating lease, following GAAP standards.

4.5.0 Patient Accounts

4.5.1 Patient Registration

Purpose

To ensure that patients are properly registered in the company's patient accounting system.

Policy All patients will be recognized in the company's practice management system at the time of their first visit. Patients enrolled in Medicaid or Medicare, or who have HMO or other insurance will be expected to present current proof of such coverage at registration. Patients with comprehensive coverage will incur applicable copayments for services rendered to them. All patients, specifically those without third party coverage, that may meet the guidelines should be encouraged to apply for the Sliding Fee Scale Discount Program, as described in the Sliding Fee Scale Policy.

Applicability

This policy applies to all patients seeking services from SCH&DC.

4.5.2 Sliding Fee Scale Discount Program

Purpose

To ensure that SCH&DC provides services to all patients without regard to the patient's ability to pay.

Policy

No individual will be denied services because of their inability to pay. SCH&DC shall maintain a Board approved sliding fee discount program that assures affordable services to all patients.

Communication of the Program:

Patients and prospective patients will be informed of the sliding fee discount program by multiple methods including methods that accommodate limited English proficient (LEP) patients. One method will be posting signs in the patient HUB both physical and digital. The signs will inform patients of the sliding fee discount program. If SCH&DC determines that over five percent of any patient group utilize a language other than English, bi/multi lingual signs will be provided. A second method for patients and prospective patients, including all LEP patients, will be the ability to interact with the check-in and/or financial services staff. The check-in and/or financial services staff will inform all patients and prospective patients of the program. The staff can work with illiterate patients directly and work with non-English speaking patients using a language line.

Uninsured Patients:

Patients and potential patients will also be made aware that financial counseling is available to explore established payment and/or insurance options.

Patients without any insurance will automatically be referred to the Financial Services team to review established insurance options to which the patient may qualify.

Insured Patients (Insurance/Medicare/Medicaid):

Patients with insurance will not receive a sliding fee adjustment until after all third-party payors have been billed. After the final EOB is received, the encounter will be adjusted if the remaining balance is greater than what the patient would have been charged under the sliding fee program, so long as this is not precluded or prohibited by the applicable insurance contract. For example, John Doe, an insured patient, receives a health center service for which the health center has an established fee of $80. Based on John Doe's insurance plan, the co-pay would be $60 for this service. John Doe's sliding fee amount, per the current sliding fee discount schedule, is $40. Rather than the $60 co-pay, the health center would charge John Doe $40.

Frequency of re-evaluation:
All sliding fee discounts will expire one year from the date of the application. A patient wanting to continue in the program must reapply, including completing a new application and providing new proof of income.

Sliding Fee Discount Program Structure:
A Sliding Fee Schedule is available for those patients with income at or below 200% of the Federal Poverty Guidelines (FPG). The sliding fee discount program will be structured to offer a nominal charge for patients at or below 100% of FPG and a sliding fee for patients at or below 200% of FPG, but above 100% of FPG. The sliding fee will have three levels of discounts. Patients above 200% of FPG will not be offered a sliding fee discount. Other discounts are available for those patients including prompt pay discounts and Title X funding. These discounts are discussed in section *4.5.3 Revenue Cycle Management*. The nominal charge will be a fixed amount and will always be less than the amount in the first level of discounts.

The Sliding Fee Program Structure will include the following classes:

% of Federal Poverty Guidelines	Sliding Fee Discount Level
100% or Below	Option A
101% - 140%	Option B
141% - 175%	Option C
176% - 200%	Option D
Above 200%	Option F (Full Fee)

Sliding Fee Discount Schedule Approval:
The Sliding Fee Discount Schedule will be updated at least annually when the Federal Poverty Guidelines are published or at other times as deemed necessary. It shall be the CFO's responsibility to ensure the fees are in compliance with all federal guidelines. With the approval of this policy the Board of Directors is authorizing the annual update of the Sliding Fee Discount Schedule based on the Federal Poverty Guidelines. Any change outside of this annual update will require separate approval by the Board of Directors.

The Chief Financial Officer (CFO) is responsible for ensuring current financial information is on hand for all patients receiving the Sliding Fee Schedule.

Multiple Sliding Fee Discount Schedules:
As discussed previously, sliding fee discounts will apply to all services within a health center's approved scope of project for which there is an established charge, regardless of the service type (required or additional) or mode of delivery (direct, by contract, or by formal referral agreement, as indicated on Form 5A: Services Provided, Columns I, II, or III). The Board may elect to have multiple sliding fee discount schedules based on services/mode of delivery. Each sliding fee discount schedule will meet the requirements outlined in the HRSA Compliance Manual – Chapter 9: Sliding Fee Discount Program.

Other Considerations:
As a means of reducing barriers to care and improving health outcomes for its patient population, SCH&DC may acquire, purchase, or facilitate access to supplies and equipment (e.g., eyeglasses, dentures, prescription drugs, including those purchased under discount programs) from a third party. These supplies and equipment are considered related to, but not included in, the service itself as part of prevailing standards of care. If SCH&DC elects to acquire, purchase, or facilitate access to these types of supplies and/or equipment, the charge to patients will be based on a different structure for discounting than what is described above. These fees will be set to cover the reasonable costs of such items and patients will be informed of such costs prior to the service being provided.

Definition of Income:
Income is defined as income received on a regular basis including pension and retirement, unemployment, Social Security, and Worker's Compensation (exclusive of certain money receipts such as capital gains) before payments for personal income taxes, social security, union dues, Medicare deductions, etc. Therefore, money income does not reflect the fact that some families receive part of their income in the form of non-cash benefits, such as food stamps, health benefits, subsidized housing, and goods produced and consumed on the farm. In addition, money income does not reflect reimbursements for medical and educational expenses, etc.

Income will be verified by one or more of the following:

1. One full calendar month of Pay Stubs (must be a calendar month according to the pay date on the paystub)
2. Most recently Filed Income Tax Return/W2's
3. Unemployment Compensation Determination Letter or Printout
4. Annual Social Security Determination Letter or Printout
5. Child Support Statement from Domestic Relations or Printout
6. Letter from employer stating wages and hours worked each pay period
7. Pension or Retirement Income
8. Interest Income
9. Self-Declaration Statement

Definition of Household Size (Family)
Household size, for purposes of determining a patient's sliding fee scale eligibility, is defined to mimic the state and federal definition of household for healthcare programs. Household size refers to all persons related by birth, marriage, or adoption who reside together, dependents, and others in the same tax household. Unrelated individuals who are not dependents living at the same address are considered separate households.

The following compose the household:

a. The applicant and their spouse
b. The applicant's unmarried partner if they are the parent of the applicant's child
c. Anyone under 19 years of age who lives with and is taken care of by the applicant
d. Anyone claimed as a dependent on the applicant's federal tax return
e. Anyone who claims the applicant on a federal tax return and their tax dependents

Collections:
SCH&DC will maximize non-federal resources by making reasonable efforts to obtain reimbursement from public and private third-party payors and by charging patients on an ability to pay basis.

The Financial Services team, when reviewing applications and verifying income/household size, will utilize the Sliding Fee Scale Discount Program Procedure to ensure proper workflows are maintained in accordance with the Sliding Fee Scale policy.

The financial information of patients requesting the Sliding Fee Schedule will be verified at the time of registration and annually thereafter. Patients not complying with annual re-application will revert to full fee until their re-application is approved.

Patients have 14 days after services are provided to complete the application and provide copies of the required income verification information or they will be charged the full fee. Once approved, individuals will receive an approval letter that will include the slide level for which they were approved as well as an SFS Discount Program ID card.

Provisions for Waiving Charges:
For details surrounding provisions for waiving charges, reference *Account Write-Offs* under section *4.5.3 Revenue Cycle Management.*

Payment Incentives:
SCH&DC offers other incentives, such as a prompt pay discount. The prompt pay discount is not in addition to the sliding fee discount, although the sliding fee amount can never be greater than any other discount.

Refusal to Pay:
While the front desk staff will strongly encourage payment at the time of visit, the Board has determined that all patients presenting for services will be offered those services. The patient will not be turned away or rescheduled even if they refuse to pay.

Review of Program
Sliding fee applications will be reviewed by the Patient Financial Services Manager and/or CFO no less than quarterly for accuracy and completeness to ensure compliance with regards to 42 CFR 51c.303(f) and (g) and 45 CFR 75.300-309 Subparts E and F surrounding the Sliding Fee Discount Program.

Sliding fee discounts applied to patient accounts will be reviewed no less than quarterly for accuracy and appropriateness to ensure compliance with regards to 43 USC 254b(K)(3)(G)(i).

In addition, the Board of Directors will review the full contents of the Sliding Fee program no less than once every three years to ensure compliance with federal regulations and will include a review of utilization data that allows for the assessment of the rate which patients within each category are accessing services as well as gather data such as patient satisfaction surveys to evaluate the effectiveness of the program in reducing financial barriers to care.

Procedure
Please reference the ***Sliding Fee Scale Discount Program Procedure***

Applicability
This policy applies to all patients seeking services from SCH&DC.

4.5.3 Revenue Cycle Management

Purpose

To ensure that SCH&DC has established policies and procedures to ensure that appropriate payments are collected from both patients and third-party payors.

Policy

Susquehanna Community Health & Dental Clinic Inc. (SCH&DC) provides access to services without regard for a person's ability to pay. SCH&DC ensures sustainability by contracting with and billing, Medicaid, CHIP, Medicare and other government programs, and private insurers of patients in the Center's service area.

Fee Schedule

The Board of Directors will review the methodology for establishing the standard fees and consider any changes for approval at least annually for all fee schedules, including but not limited to those services that are within the HRSA-approved scope of project. SCH&DC's goal is to ensure established fees remain competitive with other healthcare providers in the service area. To ensure fees remain competitive, SCH&DC utilizes outside technology through a software platform that evaluates actual pricing tiers within SCH&DC's geographic area.

Sliding Fee Discount Program

All patients will be charged the established fee, as determined in the board approved fee schedule, regardless of their insurance coverage or financial situation. SCH&DC offers a Sliding Fee Discount Program for those patients with income under 200% of the federal poverty level. Also, for those patients under 100% of the federal poverty level, a nominal charge will be collected if the charge does not present a barrier to receiving care. Further details and requirements related to the Sliding Fee Discount Program can be found in section *4.5.2 Sliding Fee Scale Discount Program.*

Title X Program

SCH&DC receives Title X funding to support Title X Family Planning Services. SCH&DC patients that meet eligibility requirements for the Sliding Fee Discount Program who receive only Title X family planning services and have annual family incomes at or below 100% of the Federal Poverty Level will not be charged for services received, including the nominal charge that is outlined on the Sliding Fee Schedule.

SCH&DC patients that have annual family incomes at 201% through 250% of the Federal Poverty Level will be eligible to receive a discount of 10% on Title X family planning services only. In meeting Title X funding requirements, verification of income for the 201% - 250% category is not required.

Education

SCH&DC will work with all patients to educate them on the options available to them based on their eligibility for insurance and/or related third party coverage through its Financial Services team.

Insurance Plan Master

The Patient Financial Services Manager or their designee will review the insurance master file within the electronic health record (EHR) software at least quarterly to ensure all information is current, accurate, and complete for the submission of claims.

Third Party Reimbursement:

The patient is responsible for payment of fees that are not covered by insurance. If known, payment is expected at time of service.

SCH&DC will make reasonable efforts to participate with all major insurance carriers. However, there may be instances in which insurance plans are considered out-of-network. For patients with out-of-network insurance, SCH&DC will bill the out-of-network insurance and upon claim adjudication any remaining balance will be billed to the patient.

It is the responsibility of the Patient Financial Services Manager to maintain current insurance credentialing files on all active SCH&DC Providers with all insurance payors that SCH&DC is a participating provider of.

It is SCH&DC's policy that all new Providers are credentialed with insurance payors prior to seeing patients to ensure that SCH&DC will be paid for the insurance claims. Any variances from this policy require approval of the CEO and CFO.

