Adjusting an Agency's Sliding Fee Discount Schedule

FPNTC
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Title X agencies are required to update their sliding fee discount schedule (SFDS) annually according to changes to the federal poverty level (FPL) and should consider other adjustments when their full fee (or charge) schedule has been updated. According to Title X Program Requirements, Title X agencies must ensure that their SFDS and resulting discounted dollar amount uninsured clients are charged based on an individual's ability to pay, and do not provide a barrier to services. This is especially pertinent to individuals with family incomes between 101% and 250% of the FPL. Title X subrecipients should discuss plans and changes to the SFDS with their Title X grantee to assure that all grantee-specific requirements related to charging, billing, and collecting funds for services are reflected.

There are a few approaches to consider when updating a SFDS.

Adjustment Approaches

1. Adjust discount percentages for FPL income category groupings.

Note discount percentage changes for each income category grouping before and after making SFDS adjustments in the table below.

FPL	**Less than 101%**	**101–150%**	**151–200%**	**201–250%**	**Over 250%**
Before	100% discount	75% discount	50% discount	25% discount	No discount
After	100% discount	80% discount	60% discount	30% discount	No discount

Example: if a full fee for a service increased from $100 to $130 without a SFDS change, the fee for a client in the 151–200% income category would increase from $50 to $65, a 30% increase that may impact their ability to pay and thus be a barrier to service. After the SFDS change to 60% in this income category, the client would be charged $52 for this service, or 4% more.

2. Adjust percentage range and number of FPL income category groupings.

If the first discount category range over 100% is 101–150% FPL, an agency may change it to 101-129% FPL, and so on with the remaining categories. The table below displays a before and after scenario for this option.

FPL	**Less than 101%**	**101–150%**	**151–200%**	**201–250%**	**Over 250%**
Discount	100% discount	75% discount	50% discount	25% discount	No discount

FPL	**Less than 101%**	**101–129%**	**130–150%**	**151–189%**	**190–219%**	**220–250%**	**Over 250%**
Discount	100% discount	85%	80%	60%	50%	30%	No discount

Example: Some clients whose income fall between 101–250% FPL will pay more for services and some will pay less, with steeper discounting occurring at the lower income levels. If a full fee for a service increased from $100 to $130 without a SFDS change, the cost to a client with a FPL of 155% would increase from $50 to $65, potentially becoming a barrier to services. After changing the SFDS, this client would pay $53.30 for this service, a 7% increase.

Alternatively, using the same increase in full fee amount ($100 to $130) for a client with an FPL of 125%, their cost would increase from $25 to $32.50, a 30% increase. After changing the SFDS, this client would pay $19.50, a 22% decrease.

Tip: Neither the discount categories nor the income groupings need to be equally proportioned using this adjustment approach.

Agency-specific SFDS Analysis

- **Identify how many clients will be affected by the proposed SFDS adjustments.** Extract uninsured client data by discount category, as well as third-party payer client data, since deductibles, co-insurances, and co-pays will be affected by a new SFDS. Review the Collecting Co-Pays and Applying the Sliding Fee Scale job aid from the FPNTC as needed.
- **Review the new full fee schedule to determine the number of procedures that have significantly higher new fees.** If only a few, consider incrementally increasing these outliers full fees over time rather than adjusting the SFDS to accommodate them. An agency may then adjust the SFDS as needed with the majority of the new full fee schedule in mind.
- **Determine what percentage increase is reasonable for uninsured clients and fees (client charges) overall.** This may be influenced by how recently rates were increased and/or by what similar organizations with SFDS charge.
- **Evaluate the percentage increase of the full fee for each service.** Measure the difference between the prior year fee for each service to the new service charge. If the increase for most services is at or near a percentage level, keeping the same SFDS may be appropriate. If the percentage increase is more, SFDS adjustments should be considered.
- **Evaluate the overall percentage of increased revenue and compare this to the agency's goal.** Calculate the difference in fees by procedure, multiplying each procedure by utilization respectively, using the old versus the new fees.
- **Compare the percentage increase in charges for the 10–20 most utilized services in each discount categories.** If any increases are above the reasonable percentage increase set by the agency, modify the SFDS using one of the approaches above. Consider evaluating how various solutions will affect the charge increases for individuals with incomes between 101–250% FPL.
- **Evaluate the effect of charge increases on high volume services provided together (e.g., annual exam with STD screening and birth control, same-day counseling and LARC insertions, 12 packs of pills) for each of the proposed discount categories.** Assess for a reasonable increase in the discounted cost for each discount grouping.

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