

**Board Financial Oversight Considerations During the  
Initial Response to the COVID-19 Public Health Emergency  
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As health centers around the country continue to respond to the COVID-19 public health emergency, they are also navigating other challenges that may include rapidly introducing telehealth, reducing dental and other services, among other changes. Health center boards are exercising their governance duties by working with CEOs to address urgent governance needs related to the response to COVID-19, as well as continuing to focus on their ongoing roles and responsibilities.

The purpose of this short article is to outline some high-level considerations for boards as they continue to provide oversight of the center's finances, and consider issues related to long-term sustainability. Various considerations follow:

- **Ensure clarity about the board's financial oversight role** – The board has a fiduciary responsibility for the health center; it oversees the ongoing sustainability of the organization so that the health center can continue to fulfill its mission. At this time, boards can provide ongoing financial oversight as well as proactively partner with the health center CEO and their leadership team to approve a financial strategy.

Newer board members or members that want a refresher on some of the financial fundamentals may want to review NACHC's [Governance Guide for Health Center Boards](#), Chapter 4: Financial Oversight or the [Modules on Board Financial Oversight](#) to ensure foundational knowledge of financial oversight.

- **Monitor key indicators while also understanding that metrics may change rapidly at this time** – As recently noted in "[Finance Office Hours for Health Centers: Strategies to Manage Operations During COVID-19](#)," in crisis, "cash is king." CEOs are reporting that they, along with their senior leadership teams, are monitoring cash flow on an ongoing basis. Boards will want to have a sense of days cash and anticipated changes to the center's financial position. As needed, boards can work with CEOs to consider the role of board designated reserves, line of credit, and other sources of cash flow (e.g., 340B, supplemental health center funding related to COVID-19) discussed on "[Finance Office Hours for Health Centers: Strategies to Manage Operations During COVID-19](#)."
- **Ask questions to better understand the financial outlook** – Boards can pose questions to the CEO and their leadership team at board meetings to fully understand the current situation and likely near and mid-term ramifications. One health center board member shared the following questions:
  - Do we have a way to forecast anticipated cash flows as health center operations change?
  - Given recent changes, how much have patient volumes dropped by site and by line of business?
  - What is the impact of decreased patient volume on patient service revenue generation?
  - What is the impact of decreased patient volume on health center operating cash flows?
  - What program adjustments are we (or should we be) making to align operating costs with decreased revenues?
  - What options are available to manage operating cash flow deficiencies in the near term (if needed)?

Answers to such questions can help inform financial strategy in response to the current environment.

- **Balance short-term needs with long-term strategy when decision-making** – Health centers are making difficult decisions regarding finances, sites, services, staffing, and other issues. While it is difficult, centers may want to consider how their business model may change and evolve as we emerge from the current pandemic. Balancing short-term and longer-term strategy, to the extent possible, may aid in decision-making related to important decisions.
- **Ensure shared understanding around important decisions that require board approval and their associated impact on the center** – Items requiring board approval include:
  - Altering site hours
  - Changes to the scope of project
  - Closing sites
  - New financial strategy and major adjustments to the health center’s budgets
  - Updates to major policies

It may be helpful to maintain a short checklist or hold a short refresher board education segment during a [virtual board meeting](#) to ensure this shared understanding.

Please refer to the Health Resources and Services Administration’s [Health Center Program Compliance Manual](#) for a comprehensive list of items requiring board approval in order to remain in continuing compliance with that federal program.

These are challenging times for board and staff leadership alike. Boards and individual board members must do their best to continue to fulfill their duty to the health center and make important decisions in service to the health center’s patients and community.

#### **Additional Information and Questions?**

- For additional resources from NACHC related to COVID-19, please visit <https://www.healthcenterinfo.org/priority-topics/covid-19/> and <http://www.nachc.org/coronavirus/>, or contact [preparedness@nachc.org](mailto:preparedness@nachc.org).
- If you have questions about COVID-19, please visit <https://www.cdc.gov/coronavirus/>.
- If you have a general health center governance question or suggestions for additional resources, please contact Emily Heard, Director of Health Center Governance at [trainings@nachc.org](mailto:trainings@nachc.org).

*Please note that health centers are responsible for determining appropriate and tailored operations and strategies suitable for their organization, staff, patients, and community. Health centers should refer to applicable State, Local, and Organizational regulations in consultation with the health center’s general counsel and other advisors as appropriate.*

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