Claim Processing:
SCH&DC will follow the below schedule for submission and review of all insurance claims:

1. All claims will be submitted to the payors once the clinical process is complete, the encounter has been marked checked out by the Office Assistant and the encounter is locked by the appointment provider. Encounters must be locked by the appointment provider no later than 2 business days after the visit date.
2. Claims will be reviewed by the Patient Financial Services staff daily for completeness prior submitting the claim for processing.
3. Claims that are rejected/denied will be reviewed daily and re-processed accordingly.
4. Claims outstanding over 60 days without payment or notice of denial will be reviewed by the Patient Financial Services staff regularly until final resolution. Claims determined to be uncollectible and that are non-billable to the patient will be written off accordingly. Unless specifically noted by an insurance plan to utilize an online claim management platform, such as Navinet, it is the expectation that the Patient Financial Services staff will place phone calls to the appropriate claims processor to determine reason for non-payment of claim.
5. Payment batches are to be posted daily.

Billing Patients:
SCH&DC will make reasonable efforts to collect payment from patients for all services rendered. SCH&DC staff will ensure the act of collecting from patients remains efficient, respectful, and culturally appropriate, assuring that the procedures used do not present a barrier to care, and that patient privacy and confidentiality are protected throughout the process.

- SCH&DC will utilize the following methods when attempting to collect patient balances: **Statements** – SCH&DC will regularly mail statements to patients with balances to collect payment.
- **Payment Plans** - Patients who are not able to pay their bill in full at time of service or who have outstanding balances will be offered a payment plan.
    - Payment plans will be designed to meet the individual patient's needs to ensure that the terms of the plan are acceptable to the patient and are able to help the patient succeed. A general goal is to have the payment plan completed within 6 months, but this is by no means a requirement. It is the responsibility of the Patient Financial Services staff to ensure that the patient is comfortable with the design of the plan before activating the payment plan in the practice management system.
    - Payment plans will be reviewed for activity on a routine basis by the Patient Financial Services team. All plans without any payment activity for a period of 30 days will require follow-up to the

patient. If unable to receive payment and/or there is no response from the patient, the payment plan will be inactivated.

- **Prompt Pay Discount** – At time of service, patients who present and pay their balance in full will be offered a 25% prompt pay discount.
    - The prompt pay discount does not apply to patients that have insurance but want to pay the balance in full due to the service being a non-covered service as SCH&DC is required to bill the patient's insurance prior to collecting payment.
    - The prompt pay discount does not apply to any prior balances and is only applicable at the time of service
        - ✦ Exceptions to this policy will be granted to patients that have applied for the Sliding Fee Scale Program and are deemed ineligible for the Sliding Fee Program. Such patients will be contacted via telephone by a member of the Patient Financial Services team and will be offered the prompt pay discount. Patients unable to pay their balance in full during the phone call will forfeit the prompt pay discount.

Dental Treatment Plans:
Patients presenting for Dental services will receive a detailed treatment plan of which they must sign acceptance, acknowledging the plan of care presented by the Dental Provider, and the associated fees for each procedure.

Due to the high cost of Dental Crowns, it is SCH&DC's policy that all patients presenting for a crown procedure pre-pay for the service. The payment will be divided into two installments and is not eligible for a payment plan. Patients will not receive the crown service(s) until all payments have been made.

Guarantor Accounts with an Open Balance:
SCH&DC completes an internal accounts receivable process to follow-up on all accounts with guarantor due balances up to 120 days aging.

SCH&DC will utilize an internal revenue cycle management process for guarantor account balances as follows:

- Any guarantor account with an open account balance of $20 or more will receive no less than one phone call per month in an attempt to collect the balance on account or to initiate a payment plan on the account.
    - In order to receive a phone call, the guarantor must have had at least one prior to the phone call. In the event the account has not received a statement as outlined above, the Patient Financial Services team will document on the account and complete a follow-up review of the account before the month is over.

Refusal to Pay:
While the front desk staff will strongly encourage payment at the time of visit, the Board has determined that all patients presenting for services will be offered those services. The patient will not be turned away or rescheduled even if they refuse to pay.

Account Write-Offs:
Guarantor due balances over 120 days from date of service without any payment activity for more than 30 days will be considered bad debt and as such the remaining balance will be written off to bad debt and a claim note must be placed on the account noting that it was written off to bad debt.

Guarantor due balances that fall under the threshold as outlined above in *Guarantor Accounts with an Open Balance* must receive one phone call before the balance may be written off. If no response and/or the guarantor does not make a payment, the balance will be written off and a claim note is required to be placed on the account noting that it was written off to bad debt.

The Patient Financial Services Manager will be responsible for regularly reviewing accounts written off to bad debt, verifying the appropriateness of the adjustment.

Accounts with a guarantor due balance under $3.00 will be considered for a small balance write-off. The total amount of the small balance write-offs will be reviewed by the Patient Financial Services Manager monthly for appropriateness.

An analytic report outlining all bad debt write-offs will be shared by the CFO with the Finance and Audit Committee of the Board of Directors monthly.

At times there may be extenuating circumstances to which individual consideration will be given to circumstances outside of the established criteria for discount. Examples of these circumstances included but are not limited to:

- Patient's statement of their inability to pay
- Death of a patient
- Patient misinformed of fees/charges
- Patient unhappy with the services received

These instances require approval of the Patient Financial Services Manager and in their absence the CFO or CEO before being processed by any Patient Financial Services representative. Any time the courtesy adjustment code is utilized, a claim note must be placed on the encounter which shall include reason for discount and the individual that provided approval. All approved special circumstances will be discounted using the Courtesy Adjustment code.

Patient/Insurance Credit Balances:
In the event patients and/or insurance companies have a credit balance on account, the Patient Financial Services department will process a refund request. No credit balances will be maintained on file, without written permission of the patient. Credit Balances will be reviewed by the Patient Financial Services Department at least weekly.

Applicability
This policy applies to all patients seeking services from SCH&DC as well as all third-party payors.

4.5.4 Payment Policy

Purpose
To render inclusive, quality primary medical, behavioral health, reproductive health, and dental care to all those who need it. Susquehanna Community Health & Dental Clinic, Inc. (SCH&DC) preserves the dignity and confidentiality of patients while receiving appropriate payment for the care provided.

Policy
The cost of services provided by SCH&DC is the responsibility of the patient. Payment is expected at the time of service. Patients with concerns about their ability to pay may request to speak with a Patient Financial

Services representative to discuss payment options. SCH&DC will provide care for patients regardless of their ability to pay.

Patients will be billed on any outstanding balance on the account resulting from care or services received at SCH&DC. If a patient overpays on their account, SCH&DC will refund the amount of the overpayment not later than the 30th day after the date that an overpayment has been determined. Patients will be billed when a claim is denied due to patient eligibility, benefit limits, services are not covered, or when there is still a patient responsibility balance on the account.

Patient statements are mailed regularly after the visit has been posted. Outstanding balance statements will be mailed every 28 days. No interest will be charged to patient accounts. SCH&DC will provide a patient with an itemized statement of charges for services or supplies within ten (10) business days.

Any concerns a patient has regarding their balance, may contact the SCH&DC Patient Financial Services Office at 570-567-5400. For further information related to patient payments, please reference Section *4.5.3 Revenue Cycle Management.*

All transactions processed through River Valley Pharmacy are required to be paid for, if a balance is due, prior to providing the patient with any filled prescriptions. As with all SCH&DC services, patients will be eligible to participate in the Sliding Fee Scale program. Patients that do not qualify for the Sliding Fee Scale program and do not have the ability to pay for their prescriptions will be referred to the Community Navigator for assistance.

4.5.5 Employee Discount on Services

Purpose

To define to policy an employee discount in relation to SCH&DC services.

Policy

SCH&DC will offer a 100% discount on services that are provided at any SCH&DC location, in the following manner:

- All staff and immediate family members will receive a 100% discount on services upon payment of the insurance claim. Any dental services that have an associated lab fee, such as crowns, will have the service discounted, but staff will be required to pay full lab fees.
- The 100% discount will be limited to SCH&DC Health and Dental Insurance Plan's allowable costs. For example, SCH&DC plan has a $30 copay, but staff member not on SCH&DC insurance has a $40 copay, SCH&DC will provide a $30 discount to staff member.

SCH&DC will offer employees a discount on services provided at River Valley Pharmacy based on the lesser of insurance cost or cost of the pharmaceutical plus $1.00.

Applicability

All SCH&DC employees.

4.6.0 Revenue & Receipts

4.6.1 Cash Receipts

Purpose

To ensure that proper measures of control exist for handling the company's cash receipts and to ensure that all cash receipts are properly recorded to the general ledger.

Policy

Cash and checks received will be counted and recorded daily and kept in a safe location controlled by Financial Management. All checks will be restrictively endorsed upon receipt. Deposits will be made on at least a weekly basis in a secure manner to be determined by Financial Management.

Deposit slips for the company's cash deposits will be kept on file for the same purpose.
Preparation of deposits will not be completed by any person responsible for the posting of corresponding payments to the patient accounting system. Deposit preparation will be done by accounting or office personnel appointed for this purpose. Payment posting will be done by billing or registration staff who have no accounting responsibility for the corresponding deposit. In other words, persons involved in preparing deposits should not post the source documents corresponding to said deposits, and vice versa. Financial Management will oversee the reconciliation of payments posted with said cash.

Financial Management will maintain a Cash Receipts Summary detailing all deposits, either in the form of General Journal Batches or other such form as is sufficient for capturing the appropriate detail. The Accounting Clerk will be responsible for reviewing the cash reconciliation and balance reports from each station and will initiate the bank deposit. SCH&DC has the capability to utilize remote check deposits through the Financial Institution authorized by the Board of Directors. In the event that the bank deposit cannot be made the same day for cash, the Accounting Clerk will ensure that all of the cash and reports are properly secured, until the following business day.

The Accounting Clerk will ensure that all supporting balancing reports and deposit details will be filed appropriately. No Office Assistant or Pharmacy Technician will have administrative rights in the system. All adjustments made to accounts by Office Assistants or Pharmacy Technicians, such as the Sliding Fee Scale and Prompt Pay adjustment, will be monitored by the Billing Manager at least monthly through the completion of an audit trail. No Office Assistant or Pharmacy Technician will participate in end-of-month closing procedures with patient accounts receivable.

No less than monthly the Accounting Clerk will complete audits of all till drawers throughout the facility to monitor till drawer levels ensuring compliance with beginning balances. Findings of these audits will be documented and kept on file in the finance department and will be presented to Financial Management for review. Instances of non-compliance will be monitored and reported to the individual Department Manager for corrective/disciplinary action, if applicable.

Procedure

Please reference the ***Deposit Reconciliation Procedure***

Applicability
This policy applies to all company receipts, including both cash and checks, for patient accounts, grant agreements or contracts, managed care capitation and incentives, and any other company activity for which payments are received.

4.6.2 Recognition of Revenue

Purpose
To ensure that revenue is recognized to depict the transfer of promised goods or services to patients/customers in an amount that reflects the consideration to which SCH&DC expects to receive in exchange for the goods and services provided as outlined in the ASC 606 revenue recognition standard.

Policy

SCH&DC will follow the ASC 606 five-step method for revenue recognition as outlined below:

1. Identify the contract(s) with the patient/customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s) in the contract
5. Recognize the revenue when (or as) SCH&DC satisfies a performance obligation

Step One: Identifying the Contract SCH&DC must ensure that a contract(s) exists with each patient/customer before revenue can be recognized. For the purposes of revenue recognition contracts can be written, oral or implied. In order to do this, it is Financial Management's responsibility to evaluate the indicators of the existence of the contract. The requirements to evaluate whether a contract exists are:

1. **Approval and commitment** through the completion of the patient consent to treat form, acceptance of a formal contract, grant agreement, etc.
2. **Identification of the rights** through maintaining the patient fee schedule, details in the formal contract, grant agreement, etc.
3. **Identification of the payment terms**
4. **Commercial substance to the contract** by determining if services are to be provided, etc.
5. **Probability of collection** by determining that it is probable that SHC&DC will collect substantially all of the consideration in exchange for the good or service provided.

