School-Based Health Center Financing

Alameda County School-Based Health Centers (SBHC) utilize the five criteria for exemplary financing strategies identified by the National Assembly of School-Based Health Care’s National SBHC Finance and Patient Revenue Study (June 2002). The study defines five “criteria for exemplary financing strategies” as articulated by key advocacy, research, and policy groups. These criteria are used to benchmark standards for core service delivery, service expansion, and guide financial planning for SBHCs.

Development Phases of SBHC Financing

Planning Phase
Analogous to sowing seeds with the vision to create a forest, schools in the planning phase cultivate interest and assess need by engaging students, school district staff, parents and the broader school community to explore the feasibility of building a new SBHC. An operating budget is likely to be $100,000.

Start-up Phase
SBHCs focus on building client base, stabilizing core services (i.e., medical, mental health, and health education) and generating third-party revenue streams. Unrestricted funding is key during this ramp up period to build infrastructure despite instability of revenue. The total operating budget is likely to be $250,000.

Operating Phase
Defined by a funding infrastructure that supports 25-32 hours of core service delivery, funding for SBHCs is more diversified and proportional by source. The total operating budget is likely to be $500,000.

Expanded Care
Defined by a diversified fund portfolio, SBHCs at the expanded care phase have stable funding for core services and care is accessible 32-40 hours weekly with the provision of 24-hour on-call assistance. Additional resources are generated that enable service capacity expansions (i.e., nutrition, on-site pharmacy, dental services, after school programs, etc.). The total operating budget is likely to exceed $900,000.

5 Criteria for Exemplary SBHC Financing Strategies

1. Comprehensive Program
Total revenue (cash and in-kind) supports a comprehensive program that includes minimum service hours of medical care, behavioral health care, health education/promotion and youth development.

2. Diversified Funding
Multiple sources of funding, including at least one local source of support (city/county, medical sponsor/community health center, local foundation, school district, etc.) ensure long-term sustainability and financial flexibility.

3. Core Support
A minimum of 30% and maximum of 60% of revenue must come from a single source (maximum of 60% is not applicable if core support is patient revenue). The core support is continually renewable but not necessarily guaranteed.

4. Third-Party Billing
The SBHC must have the capacity to bill patients and third-parties as evidenced by collection of patient revenue.

5. Replication Potential
Core support must not be dependent upon an environment, situation or relationship that is unique and therefore cannot be replicated in another service area.
Investing in SBHCs to Offer Comprehensive Health & Wellness Services

A SBHC’s financial stability is based on its capacity to secure operating capital from a variety of funding sources to ensure core support for medical, mental health, health education, and youth development services.

In Alameda County, SBHC financing generally falls into three categories:

1. **Third-Party Revenue**
   Third-party revenue is maximized by establishing provider partnerships and developing efficient patient billing processes carried out by experienced personnel. Although revenues do not provide all the financial support needed by a SBHC, these sources do provide a viable and sustainable core funding and play a vital role in strengthening, supporting and reinforcing a SBHC’s financial infrastructure. SBHCs that partner with FQHCs (Federally Qualified Health Centers) to generate billing revenue are reimbursed up to 100% for the actual cost of medical services compared to non-FQHC reimbursement rates of only 15-30% (approximately 17% in middle schools and 30%-50% in high schools) of actual costs. Similarly, in Alameda County, SBHCs who partner with mental health providers with EPSDT (Early Periodic Screening, Diagnosis, and Treatment) contracts generate substantial revenue for the delivery of comprehensive behavioral health services. EPSDT partnerships have resulted in the County’s ability to leverage $19 dollars in state and federal mental health revenue for every dollar invested in SBHCs.

2. **Local Base Funding**
   The ability for SBHCs to successfully leverage school district, city and county financial support is contingent on how SBHCs integrate into the broader school community through coordination and communication. These discretionary funds are crucial to support services that are not billable such as the services for the uninsured and indigent.

3. **State, Federal and Private Grants**
   State, federal, and private grants are an important source of capital to finance innovation to expand SBHC programs and service delivery. Sound fund development planning ensures greater success in the solicitation of these types of funds and provides a more strategic approach to tapping into these resources to support SBHC growth.

The ability of SBHCs to draw from these funding streams enables them to develop a diversified financial portfolio that promotes fiscal stability. Moreover, by securing the investment of a variety of stakeholders, SBHCs encourage financial accountability from many diversified interests to help sustain their efforts.

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**Sample Diversified SBHC Funding**

- **Local Base Funding**: 23%
- **Third-Party Medical Revenue**: 20%
- **State & Federal Grants**: 5%
- **Private Funding**: 6%
- **Third-Party Mental Health Revenue**: 45%

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**Sample SBHC Operating Phase Budget**

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<tr>
<th>Position</th>
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<td>Medical Staff</td>
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