Step Two: Identifying the Performance Obligations
SCH&DC must identify what the appropriate performance obligations are in regard to the contract with the patient/customer. Performance obligations are defined as promises within the contract with the patient/customer to transfer a good or service to the patient/customer.

Goods and/or services that are provided must be capable of being distinct or distinct within the context of the contract. If the good or service is not distinct, it then must be combined with other promised goods and services until a bundled of goods and services can be identified as distinct. To be considered a distinct good or service the patient must be able to benefit from the good or service either on its own or together with other resources that are readily available. To be considered distinct within the context of the contract the good or service must me separately identifiable from other promises in the contract.

SCH&DC has determined that all patient care visits are to be considered as distinct services and if applicable any medications, medical devices, etc. are to be considered as distinct goods provided to patients.

Step Three: Determining the Transaction Price

As defined in the ASC606, transaction price means the amount of consideration to which an organization expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

In determining the transaction price, SCH&DC will use the following considerations:

1. Variable consideration
2. Constraining estimates of variable consideration
3. The existence of a significant financing component
4. Noncash consideration
5. Consideration payable to the customer

It should be noted that SCH&DC's contracts with patients will often include a degree of variability in the transaction price. The variability can be in the form of discounts, refunds, or credits and can be explicitly stated in the contract or implied based on SCH&DC's customary business practices.

In accordance with ASC 606, SCH&DC will follow the two allowable methods for estimating variable considerations:

1. **Expected Value** – which is the sum of probability-weighted amounts in a range of possible consideration amounts. This value can be an appropriate estimated of the amount of variable consideration if SCH&DC has a large number of contracts with similar characteristics such as grouping together patient care visits (preventive dental, preventive medical, etc.)
2. **The most likely amount** – is the single most likely amount in a range of possible consideration amounts. This may be an estimate of the amount of variable consideration if the contract generally has two possible outcomes.

SCH&DC will utilize both explicit and implicit price concessions when determining the transaction price. Explicit price concessions are defined as reductions in accepted payment from the SCH&DC fee schedule based on an agreement with a 3rd party payor or an internal SCH&DC policy. The most common explicit price concessions that SCH&DC will utilize are contractual adjustments and sliding fee scale discount program discounts. Implicit price concessions are determined based on consideration that the patient/customer has an expectation that SCH&DC will accept an amount less than the price stated in the contract. As outlined in Chapter 9 of the Health Center Program Compliance Manual, health centers must operate in a manner such that no patient shall be denied services due to an individual's inability to pay. This leads to SCH&DC determining based on historical collections that the probability of collecting 100% of patient due balances is not possible.

SCH&DC, in determining explicit and implicit price concessions will utilize the portfolio approach as allowed by ASC 606 as a method for determining the final transaction price. It is the expectation that the portfolio approach will only be used if the effect of using this method does not result in a materially different financial impact. SCH&DC will utilize the portfolio approach by grouping the type of service, type of payor, and timing as applicable.

Explicit price concessions will be calculated using historical estimates of prior contractual allowances associated with each 3rd party payor based on financial class of the payor. In addition, physical contracts with 3rd party payors will be analyzed and where possible inputted directly into the practice management system to record real-time adjustments of explicit price concessions to reduce, to the extent possible, financial management's need to estimate concessions.

Implicit price concessions will be calculated using historical estimates of collections on prior patient balances.

Subsequent changes in the transaction price will be recorded in revenue unless specific events are identified that indicate the patient/customer no longer has the ability or intent to pay, which is then considered an impairment and more representative of a bad debt.

In summary the transaction price is determined by taking Gross Charges minus explicit price concessions minus implicit price concessions.

Step Four: Allocating the Transaction Price
SCH&DC will determine if the contract with the patient/customer is determined to have performance obligation(s) that will be recognized over time. If applicable, the transaction price will be allocated to each performance obligation and recognized over time as each performance obligation is satisfied.

The methodology for allocating the transaction price will be determined at contract inception.

Step Five: Recognize the Revenue
SCH&DC will recognize the revenue as performance obligations are satisfied.

Applicability
This policy applies to all revenue-generating activities and all revenue accounts in the company's chart of accounts.

4.6.3 Other Accounts Receivable

Purpose
To ensure adequate oversight of non-patient accounts receivable.

Policy
Financial Management will maintain appropriate documentation for verifying any accounts receivable apart from patient accounts. Such accounts receivable will be maintained for any grants and contracts as appropriate and any expenses which are passed through SCH&DC, such as health insurance premiums.

Applicability
This policy applies to all accounts receivable apart from patient accounts.

4.6.4 Collection of Delinquent Accounts

Purpose
To ensure maximum collection of amounts owed the company for services rendered.

Policy
It is the company's objective to complete most collections at the time of service and minimize patient accounts receivable. Services will be provided to patients with delinquent accounts, but patients will be informed that payment should be made at each time of service. A delinquent account is one on which a scheduled or expected payment did not occur.

The Patient Financial Services department is to make reasonable efforts to collect on patient accounts receivable. Notwithstanding the above, no patient shall be denied emergency service because of an inability to pay, regardless of the existence of a delinquent account.

Applicability
This policy applies to all patient accounts for which there is no third-party coverage.

4.7.0 Procurement/Purchasing, Payables, & Disbursements

4.7.1 Procurement

Purpose
To address the various types, methods, and authorities for procuring goods and services that promote free an open competition for all interested vendors, and the requirement to have written procurement standards that address these items.

Policy
It shall be the policy of Susquehanna Community Health & Dental Clinic, Inc. to solicit proposals in appropriate situations from vendors to promote free and open competition between all interested supplies and ensure the center is paying only reasonable and no unnecessary expenses as outlined in the Uniform Guidance. The factors used in considering proposals will include cost, qualifications of the company, and the overall quality of services provided. As required by 45 CFR Part 75, SCH&DC will utilize one of the following methods of procurement: (1) procurement by micro-purchases, (2) procurement by small purchase procedures, (3) procurement by sealed bids, (4) procurement by competitive proposals, or (5) procurement by sole source proposals.

Procedure

Determine which type of procurement method is required based on the expected purchase of goods and/or services utilizing the below table:

Description	Micro Purchases	Small Purchases	Sealed Bids	Competitive Proposals	Sole Source
Qualifications	Up to $10,000*	Up to $250,000**	>$250,000**	>$250,000**	All dollar amounts
Price Quotes	Not required	Written, verbal, vendor price listing, internet search acceptable	Firm fixed price contract	Fixed price or cost reimbursement	Item is only available from a single source
Cost/Price Analysis	Not required	Not Required	Required	Required	Public emergency does not permit delay

Equitable Distribution	Distribute purchases equitably among suppliers	Quotes from an adequate number of sources (2 or more)	Bids are publicly solicited (2 or more bidders)	Solicit proposals from an adequate number of sources (2 or more)	Competition inadequate – solicitation from one source
Selection	Dictated by section *4.7.2 Vendor Selection, Ordering, & Receiving*	Dictated by SCH&DC policy	Conform to SCH&DC terms & conditions at lowest price	Firm whose proposal is most advantageous based on price & written evaluation factors	Authorized by agency or Pass-Through Entity
Other	Threshold applies to aggregate purchase and cost per purchase	Relatively simple and informal	Preferred for construction contracts	Used when conditions are not appropriate for sealed bids	May use if written request to HHS or pass-through entity is approved

*See micro-purchase threshold at FAR 2.101 - $10,000 as of 06/2018 **See Simplified Acquisition Threshold at FAR 2.101 - $250,000 as of 06/2018

1. The procurement must address historically underutilized business (HUB) requirements:
    a. Affirmative steps must be taken to solicit HUBs which are defined as small businesses, minority owned firms, and women's business enterprises.
        i. Affirmative steps must include placing the HUB entities on the solicitation list, assurance that the HUB entities are solicited whenever they would be classified as a potential source, divide the total requirements into smaller tasks or quantities to permit maximum participation by HUB entities (when economically feasible), establishing delivery schedules where the requirement permits HUBs, using the services and assistance as appropriate of small business organizations, and requiring any prime contractors to follow the affirmative steps when issuing any applicable subcontracts.

2. Issue the request for proposal based on the above procurement determination:

    a. Procurement by small purchase procedures:
        i. Staff should attempt to obtain at least two (2) bids from vendors who normally offer for sale the type of goods/services to be purchased.
        ii. At least one bid should come from certified HUB businesses, if applicable
        iii. Staff should prepare a solicitation document to distribute to potential vendors describing the type of work required, a proposed project schedule, a request for the vendor's qualifications and cost estimate, and a due date, time, and location to submit responses.
        iv. Staff should evaluate the responses and determine which vendor's proposal most closely meets the requirements of the solicitation, then enter into negotiations for an agreement with the chosen vendor.

    b. Procurement by sealed bids, competitive proposals, or noncompetitive proposals:
        i. When issuing a formal request for proposal (RFP), the RFP should include the following elements:
            1. Technical requirements for the material, product or service to be procured (including functions to be performed, the range of acceptable characteristics and minimum acceptable standards).
            2. Requirements which the vendor must fulfill.

3. Factors to be used in evaluating bids or proposals.
4. HIPAA compliance agreement, if applicable. ii. In addition to price, an RFP award is based on other factors such as the vendor's experience with similar projects, sufficiency and creativity of the proposal in meeting SCH&DC's objectives, the vendor's experience, and the vendor's project team.

3. Upon receipt of proposals, the following tasks should be performed:
    a. Price reasonableness analysis
        - A price reasonableness analysis should be performed and documented for every procurement action to ensure that SCH&DC is paying a reasonable price.
            - The analysis can be accomplished in various ways, including:
                - Comparison of price quotations submitted.
                - Comparison of quotations to market prices.
                - Comparison of offered pricing with those listed in commercial catalogs.
                - Comparison of offered prices with those recently submitted for similar goods/services.

    b. Recording of the Procurement
        - Records for all purchases greater than $250,000 should include the publication of the RFP, the written basis for review of proposals, and the contractor selection and a basis for the award cost or price.
        - SCH&DC staff will then work to negotiate a written contract, including federally required contract provisions if applicable.
        - If submitting a purchase for items proprietary to one vendor (Sole Source Purchase), written justification must be place in the procurement file explaining the reason for using non-competitive bidding.

    c. Review of Procurement Evaluation Checklist

4.7.2 Vendor Selection, Ordering and Receiving

Purpose

To ensure that only those goods and services that are required by the company to do business are purchased and ensure the proper accounting of such purchases.

Policy

Vendors used by the organization will be selected based on the quality and quantity of goods and services offered, and the cost of such goods and services. The company will be responsible for payment of all and only those purchases made in conformity with the following procedures. Purchases made by employees not in conformity with such procedures are solely the responsibility of the individual employee and the employee alone will be responsible for payment.

New vendor accounts will be created, as needed, in the financial management software by the Senior Accountant. Credit applications for new accounts will be reviewed by the Senior Accountant and then forwarded to the CFO or CEO for final authorization before the account is created.

It is the responsibility of the Senior Accountant to verify with the Compliance Officer that the new vendor is not on the Excluded Parties List System, within the System for Award Management (SAM). The Compliance

Officer is responsible for checking to ensure that the individual or recipient is not prohibited from receiving federal funds.

The authorized personnel will contact the Finance Department for a Purchase Order Number (PO#) prior to placing any order. The PO# must be utilized when placing the order to ensure that the invoice and order documents are appropriately verified. Orders are placed by authorized personnel as detailed in the table below and the Accounting Clerk is forwarded all approved orders to be matched up with the appropriate receiving document and invoices when they are received.

Upon receipt of goods, authorized personnel are required to submit any and all packing slip documentation to Accounts Payable. Any lost packing slips require the Finance Department to contact the requesting individual to confirm receipt of delivery prior to processing the invoice.

Procedure

1. Purchase Orders will be authorized in accordance with the criteria that follows:

Order	Authorized Personnel
Any order for a budgeted expense that is within the current MTD budget or Grant Budget (if applicable).	Any **one** of the following: Department Managers, designated ordering personnel, Directors, CFO, or CEO
Any order for a budgeted expense that exceeds the current MTD budget	Any **one** of the following: Department Managers, Medical or Dental Director with the approval of the CFO or CEO
Any order in any amount up to $20,000 when the purchase is non-budgeted	Any **one** of the following: Department Managers, Medical or Dental Director with the approval of the CFO or CEO
Any order from $20,001 - $40,000 when the purchase is non-budgeted.	CFO & CEO with the approval of the Finance & Audit Committee.
Any order exceeding $40,000 when the purchase is non-budgeted.	CFO & CEO with the approval of the Board of Directors.

Applicability

This policy applies to all purchases apart from the following exceptions:

1. Rent payments;
2. Payroll deduction payments;
3. Payroll payments and liabilities; and
4. Utility/Maintenance payments (bill must be initialed by the CFO or CEO).
5. Recurring Payments (i.e. – EHR Vendor, Monthly Software Fees, lease payments, etc.)

4.7.3 Accounts Payable

Purpose

To ensure that only invoices for approved purchases are processed for payment.

Policy
All invoices will be entered into the accounting system upon receipt by the Accounting Department Invoices will be entered in the accounting system as of the date of the invoice and posted on the date of entry. Invoices that meet all requirements for documentation as outlined in section 7.1 will be marked with an **APPROVED** status in the accounting system. Those invoices which do not meet the requirements for documentation as outlined in section 7.1 will be distributed to the appropriate director/manager with a request for approval and will remain in a **PENDING** status until documentation is received.

The Accounting Clerk will prepare a Pre-Check Report as well as a bank draft report on a weekly basis and present this report to the CFO or Senior Accountant, for review, correction and approval. Upon approval by the CFO or Senior Accountant, checks are to be printed, presented for signatures to the appropriate signatories with corresponding invoices attached, and distributed. Check stubs are to be stapled to the original invoice, purchase order, packing slips, and filed. Prompt payment discounts will be utilized when possible.

All payments should be made on the basis of invoices, not statements. Vendor statements will only be used to monitor past due information and open invoices. Exceptions require the approval of the CFO.

Accounts Payable invoices, such as utilities and employee reimbursements may be paid through electronic bank drafts. The bank draft report will be printed and furnished to both the CFO and CEO for approval and signature with corresponding invoices attached.

Applicability
This policy applies to all invoices received for payment by accounts payable.

4.7.4 Other Liabilities

Purpose
To ensure that liabilities apart from regular accounts payable are properly recognized on the company's books.

Policy
Financial Management will maintain accounts in the general ledger for liabilities apart from regular accounts payable. Among those liabilities that are to be recognized are salaries, benefits, and deductions payable, deferred revenue, and accrued expenses, including medical expenses incurred but not recorded. Where practical, such liabilities should be adjusted on a monthly basis. At a minimum, all liabilities should be appropriately adjusted in the general ledger at the close of each fiscal year.

Applicability
This policy applies to all liabilities incurred by the company apart from regular accounts payable.

4.7.5 Reimbursements

Purpose
To ensure that employees and members of the Board of Directors are fully reimbursed for approved travel and other pre-approved expenses incurred on the company's behalf.

Policy
Employees and members of the Board of Directors will be reimbursed for the following expenses provided that such expenses were incurred on behalf of the company, were necessary, are properly documented and approved, and are reasonable in nature:

1. Mileage, parking, and other travel and transportation expenses;
2. Registration fees for training, conferences, and other work-related events; and
3. Continuing education.

Reimbursements will be processed in the manner of other payments made through accounts payable, including the requirement of detail of all expenses and their corresponding receipts, including copies of mileage calculation as outlined in the *Business Travel* Policy

Mileage shall be reimbursed at the rate equal to the federal government reimbursement rate.

Other reimbursement requests will be considered on a case-by-case basis by Financial Management. Annual limits by position, nature of expense, or other criteria may be imposed by Financial Management as necessary.

Certain reimbursements may have a tax implication to the employee receiving the payment.

All reimbursement requests must be submitted to the Human Resources Manager within 5 days of return from business travel. Failure to submit the request within 5 days will result in denial of reimbursement. Exceptions to this policy must be approved by the CEO and CFO.

Applicability
This policy applies to all payments and requests for payment to employees apart from payroll payments.

4.7.6 Accounts Payable Checks

Purpose
To ensure that check stock is adequately secured and safeguarded.

Policy
Financial Management will ensure that blank, unused accounts payable and related check stock of the company are stored in a secure, locked safe.

Applicability
This policy applies to all blank, unused check stock.

4.7.7 Check Signing Authority

Purpose
To ensure that persons authorized to sign checks are duly authorized to do so by the Board of Directors and that signature limitations are in place.

Policy
All checks require two signatures that are authorized, registered signatories on the bank account as approved by the Board of Directors. The Board of Directors will authorize signatories through Board resolution.

At a minimum the Chief Executive Officer, Chief Financial Officer, and Board Treasurer shall be authorized through Board resolution as signatories on SCH&DC's bank accounts.

Applicability
This policy applies to all bank accounts.

4.7.9 Credit Card Purchasing Authority

Purpose
To ensure that persons authorized to use Susquehanna Community Health & Dental Clinic, Inc's credit card are duly authorized to do so by the Board of Directors, that signature limitations are in place, that policies are in place for the utilization of the card(s), and that the Board authorizes spending limits.

Policy
The Board of Directors will authorize credit card signers through Board resolution. The Board will also authorize the credit limits for the organization and the individual cards. The only authorized positions to receive credit cards shall be: President/CEO, CFO, HR Manager, and Administrative Assistant.

Credit card activity will be reconciled at least monthly, and charges will be paid as required. Purchases paid by credit card will be documented using the electronic credit card activity processing module in the financial management system which requires all receipts to be attached to the record prior to approval.

Each cardholder will be held responsible for all purchases made on the individual's card. It is the cardholder's responsibility to ensure that all original receipts and authorization forms are completed accurately and timely. SCH&DC reserves the right to request the cardholder to reimburse the company for any purchases in which original receipts have not been provided. SCH&DC explicitly prohibits the use of SCH&DC corporate credit cards for the purpose of personal expenses. Any individual who is found to have charged personal expenses will be expected to immediately reimburse the organization for the cost of the personal expenses. Willful misconduct of the utilization of an SCH&DC corporate credit card will result in the immediate cancellation of the individual's credit card and may result in progressive disciplinary action, up to and including termination.

The CFO's credit card shall have the highest limit set as this will be the sole card utilized for online purchases for goods/services as requested from department managers, etc.

The CFO or CEO must sign off on the credit card statement each month, prior to processing through accounts payable. There may be instances in which the credit card account must be paid prior to the end of the month. In these instances, the CFO or CEO must sign off on an activity detail of what is being paid, prior to processing through accounts payable.

Applicability
This policy applies to all SCH&DC corporate credit cards.

4.7.10 Business Travel

Purpose
To ensure a clear and consistent understanding of travel policies and procedures to enable Susquehanna Community Health & Dental Clinic, Inc. employees to effectively manage travel expenses.

Policy
It is company policy to reimburse employees for certain expenses incurred by the employee in the pursuit of company business. The intent of this reimbursement is to cover those expenses incurred by the employee over the normal expenses the employee would incur. SCH&DC expects its employees to use good judgement but recognizes that there will be times when the employee must exceed "normal" expenses. Such occasions should be the exception and not the rule and should be adequately explained on the expense report. The employee should always keep track of his/her exact expenditures. In order to maximize SCH&DC's travel buying power, **ALL** air and hotel reservations must be made through the administrative office, unless prior approval has been given.

Process
All travel outside an employee's normal duties must be approved prior to the expenditure being made. As part of the approval process, employees are required to present an estimated travel expense budget in addition to a normal justification process. The expense budget will include all potential expenses associated with the trip.

Persons authorized to do business for SCH&DC and attend meetings in other places are expected to obtain prior approval of Human Resources or the Chief Financial Officer to use personal or rental vehicles. Mileage for staff travel on business will be reimbursed at the current rate authorized by the IRS plus normal and customary parking charges and tolls (receipts required). Valet parking will not be reimbursed. Total mileage will be computed to exclude the employee's normal commute distance, if trip did not begin at their worksite. To substantiate the mileage, employees are required to submit route directions with the mileage calculations. Requests that do not contain supporting documentation will not be reimbursed. Employees are encouraged to use public transportation instead of taxis (unless he/she is in an unsafe area). Expenses are to be presented with applicable dated receipts attached to the expense reimbursement form.

Reasonable costs of meals are reimbursable. Depending upon the circumstances of a particular trip, the costs of one, two, or three meals per day may be appropriate. An employee should always take advantage of meals included in the price of a business seminar, conference, etc., or in the price of transportation. Coffee breaks, snacks, and/or alcohol are considered a personal expense and are not reimbursable. Employees are encouraged to use free Wi-Fi whenever possible. Reasonable internet connectivity charges can be added to a hotel bill unless it is already part of the negotiated rate.

Only expenses related to SCH&DC business are to be claimed. Receipts are required for all expenditures while traveling. Reasonable exceptions would be tips and parking meter fees.

The following expenses will not be reimbursed:

- Travel expenses for spouse or other family member
- Lost or stolen cash or personal property
- Personal entertainment
- Repairs or related expenses for personal vehicle
- Fines, penalties, legal fees, including parking fines
- Alcohol beverages
- Maid tips at lodging facilities
- Any items bought for personal use (including toiletries, personal care items, etc.)
- Spa and health/fitness clubs

All reimbursement requests must be submitted to the Human Resources Manager within 5 days of return from business travel. Failure to submit the request within 5 days will result in denial of reimbursement. Exceptions to this policy must be approved by the CEO and CFO.

Applicability
This policy applies to all employees.

4.8.0 Payroll

4.8.1 Accounting for Time Worked

Purpose
To maintain an accurate record of all hours worked by employees.

Policy
All employees of SCH&DC will complete an electronic timecard utilizing an electronic timekeeping system as provided and outlined by SCH&DC Senior Management. All timecards are to be approved by the employee's Direct Supervisor prior to the processing of bi-weekly payroll.

Applicability
This policy applies to all employees.

4.8.2 Pay Periods

Purpose
To establish the payroll, pay periods for the purposes of paying employees for time worked.

Policy
Susquehanna Community Health & Dental Clinic, Inc. will pay its employees for time worked based on a bi-weekly payroll schedule.

Applicability
This policy will apply to all payments to employees for time worked.

4.8.3 Payroll Processing

Purpose
To describe the process by which SCH&DC will follow for the processing of bi-weekly payroll including the issuance and accounting for Direct Deposit Payments issued for time worked.

Policy
SCH&DC will utilize a third-party software, separate from the accounting system to prepare employee direct deposit transactions, paychecks (if needed), payroll tax reports, payroll tax deposits and employee payroll records. Copies of all payroll journals, payroll tax reports and individual payroll records are maintained in the third-party software with appropriate security and safeguards.

SCH&DC will implement a minimum 3-tier approval process for payroll processing to ensure accuracy in the review and processing of bi-weekly payroll. The Human Resources department will be responsible for ensuring all payrate changes, employee demographics information, and payroll deductions are appropriately documented with the necessary approvals from the CEO as needed. In the absence of the Human Resources Manager, payrate changes and/or new hire additions, if applicable, will be updated by an individual designated by the Human Resources Manager but must be signed off on by the CEO as a dual control. It will be the responsibility

of the Accounting Clerk to verify all changes are appropriately made in the payroll software, prior to processing payroll.

Procedure
Please reference the ***Payroll Processing Procedure***

Applicability
This policy applies to all employees and for all time worked.

4.8.4 Paychecks

Purpose
To describe the process by which Employee Direct Deposits are issued.

Policy
The company will pay all employees on a bi-weekly basis. Employee Direct Deposits will be issued on the Friday after the close of each pay period. Payroll will not be run apart from the regular bi-weekly cycle without specific approval from Financial Management. Employees not submitting time sheets after the deadline for payroll will not be paid prior to the following payroll at the discretion of Financial Management.

Procedure
SCH&DC employees will have their paychecks directly deposited into the account(s) as specified via the Direct Deposit Form.

Applicability
This policy applies to all employees

4.9.0 Federal Funds

4.9.1 Federal Grant Cash Drawdowns

Purpose
To describe the process by which SCH&DC will manage the drawdown of federal funds

Policy
It shall be the policy of SCH&DC to formally establish permission and authority to the Chief Financial Officer (CFO), Senior Accountant, and the Chief Executive Officer (CEO) to draw down funds from the Payment Management System (PMS), the federal financial system that disperses grant funds. The CFO, Senior Accountant and the CEO will also have formal authority and permission to complete required quarterly and annual PMS financial reports. It will be the CFO's responsibility to ensure all reports are filed with Division of Payment Management and the HRSA Electronic Handbooks on time. The Senior Accountant shall only complete drawdowns in the event that the CFO is unavailable and/or unreachable by phone.

Unless otherwise arranged by the CFO, the drawdown of Federal funds will occur no more than three (3) business days prior to the expenditure of the funds for allowable expenses as outlined in the budget justification of the approved federal grant budget. The CFO has discretion to manage the timing of the drawdown and the amount and will inform the Board of Directors Finance & Audit Committee each month of the drawdown activity.

Prior to any drawdown occurring, the CFO will prepare a *Federal Funds Drawdown Request Form* which contains the expected drawdown date, expected settlement date, the funding stream being drawn against and the reason for drawdown. Supporting documentation for the drawdown request must accompany the form. All *Federal Funds Drawdown Request Forms* must be approved by the CEO prior to the submission of the drawdown request in the Payment Management System.

In addition, it is the CFO's responsibility to ensure that all expenditures of Federal award funds are allowable in accordance with the terms and conditions of the Federal award, with the terms outlined in 45 CFR Part 75 Subpart D – Section 309, and with the Federal Cost Principles in 45 CFR Part 75 Subpart E prior to any drawdown of Federal funds occurring.

Procedure
Please reference the ***Federal Grant Cash Drawdown Procedure***

Applicability
This policy shall apply to all federal grant funds including but not limited to, Section 330 funds.

4.9.2 Legislative Mandates Restricting the Uses of Federal Grant Funds

Background: Compliance with ~~FY2018~~ 2020 Consolidated Appropriations Act
The ~~fiscal year 2019~~2020 Consolidated Appropriations Act (Public Law ~~115-245~~116-94), signed into law on ~~September 28, 2018~~December 20, 2019, includes provisions that restrict grantees from using their federal grant funds to support certain defined activities. These limitations are commonly referred to as the "Legislative Mandates."

Purpose
SCH&DC is committed to high standards and compliance with all applicable laws and regulations.

The purpose of this policy and the associated procedures (P&P) is to provide safeguards to ensure SCH&DC's compliance with the Legislative Mandates.

The current Legislative Mandates, which remain in effect until a new Appropriations Act is passed, include the following:

- **Division ~~H~~A, Title II**
    1. Salary Limitation (Section 202)
    2. Gun Control (Section 210)

- **Division ~~H~~A, Title V**
    3. Anti-Lobbying (Section 503)
    4. Acknowledgement of Federal Funding (Section 505)
    5. Restriction on Abortions (Section 506)
    6. Exceptions to Restriction on Abortions (Section 507)
    7. Ban on Funding Human Embryo Research (Section 508)
    8. Limitation on Use of Funds for Promotion of Legalization of Controlled Substances (Section 509)
    9. Restriction on Distribution of Sterile Needles (Section 529)

10. Restriction of Pornography on Computer Networks (Section 520)
11. Restriction on Funding ACORN (Section 521)

- **Division ~~E~~C, Title VII**
  12. Confidentiality Agreements (Section 743)

A complete description of the Legislative Mandates for Fiscal Year 2019 is included in HRSA Bulletin (2019-02) (October 25, 2018) and replaces the prior bulletin (2018-04).

Policy

Salary Limitation

- SCH&DC shall not use federal grant funds to pay the salary of an individual at a rate in excess of Executive Level II, which as of ~~May 2018~~January 2020 is set at $~~189,600~~197,300.

Gun Control

- SCH&DC shall not use federal grant funds to advocate or promote gun control.

Anti-Lobbying

- SCH&DC shall not use federal grant funds, other than for normal and recognized executive legislative relationships for the following:
  - For publicity or propaganda purposes.
  - For the preparation, distribution, or use of any kit, pamphlet, booklet, publication, electronic communication, radio, television, or video presentation designed to support or defeat the enactment of legislation before the Congress or any State or local legislature or legislative body, except in presentation to the Congress or any State or local legislature itself, or designed to support or defeat any proposed or pending regulation, administrative action, or order issued by the executive branch of any State or local government, except in presentation to the executive branch of any State or local government itself.

- SCH&DC shall not use federal grant funds to pay the salary or expenses of any employee or agent of SCH&DC for activities designed to influence the enactment of legislation, appropriations, regulation, administrative action, or Executive order proposed or pending before the Congress or any State government, State legislature or local legislature or legislative body, other than for normal and recognized executive-legislative relationships or participation by an agency or officer of a State, local or tribal government in policymaking and administrative processes within the executive branch of that government.

- The prohibitions in subsections A and B include any activity to advocate or promote any proposed, pending or future Federal, State or local tax increase, or any proposed, pending, or future requirement or restriction on any legal consumer product, including its sale or marketing, including but not limited to the advocacy or promotion of gun control.

Acknowledgement of Federal Funding

- When issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with federal money, SCH&DC shall clearly state:
    - the percentage of the total costs of the program or project which will be financed with Federal money;
    - the dollar amount of Federal funds for the project or program; and
    - percentage and dollar amount of the total costs of the project or program that will be financed by nongovernmental sources.

Restrictions on Abortions & Exceptions to Restrictions on Abortions

- SCH&DC shall not use federal grant funds for any abortion or for health benefits coverage that includes coverage of abortion.
- These restrictions, noted above, shall not apply to abortions (or coverage of abortions) that fall within the Hyde amendment exceptions which include:
    - if the pregnancy is the result of an act of rape or incest; or
    - in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

Ban on Funding Human Embryo Research

- SCH&DC shall not use federal grant funds for:
    - the creation of human embryos for research purposes; or
    - research in which a human embryo or embryos are destroyed, discarded, or knowingly subjected to risk of injury or death greater than that allowed for research on fetuses in utero under 45 CFR 46,204(b) and section 498(b) of the Public Health Service Act (42 U.S.C. 289g(b)).

Limitations on Use of Grant Funds for Promotion of Legalization of Controlled Substances

- SCH&DC shall not use federal grant funds to promote the legalization of any drug or other substance included in schedule I of the schedules of controlled substances established under section 202 of the Controlled Substances Act.
    - The limitation shall not apply when there is significant medical evidence of a therapeutic advantage to the use of such drug or other substance or that federally sponsored clinical trials are being conducted to determine therapeutic advantage.

Restriction on Distribution of Sterile Needles

- SCH&DC shall not use federal grant funds to distribute sterile needles or syringes for the hypodermic injection of any illegal drug.

Restriction of Pornography on Computer Networks

- SCH&DC shall not use federal grant funds to maintain or establish a computer network unless such network blocks the viewing, downloading, and exchanging of pornography.

Restriction on Funding ACORN

- SCH&DC shall not provide any federal grant funds to the Association of Community Organizations for Reform Now ("ACORN"), or any of its affiliates, subsidiaries, allied organizations, or successors.

Confidentiality Agreements (is a part of FY2018 Consolidated Appropriations Act of 2018 [Public Law 115-141], signed into law on March 23, 2018, and is part of a Continuing Appropriation that is subject to change following the enactment of future FY19 appropriations.)

- SCH&DC shall not require its employees or contractors seeking to report fraud, waste, or abuse to sign internal confidentiality agreements or statements prohibiting or otherwise restricting such employees or contractors from lawfully reporting such waste, fraud, or abuse to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information.

Procedure

Review and Updates of this Policy and Procedure:

- The Chief Financial Officer shall review this P&P upon the passage of a new HHS Appropriations Act or issuance of HRSA guidance regarding the Legislative Mandates and shall ensure this P&P is updated as necessary.
- As appropriations are generally enacted annually, this P&P will generally require annual review.
- As with any modification to P&P, specific modifications to this P&P will require review and approval by SCH&DC's Board of Directors.

Legislative Mandates Training:

- The Compliance Officer shall ensure that the CEO, CFO, management team, finance department staff, and any additional staff as deemed appropriate receive training regarding the Legislative Mandates and the procedures set forth in this P&P.

Compliance Manual:

- This Legislative Mandates P&P is required to be incorporated into SCH&DC's Compliance Program.

Financial Management

- The Chief Financial Officer ("CFO") shall ensure that SCH&DC's financial management systems and procedures are structured to ensure that no federal grant funds are used for purposes that are impermissible under this P&P. As necessary, the CFO may establish cost centers/accounts for the accumulation and segregation of such costs.

4.10.0 Line of Credit

4.10.1 Line of Credit Utilization

Purpose

The purpose for the line of credit is to provide short-term funding due to unexpected cash shortages due to sudden unanticipated and unbudgeted expenses or loss in funding. The policy shall describe the process for drawing on the line of credit.

Policy

It shall be the policy of SCH&DC that the Finance & Audit Committee of the Board of Director's must approve any draws on the line of credit. It also shall formally establish that the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are the only authorized SCH&DC staff with access to the line of credit.

Procedure
In the event that SCH&DC needs to draw funds from the established line of credit, the following process must be followed:

1. The CFO in conjunction with the CEO will anticipate the need to draw on the line of credit.
2. A request for transfer of funds from the line of credit to the checking account will be made to the Finance & Audit Committee. The request must include an anticipated payback schedule.
3. Upon written approval from the Finance & Audit Committee, the CEO & CFO listed on the line of credit agreement may contact the bank to draw on the line of credit.
4. It will be the responsibility of the CFO for ensuring the payment on the drawdown of the line of credit occurs as soon as funds are available.
5. The Finance & Audit Committee will receive an update from the CFO on a monthly basis regarding the status of payments, remaining balance, and any updates to the anticipated payback schedule.

Applicability
This policy shall apply to all line of credit agreements instituted through approval by the Board of Directors.

4.11.0 Retirement Plan Committee

4.11.1 Retirement Plan Committee

Purpose
Susquehanna Community Health & Dental Clinic, Inc. (SCH&DC) makes available an employer sponsored 403(b)retirement plan to all employees as part of a total benefit package. As a fiduciary of the plan, SCH&DC will utilize a Retirement Plan Committee to manage the key fiduciary responsibilities of the plan as well as to ensure the plan remains competitive in the market, while continuing to offer a solid array of investment options.

Policy
The Finance & Audit Committee of the Board of Directors of SCH&DC determined that the Retirement Plan Committee will be made up of the following individuals:

- President & Chief Executive Officer
- Chief Financial Officer
- Human Resources Manager
- A minimum of Two (2) Non-Management Level Employees

The Retirement Plan Committee will meet no less than bi-annually and will report to the Finance & Audit Committee of the Board of Directors thereafter on the status of the retirement plan.

The Committee will be responsible to focus on the following items during each meeting:

- Review of the plan's investment line-up portfolio
- Evaluate investments in light of the plan's Investment Policy Statement
- Review all fees
- Discuss any ongoing plan participant needs and education
- Review trends and legislation that may affect the plan and plan participants
- Review any updated plan documents from the plan's service provider
- The plan service provider will provide advice and counsel to the committee as needed

All Retirement Plan Committee meetings will be documented by minutes that will be retained according to SCH&DC's document retention guidelines.

4.12.0 340B Policy

4.12.1 General Overview

Purpose

This section contains the written policies and procedures that SCH&DC uses to oversee 340B Program operations, provide oversight of contract pharmacies, and maintain a compliant 340B Program.

Background

Section 340B of the Public Health Service Act (1992) requires drug manufacturers participating in the Medicaid Drug Rebate Program to sign a pharmaceutical pricing agreement (PPA) with the Secretary of Health and Human Services. This agreement limits the price manufacturers may charge certain covered entities for covered outpatient drugs.

The 340B Program is administered by the federal Health Resources and Services Administration (HRSA) in the Department of Health and Human Services (DHHS).

Upon registration on 340B OPAIS (Office of Pharmacy Affairs Information System), SCH&DC:

a. Agrees to abide by specific statutory requirements and prohibitions.
b. May access 340B drugs.

Policy

1. SCH&DC complies with all requirements and restrictions of Section 340B of the Public Health Service Act including but not limited to, the prohibition against duplicate discounts/rebates under Medicaid, and the prohibition against transferring drugs purchased under 340B to anyone other than a patient of the entity. (Reference: Public Law 102-585, Section 602, 340B Guidelines, 340B Policy Releases).

2. SCH&DC uses any savings generated from 340B in accordance with 340B Program intent.

3. SCH&DC has systems and internal controls in place to reasonably ensure ongoing compliance with all 340B requirements.

4. SCH&DC maintains auditable records demonstrating compliance with the 340B program.
    - These reports are reviewed by SCH&DC every month as part of its 340b oversight and compliance program.

Definitions

Definitions of terms may be found in (Appendix: 340B Glossary of Terms)

References

Each section includes other references to policies & procedures, 340B Glossary of Terms, HRSA website, etc.

Policy Review, Updates, and Approval

These written policies and procedures will be updated and approved by SCH&DC 340B Oversight Committee whenever there is a clarification or change to the 340B Program requirements before being sent to the QA/QI Committee and the Board of Directors. Otherwise, the policy will be reviewed and approved annually.

4.12.2 Covered Entity Eligibility

Purpose

To ensure SCH&DC's eligibility to participate in the 340B Program.

Definitions

Covered outpatient drug: Defined in Section 1927(k) of the Social Security Act (https://www.ssa.gov/OP_Home/ssact/title19/1927.htm).

Policy

SCH&DC must meet the requirements of 42 USC §256b(a)(4)(A) to be eligible for enrollment in, and the purchase of drugs through, the 340B Program.

Procedure

1. SCH&DC's basis for 340B eligibility is determined by meeting the definition of "federally-qualified health center" in section 1905(l)(2)(B) of the Social Security Act.
    a. The term "Federally-qualified health center" means an entity which—
        i. Is receiving a grant under section 330 of the Public Health Service Act,
        ii. Is receiving funding from such a grant under a contract with the recipient of such a grant, and meets the requirements to receive a grant under section 330 of such Act,
    b. Based on the recommendation of the Health Resources and Services Administration within the Public Health Service, is determined by the Secretary to meet the requirements for receiving such a grant, including requirements of the Secretary that an entity may not be owned, controlled, or operated by another entity, or
    c. Was treated by the Secretary, for purposes of part B of title XVIII, as a comprehensive Federally funded health center as of January 1, 1990; and includes an outpatient health program or facility operated by a tribe or tribal organization under the Indian Self-Determination Act (Public Law 93-638) or by an urban Indian organization receiving funds under title V of the Indian Health Care Improvement Act for the provision of primary health services. In applying clause (ii), the Secretary may waive any requirement referred to in such clause for up to 2 years for good cause shown.

2. SCH&DC has identified locations where it dispenses or prescribes 340B drugs including:
    a. The main health center site and associated sites included in the scope of grant designation. These sites are operational in the HRSA Electronic Handbook (EHB) and registered on 340B OPAIS.

    and

    b. Entity-owned retail pharmacy locations.

3. SCH&DC ensures that 340B OPAIS is complete, accurate, and correct for all 340B eligible locations (main and associated sites, entity-owned retail pharmacy locations, and contract pharmacy(ies) as outlined in SCH&DC's Policy & Procedures **4.12.3 340B Program Enrollment Recertification, and Change Requests.**
    a. All off-site locations that use 340B drugs are registered on SCH&DC's 340B OPAIS record.
    b. All main/associated site addresses, billing and shipping addresses, the authorizing official, and the primary contact information are correct and up to date.

c. SCH&DC regularly reviews its 340B OPAIS records as outlined in SCH&DC's Policy & Procedures **4.12.12 340B Program Compliance Monitoring**.
d. SCH&DC informs HRSA immediately of any changes to its Medicaid information by updating the 340B OPAIS Medicaid Exclusion File within 14 days of said change. The data included in the Medicaid Exclusion File is provided by covered entities for drugs billed under Medicaid fee-for-service and does not apply to Medicaid managed care organizations.

4. SCH&DC annually recertifies SCH&DC's information on 340B OPAIS as outlined in SCH&DC's Policy and Procedure **4.12.3 340B Program Enrollment Recertification, and Change Requests.**

4.12.3 340B Program Enrollment Recertification, and Change Requests

Purpose

To ensure that SCH&DC is registered appropriately on 340B OPAIS and maintains accurate records.

References

340B Drug Pricing Program: Grantee Registration Instructions
https://www.hrsa.gov/opa/registration/index.html

Registration dates:

- January 1–January 15 for an effective start date of April 1
- April 1–April 15 for an effective start date of July 1
- July 1–July 15 for an effective start date of October 1
- October 1–October 15 for an effective start date of January 1

340B Contract Pharmacy Guidelines (https://www.gpo.gov/fdsys/pkg/FR-2010-03-05/pdf/2010-4755.pdf).

Procedures

- **Enrollment**
  1. SCH&DC is eligible to participate in the 340B Program as outlined in SCH&DC's Policy & Procedure **4.12.2 Covered Entity Eligibility**.
  2. SCH&DC identifies upcoming registration dates and deadlines.
  3. SCH&DC identifies SCH&DC's authorizing official and primary contact.
  4. SCH&DC has available the required documents/contracts.
     - Include federal grant number
     - Include all Side ID's (if associated sites are applicable)
  5. SCH&DC completes registration on 340B OPAIS (https://340bopais.hrsa.gov/).

- **Recertification Procedure**
  1. SCH&DC annually recertifies SCH&DC's information on 340B OPAIS.
  2. SCH&DC's authorizing official completes the annual recertification by following the directions in the recertification email sent from HRSA to SCH&DC's authorizing official prior to the stated deadline.
     - SCH&DC submits specific recertification questions to 340b.recertification@hrsa.gov.

- **Enrollment Procedure: New Associated Sites**

1. SCH&DC determines that a new service site or facility is eligible to participate in the 340B Program (e.g. due to a change in grant scope).
2. The criteria used include that the service site is identified in the scope of grant, has outpatient drug use, and has patients who meet the 340B patient definition (including provision of services consistent with funding and/or designation status).
3. SCH&DC updates the HRSA Electronic Handbook (EHB) to correctly reflect the new service site/facility.
4. Once the site/facility is appropriately listed on the EHB and operational, SCH&DC's authorizing official completes the online registration process in 340B OPAIS during the registration window.

- **Enrollment Procedure: New Contract Pharmacy(ies)**
    1. SCH&DC has a signed contract pharmacy services agreement between the entity and contract pharmacy prior to registration on 340B OPAIS.
    2. SCH&DC's legal counsel has reviewed the contract and verified that all federal, state, and local requirements have been met.
    3. SCH&DC has contract pharmacy oversight and monitoring policy and procedure developed, approved, and implemented as outlined in SHC&DC's Policy & Procedure **4.12.10 Contract Pharmacy Operation**.
    4. SCH&DC's authorizing official or designee completes the online registration during one of four registration windows.
    5. Within 15 days from the date of the online registration, the authorizing official certifies online that the contract pharmacy registration request was completed.
    6. SCH&DC begins using the contract pharmacy services arrangement only on or after the effective date shown on 340B OPAIS.

- **Procedure for Changes to SCH&DC's Information in 340B OPAIS**
    1. SCH&DC notifies HRSA immediately of any changes to SCH&DC's grant status or other such changes within the SCH&DC.
        a. SCH&DC will stop the purchase of 340B drugs as soon as SCH&DC loses 340B Program eligibility (i.e. through a grant status change)
        b. SCH&DC's authorizing official will complete the online change request as soon as a change in eligibility is identified.
            i. SCH&DC will expect changes to be reflected within two weeks of submission of the changes/requests.
    2. SCH&DC will notify HRSA immediately of any changes to SCH&DC's information on 340B OPAIS as outlined in SCH&DC's Policy & Procedure **4.12.2 Covered Entity Eligibility**.
    3. SCH&DC's authorizing official will complete the online change request as soon as a change in eligibility is identified.
        a. SCH&DC will expect changes to be reflected within about 2 weeks of submission of the changes/requests.

Note: 340B OPAIS records should be consistent with EHB records (e.g. site names/addresses). Discrepancies between EHB and OPAIS could result in wholesaler account setup or delivery issues.

4.12.4 Patient Eligibility/Definition

Purpose

SCH&DC ensures that 340B drugs are dispensed/administered/prescribed only to eligible patients.

Policy

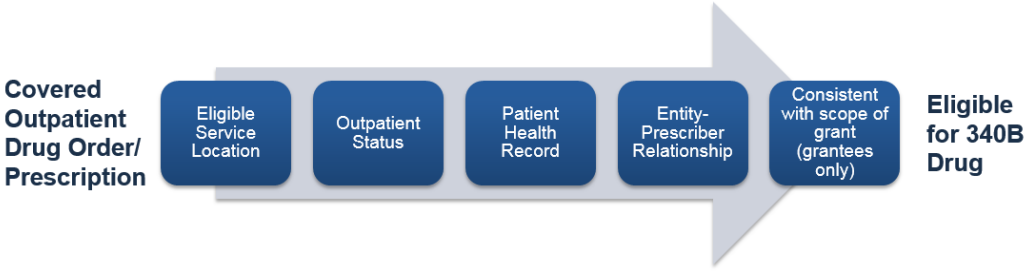
Per the Final Notice Regarding Section 602 of the Veterans Health Care Act of 1992 Patient and Entity Eligibility, 340B drugs are to be provided only to individuals eligible to receive 340B drugs from covered entities.

Definitions

- **Administer:** Give a medication to an individual, typically in a clinic, based on a health care provider's order.
- **Dispense:** Provide a medication, typically in a clinic, based on a health care provider's order to be administered to a patient.
- **Prescribe:** Provide a prescription for a medication to an individual to be filled at an outpatient pharmacy.

Procedure

Note: SCH&DC needs to ensure that the following 340B eligibility determination filters are implemented:



1. SCH&DC validates site/service eligibility.
    a. Refer to SCH&DC's Policy and Procedure **4.12.2 Covered Entity Eligibility**.
2. SCH&DC determines patient status.
    a. Patient is outpatient status at the time the medication is dispensed/administered.
3. SCH&DC maintains records of individual's health care.
4. SCH&DC determines provider eligibility.
    a. Provider is either employed by SCH&DC or provides health care under contractual or other arrangements (e.g. referral for consultation) such that responsibility for the care provided remains with SCH&DC.
    b. Provider eligibility determinations are conducted no less than monthly. Regular data transfer files are sent to all contract pharmacies to update the provider eligibility files on record.
5. SCH&DC determines that the individual receives a health care service or range of services from SCH&DC consistent with the service or range of services for which is approved in the HRSA scope of practice with 12 months to maintain eligibility to receive 340B medications. For renewal prescription, a provider will verity that a patient has had an eligible encounter within 12 months. If the patient is outside this window, a provider at their clinical discretion, may issue a prescription for up to 30 days so the patient may receive an eligible encounter prior to an issuance of another 340B prescription.

6. SCH&DC determines patient's Medicaid status through verifying their insurance on the PROMISE portal.

4.12.5 Referral Prescriptions

Purpose

To ensure that SCH&DC is promoting access, and quality health outcomes, while maintaining compliance, prescriptions written by specialists and other providers not directly employed by or contracted with SCH&DC may be filled using 340B purchased inventory based upon approved eligibility criteria and subject to minimum documentation standards and an audit plan to ensure a closed loop on all referrals.

Scope

These policies apply to all SCH&DC pharmacy services in which pharmaceuticals purchased under the 340B Drug Pricing Program are dispensed and/or administered.

Policy

SCH&DC is committed to ensuring that patients for which it is responsible as their primary care medical home have access to affordable prescription medication across the continuum of care. In addition, SCH&DC is committed to supporting access to affordable medication through its 340B pharmacy program in a manner that is fully compliant with 340B Program guidance. To support access and ensure compliance SCH&DC is responsible for ensuring that we maintain a closed loop on all referrals in order to ensure 340B eligibility for patient prescriptions. We must ensure that we are following referral care and maintaining overall responsibility for the care of our patients.

Procedures

- Eligibility Criteria
    - SCH&DC providers routinely make referrals to outside specialists. In order for prescriptions written by those specialists to meet SCH&DC's 340B eligibility criteria, the SCH&DC primary care provider must maintain overall responsibility for the care of our patient. To ensure compliance with this eligibility criteria, SCH&DC will continue to follow and monitor the referral care.
    - SCH&DC will fill referral prescriptions for specialists when those arrangements are inherited as long as we are coordinating the care through regular communication with the specialist.
    - In cases where the referral did not originate through SCH&DC, the first fill of any specialist prescriptions would need to be made with retail/non-340B drugs. The 340B Compliance Manager can then be notified of the situation and work with site clinical staff to obtain the proper documentation and open lines of communication with the specialist prior to any subsequent fills.
    - Prescriptions written upon discharge from any Emergency Department or Urgent Care setting are never eligible to be filled with 340B purchased inventory.
    - SCH&DC does not recommend that our providers rewrite specialist prescriptions, especially not solely for 340B eligibility.

- Minimum Documentation Standards
    - River Valley Pharmacy will check the eligibility for all received referral prescriptions prior to filling the prescriptions. Pharmacy staff will check for the referral documentation within the EHR. If the referral documentation cannot be found the prescription will be filled with retail/non-340B drugs. If the referral documentation can be found and is dated within the last year the prescription will be filled with 340B drugs.
    - Referral documentation should consist of the following:

        - Outgoing referral record if care originated through SCH&DC or initial communication with the specialist if arrangements are inherited
        - Office notes/summary received from the specialist, which include any prescriptions ordered, or evidence of our unsuccessful efforts to obtain the specialist's notes
        - Medications recorded to the patient's medication list, with a designation that they were ordered by a specialist (i.e. "Alprazolam 1mg –per psychiatry)"
    - The original referral should be acted upon by the patient within the first year after it is made. Following the initial appointment with the specialist, our provider must review and sign off on the specialist's office notes/summary on at least an annual basis in order for the prescriptions to remain eligible for 340B. If we are unable to obtain the office notes/summary from the specialist, we must document our unsuccessful efforts on at least an annual basis.

- Audit Plan
    - We also conduct audits of all prescriptions filled with 340B drugs that were written by outside providers that were filled during the previous business day. We check again to make sure the referral documentation is within the EHR and dated within the last year.
    - Lastly, we check that we are maintaining a closed loop for the referral care. The 340B Oversight Committee looks for the notes received from the referral provider to ensure that our providers are reviewing and signing off on them and adding them to the patient's chart. This will also be annotated within the pharmacy system so that pharmacy staff is aware that the referral is still active even if it is greater than 1 year old.
    - Any prescriptions that are found to have been filled improperly are corrected.

4.12.6 Prevention of Duplicate Discounts

Purpose

To ensure that SCH&DC is preventing duplicate discounts.

Policy

42 USC §256b(a)(5)(A)(i) prohibits duplicate discounts; that is, manufacturers are not required to provide a discounted 340B price and a Medicaid drug rebate for the same drug. Covered entities must have mechanisms in place to prevent duplicate discounts.

Procedure

SCH&DC has elected to dispense 340B drugs to its Medicaid patients.

- **Medicaid Carve-In (FFS)**
    - SCH&DC dispenses or administers 340B purchased drugs to Medicaid patients (carve in) within the clinic and entity-owned pharmacy.
        - SHC&DC has answered "yes" to the question, "Will the covered entity dispense 340B purchased drugs to Medicaid patients?" on 340B OPAIS.
    - SCH&DC bills Medicaid per state Medicaid reimbursement requirements.
    - SCH&DC informs HRSA immediately of any changes in its Medicaid Exclusion File (MEF) information by updating 340B OPAIS before the 15th of the month prior to the quarter when the change will take effect (note that this is a different timeframe than quarterly registration).
    - SCH&DC regularly reviews its 340B OPAIS MEF records.
    - Medicaid reimburses SCH&DC for 340B drugs per state policy and does not seek rebates on drug claims submitted by SCH&DC.

- **Medicaid Managed Care (MCO)**
  - Covered entities are required to ensure that drugs purchased under the 340B Program are not subject to a rebate claim by the state Medicaid agency. Covered entities are encouraged to work closely with their State to prevent duplicate discounts for Medicaid Managed Care claims.

- **Contract Pharmacies**
  - SCH&DC's contract pharmacies carve out Medicaid FFS.
  - SCH&DC has worked with the states billed on a process to prevent duplicate discounts for Medicaid MCO.

4.12.7 340B Program Roles and Responsibilities

Purpose

To identify SCH&DC's key stakeholders and determine their roles and responsibilities in maintaining 340B Program integrity and compliance.

Policy

Covered entities participating in the 340B Program must ensure program integrity and compliance with 340B Program requirements.

Procedure

1. SCH&DC's key stakeholders' roles and responsibilities with SCH&DC's 340B Program are
   a. Chief Executive Officer (CEO)
      i. Responsible as the principal (authorizing) officer in charge for the compliance and administration of the program.
      ii. Responsible for attesting to the compliance of the program through recertification.
   b. Chief Financial Officer (CFO)
      i. Responsible for the above in many cases.
      ii. Responsible to administer the 340B Program to fully implement and optimize appropriate savings and ensure that current policy statements and procedures are in place to maintain program compliance.
      iii. Responsible for modeling all managed care contracts (with/without 340B).
      iv. Engage pharmacy in conversations that impact reimbursement.
      v. Accountable agent for 340B compliance.
      vi. Responsible for maintenance and testing of tracking software.
      vii. Designs and maintains an internal audit plan of the compliance of the 340B Program in coordination with the Compliance Officer.
      viii. Designs the annual plan to cover all changes in the 340B Program from the preceding year.
   c. Clinical Operations Manager
      i. Responsible for annual or semi-annual physical inventory of pharmacy items in coordination with Pharmacy Manager & Senior Accountant.
      ii. Responsible for ensuring all clinic administered drugs are appropriately documented and accounted for.
   d. Pharmacy Manager
      i. Responsible for annual or semi-annual physical inventory of pharmacy items in coordination with Clinical Operations Manager & Senior Accountant.
      ii. Maintain system databases to reflect changes in the drug formulary or product specifications.

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iii. Manage purchasing, receiving and inventory control processes in coordination with Senior Accountant.
iv. Continuously monitor product min/max levels to effectively balance product availability and cost-efficient inventory control
v. Assure appropriate safeguards and system integrity
vi. Assure compliance with 340B program requirements of qualified patients, drugs, providers, vendors, payers, and locations in coordination with the CFO and Senior Accountant.
vii. Review and refine 340B cost savings report detailing purchasing, and replacement practices, as well as dispensing patterns in coordination with the CFO and Senior Accountant.
viii. Monitor ordering processes, integrating most current pricing from wholesaler, analyze invoices, shipping, and inventory processes.
ix. Be aware of products covered by 340B and Prime Vendor Program pricing
x. Work with the Medical Staff to use effective therapeutic classes that optimize savings
xi. Responsible for ordering all drugs from the specific accounts as specified

e. Senior Accountant
i. Must account for savings and use of funds to provide care for the indigent.
ii. Responsible for annual or semi-annual physical inventory of pharmacy items in coordination with Pharmacy & Clinical Operations Manager.
iii. Responsible for establishment of "inventory average" process approved by the external audit firm Responsible for ordering all drugs from the specific accounts as specified
iv. Manage purchasing, receiving and inventory control processes in coordination with Pharmacy Manager.
v. Assure compliance with 340B program requirements of qualified patients, drugs, providers, vendors, payers, and locations in coordination with the CFO and Pharmacy Manager.
vi. Review and refine 340B cost savings report detailing purchasing, and replacement practices, as well as dispensing patterns in coordination with the CFO and Pharmacy Manager.

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4.12.8 340B Program Education and Competency

Purpose

To establish 340B education and competency requirements for SCH&DC's 340B key stakeholders based on their roles and responsibilities in the 340B Program.

Policy

Program integrity and compliance are the responsibility of all 340B key stakeholders. Ongoing education and training are needed to ensure that these 340B key stakeholders have the knowledge to guarantee compliant 340B operations.

Procedure

1. SCH&DC determines the knowledge and educational requirements for each 340B Program role (Refer to SCH&DC's Policy and Procedure "4.12.7 340B Program Roles and Responsibilities."

2. 340B key stakeholders complete initial basic training upon hire.
~~1.~~a. Watch 'Introduction to the 340B Drug Pricing Program'
~~2.~~b. Complete OnDemand modules on the PVP website
~~3.~~c. Attend 340B University

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3. 340B key stakeholders complete additional training as needed based on information contained in #1 above.

4.12.9 Inventory Management

Purpose

To ensure the proper procurement and inventory management of 340B drugs.

Policy

Covered entities must be able to track and account for all 340B drugs to ensure the prevention of diversion.

Background

340B inventory is procured and managed in the following settings:

- Clinic site administration
- In-house pharmacy
- Contract pharmacy

Inventory methods for each of the above areas within the entity shall be described within the inventory management policy and procedure.

SCH&DC uses one of the following inventory methods:

~~1.~~a. Physical 340B-only inventory
~~2.~~b. Physically separated 340B and non-340B inventory
~~3.~~c. Virtual mixed-use replenishment inventory (i.e. neutral)
~~4.~~d. Hybrid (physical and virtual) approach, stocking physically identifiable 340B inventory and maintaining a virtual mixed-use replenishment system

Pharmacists, technicians and clinicians dispense 340B drugs only to patients meeting all the criteria in SCHDC's Policy and Procedure **4.12.4 Patient Eligibility/Definition**.

Procedure:

~~a.~~1. Physical inventory (both 340B and non-340B drugs) is maintained at River Valley Pharmacy and River Valley Health & Dental Center.
   a. SCH&DC identifies all 340B and non-340B accounts used for purchasing drugs in each practice setting.
   b. SCH&DC separates 340B inventory from non-340B inventory.
   c. SCH&DC performs daily inventory reviews and shelf inspections of periodic automatic replenishment (PAR) levels to determine daily purchase order.
   d. SCH&DC places 340B and non-340B drug orders.
   e. SCH&DC receives shipment.
   f. SCH&DC verifies quantity received with quantity ordered
      i. Identifies any inaccuracies.
      ii. Resolves inaccuracies.
      iii. Documents resolution of inaccuracies.
   g. SCH&DC maintains records of 340B-related transactions for 7 years in a readily retrievable and auditable format located.
   h. These reports are reviewed by SCH&DC no less than semi-annually as part of its 340B oversight and compliance program.

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~~b.~~2.Clinic-Administered drugs will be tracked using the Medication Tracking Log.

4.12.10 Contract Pharmacy Operations

Purpose

To ensure that SCH&DC remains responsible for all 340B drugs used by its contract pharmacies.

Policy

Covered entity remains responsible for ensuring that its contract pharmacy operations comply with all 340B Program requirements, such that the covered entity remains responsible for the 340B drugs it purchases and dispenses through a contract pharmacy.

Reference

Federal Register / Vol. 61, No. 165 / Friday, August 23, 1996 / Notices
https://www.gpo.gov/fdsys/pkg/FR-2010-03-05/pdf/2010-4755.pdf

Background

SCH&DC has obtained sufficient information from the contract pharmacy contractor to ensure compliance with applicable policy and legal requirements.

As a best practice, the signed contract pharmacy services agreement(s) should address the 12 contract pharmacy essential compliance elements: https://www.gpo.gov/fdsys/pkg/FR-2010-03-05/pdf/2010-4755.pdf.

Procedure

- 1. SCH&DC contracts with Pharmaforce and CaptureRx to facilitate both the design and implementation of the 340B contract pharmacy program.
- 2. SCH&DC has a written contract in place for each contract pharmacy location.
- 3. SCH&DC registers each contract pharmacy location on SCH&DC's 340B OPAIS prior to the use of 340B drugs at that site.
- 4. SCH&DC uses a replenishment model at an 11-digit NDC level.
    - ~~1.~~a.Any non-replenishment 340B inventory is stored at the contract pharmacy, and clearly marked as belonging to SCH&DC, if applicable.
- 5. 340B-eligible prescription(s) are presented to the contract pharmacies via e-prescribing, hard copy, fac, and phone.
- 6. The contract pharmacies dispense prescriptions to 340B eligible patients using non-340B drugs.
- 7. SCH&DC implements a bill-to, ship-to arrangement with the contract pharmacies.
    - ~~1.~~a.The contract pharmacy orders 340B drugs based on 340B eligible use as determined by an accumulator system or PBM, from the Wholesaler which is either Cardinal Health or McKesson depending on the pharmacy.
        - i. Orders are triggered by package size used, etc, placed by using an internal system daily and are communicated to SCH&DC staff via the wholesaler system's notification.
    - ~~2.~~b.Invoices are billed to SCH&DC

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8. Contract pharmacies receive the shipment.

9. Contract pharmacies verify the quantity received with the quantity ordered and identify, resolve, and document resolution of any inaccuracies.

10. SCH&DC reimburses contract pharmacy at a pre-negotiated rate for such drugs.

11. SCH&DC receives and reviews the invoice for drugs shipped to its contract pharmacies.

12. SCH&DC pays invoice to each wholesaler for all 340B drugs.

13. Contract pharmacies provide a minimum monthly report to SCH&DC.

14. Contract pharmacies adjust claims when a variance or discrepancy has occurred.
    ~~1.~~a. Contract pharmacy uses approved methods with knowledge and agreement of SCH&DC regarding reconciliation between inventory and invoices with adjustments as necessary to match changes.
    ~~2.~~b. Claim adjustments may occur only within 90 days of original billing and not without prior notice and approval of SCH&DC.

15. SCH&DC and the contract pharmacy have agreed to a procedure for inventory reconciliation if the relationship is terminated by either party.
    ~~1.~~a. SCH&DC works with manufacturers to determine most appropriate method for handling.
    ~~2.~~b. For virtual inventories, SCH&DC pays un-replenished accumulations to contract pharmacy at an agreed upon amount specified in the contract.
    ~~3.~~c. SCH&DC and the contract pharmacy maintain auditable records to ensure the process is transparent to manufacturers and wholesalers.
    ~~4.~~d. The procedure may include transferring inventory to an associated covered entity site/pharmacy that is still 340B registered, credit/rebill, return, or destruction according to state law.

16. SCH&DC will not use 340B drugs for Medicaid FFS patients at its contract pharmacies (carve out).

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4.12.11 340B Noncompliance/Material Breach

Purpose

To define SCH&DC's material breach of 340B compliance and self-disclosure process.

Policy

Covered entities are responsible for contacting HRSA as soon as reasonably possible if there is any material breach by the covered entity or any instance of noncompliance with any of the 340B Program requirements.

Definitions

~~1.~~• **Materiality:** A convention within auditing/accounting pertaining to the importance/significance of an amount, transaction, and/or discrepancy.

~~2.~~• **Threshold:** The point that must be exceeded, as defined by the covered entity, resulting in a material breach.

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Procedure

1. In accordance with its recertification statement, SCH&DC acknowledges its responsibility to contact OPA as soon as reasonably possible if there is any material breach by the covered entity of any of the foregoing.
    ~~1.~~a. For the purposes of reporting non-compliance to OPA the term material breach is defined by the health center as meeting the following circumstances:
        ~~1.~~i. Greater than 5% of claims identified as non-compliant within a given period are non-correctable.
        ~~2.~~ii. A covered entity must contact OPA as soon as reasonably possible following any material breach by the covered entity of any 340B Program requirement.
        ~~3.~~iii. SCH&DC should contact the manufacturer(s) as appropriate for full transparency and to offer repayment as needed.
        ~~4.~~iv. For situations that do not meet the "material breach" threshold, the health center will take corrective actions, maintain transparency with all stakeholders involved, and keep auditable records.
        ~~5.~~v. The Self-Disclosure Tool available on the PVP website can be used to report non-compliance to HRSA: https://www.340bpvp.com/340b-university/tools-and-resources/

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4.12.12 340B Program Compliance Monitoring/Reporting

Purpose

To provide an internal monitoring program to ensure comprehensive compliance with the 340B Program.

Policy

Covered entities are required to maintain auditable records demonstrating compliance with the 340B Program requirements.

Procedure

1. SCH&DC develops an annual internal audit plan approved by the Compliance Officer
2. SCH&DC reviews 340B OPAIS to ensure the accuracy of the information for all site locations and contract pharmacies no less than semi-annually.
3. SCH&DC reviews the Medicaid Exclusion File (MEF) to ensure the accuracy of the information for the site locations and contract pharmacies no less than semi-annually.
4. SCH&DC reconciles purchasing records and dispensing records to ensure that covered outpatient drugs purchased through the 340B Program are dispensed or administered only to patients eligible to receive 340B drugs and that any variances are not the result of diversion.
5. SCH&DC reconciles dispensing records to patients' health care records to ensure that all medications dispensed were provided to patients eligible to receive 340B drugs. SCH&DC will select 20% of records from a drug utilization file and perform the audit no less than bi-monthly.
6. SCH&DC reconciles dispensing records and Medicaid billing practices to demonstrate that SCH&DC's practice is following the Medicaid billing question on 340B OPAIS.
7. SCH&DC's 340B Oversight Committee reviews the internal audit results on a bi-monthly basis.
    ~~1.~~a. The committee will assess whether audit results are indicative of a material breach as outlined in SCH&DC's Policy & Procedure **4.12.11 340B Non-Compliance/Material Breach**.

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SCH&DC maintains records of 340B-related transactions for a period of 7 years in a readily retrievable and auditable format located within the Administration offices of SCH&DC.

4.12.13 Contract Pharmacy Oversight and Monitoring

Purpose

To ensure that SHC&DC maintains 340B Program integrity and compliance at its contract pharmacies.

Policy

Covered entities are required to provide oversight of their contract pharmacy arrangements to ensure ongoing compliance. The covered entity has full accountability for compliance with all requirements to ensure eligibility and to prevent diversion and duplicate discounts. Auditable records must be maintained to demonstrate compliance with those requirements.

Reference

Federal Register / Vol. 75, No. 43 / Friday, March 5, 2010 / Notices
(https://www.gpo.gov/fdsys/pkg/FR-2010-03-05/pdf/2010-4755.pdf)

Procedure

1. SCH&DC no less than bi-monthly conducts internal reviews of each registered contract pharmacy for compliance with 340B Program requirements. The internal review will be conducted by either the Senior Accountant or the CFO in coordination with the Pharmacy and Clinical Operations Manager. The following elements will be included when conducting self-audits of contract pharmacies to ensure program compliance:
    - ~~1.~~a. Prescription is written from a 340B eligible site of care that provides healthcare services.
    - ~~2.~~b. Patient eligibility: The episode of care that resulted in the 340B prescription is supported in the patient's medical record and the service provided is consistent with the grant funding scope of services provided to the entity.
    - ~~3.~~c. Provider eligibility: The prescribing provider is employed, contracted, or under another arrangement with the entity at the time of writing the prescription so that the entity maintains responsibility for the care.
    - ~~4.~~d. The 11-digit NDC level is documented for accumulation and/or replenishment of a 340B dispensation or administration (if a virtual inventory is used).
    - ~~5.~~e. SCH&DC can document that no prescriptions were billed to Medicaid unless the contract pharmacy is listed as a carve-in contract pharmacy on 340B OPAIS.

~~6.~~2. SCH&DC conducts annual independent audits of each registered contract pharmacy for compliance with the 340B Program requirements.
    - ~~1.~~a. Independent audits will include reviews of:
        - ~~1.~~i. 340B eligibility.
        - ~~2.~~ii. 340B registration.
        - ~~3.~~iii. Documented policies and procedures.
        - ~~4.~~iv. Inventory, ordering, and record keeping practices for all 340B accounts.
        - ~~5.~~v. Review of the listing in the Medicaid Exclusion File and its reflection in actual practices.
        - ~~6.~~vi. Testing of claims sample to determine any instance of diversion or duplicate discounts over a set period of time.

~~7.~~3. SCH&DC has mechanisms in place to demonstrate compliance with all state Medicaid billing requirements to prevent duplicate discounts at all sites, including off-site outpatient facilities.

~~8.~~4. SCH&DC follows all state practices consistent with state guidance and SCH&DC Medicaid billing numbers/NPI numbers are properly reflected in the Medicaid Exclusion File.

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~~1.~~a. The following state Medicaid programs are billed by SCH&DC: Pennsylvania.

~~2.~~5. SCH&DC's 340B Oversight Committee reviews audit results.

~~1.~~a. The committee will assess if audit results are indicative of a material breach as outlined in SCH&DC's Policy and Procedure **4.12.11 340B Noncompliance/Material Breach**.

SCH&DC maintains records of 340B-related transactions for a period of 7 years in a readily retrievable and auditable format located within the Administration offices of SCH&DC.

4.12.14 Prime Vendor Program (PVP) Enrollment and Updates

Purpose

To support SCH&DC's participation in the PVP to receive the best 340B product pricing, information, and value-added products.

Policy

The purpose of the Prime Vendor Program (PVP) is to improve access to affordable medications for covered entities and their patients.

Procedure

~~1.~~• Enrollment in PVP:

1. SCH&DC completes online 340B Program registration with HRSA.
2. SCH&DC completes online PVP registration (https://www.340bpvp.com/register/apply-to-participate-for-340b/).
3. PVP staff validates information and sends confirmation email to SCH&DC.
4. SCH&DC logs in to www.340bpvp.com, selects user name/password.

~~2.~~• Update PVP Profile:

1. SCH&DC accesses www.340bpvp.com.
2. SCH&DC clicks Login in the upper right corner.
3. SCH&DC inputs PVP log-in credentials.
   - ~~1.~~▪ In the upper right corner:
     - ~~1.~~• Click "My Profile" to access page. https://members.340bpvp.com/webMemberProfileInstructions.aspx.
4. SCH&DC clicks "Continue to My Profile" to access page https://members.340bpvp.com/webMemberProfile.aspx.
   - ~~1.~~▪ Find a list of your facilities.
     - ~~1.~~• Click on the 340B ID number hyperlink to view or change profile information for that facility.
   - ~~2.~~▪ Update HRSA Information:
     - ~~1.~~• Complete the 340B Change Form as detailed above.
       - ~~1.~~○ After 340B OPAIS has been updated, the PVP database will be updated during the nightly synchronization.
5. SCH&DC updates the 340B Prime Vendor Program (PVP) Participation Information:
   - ~~1.~~▪ Edit SCH&DC's DEA number, distributor and/or contacts.
   - ~~2.~~▪ Click submit.

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