

Fee Setting in the Local Health Department (LHD)

North Carolina Division of Public Health

Local Technical Assistance & Training Branch



NC DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Division of Public Health

Why Do We Charge Fees?

Fees help Local Health Departments (LHDs):

- Increase available resources
- Provide services in a fair and balanced way
- Cover the full cost of essential health services

Whenever possible, fees are based on the **actual cost of providing services** (direct + indirect costs).

What Costs Are Included?

Direct Costs

- Staff salaries and fringe benefits (*typically 75–80% of budget*)
- Medical and office supplies (bandages, syringes, forms, etc.)
- Pharmaceuticals
- Travel expenses
- Computer hardware and software

Indirect Costs

- Facility expenses (utilities, rent, insurance, cleaning services)

Why Fees Matter

- Public funding does **not fully cover** all services
- Fees help sustain and expand programs
- Costs are shared fairly between the community and service users

Legal Authority

Fees are authorized under **N.C. General Statute 130A-39(g)** when:

- Recommended by the Health Director
- Approved by the Board of Health and County Commissioners
- Not prohibited by law

Fee Setting: Dos and Don'ts

✔ Do

- Base fees on **actual service costs**
- Use data sources:
 - Medicaid Cost Reports
 - Vendor pricing
 - Personnel costs
- Compare with nearby counties for reference
- Use the *Workbook for Setting Fees* (DPH/LTAT/LHD website)
- **Document your methodology and meeting notes** (required for re-accreditation)
- Charge Medicaid **acquisition cost for 340B drugs/devices**

✘ Do Not

Increase fees by a flat percentage (e.g., +5%) without cost analysis

Policy Recommendations

Include the following in your agency's financial policies:

- Usual and customary charges
- Income-based sliding fee scale
- Third-party billing and reconciliation
- Medicaid billing considerations:
 - Physician-administered drugs
 - 340B (fee-for-service)
 - Managed care
 - Secondary payer
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Key Resources

- Local Fee and Eligibility Policy
- Consolidated Agreement
- Medicaid Participation Agreement
- Program Rules and Regulations
- NC General Statutes & Administrative Code
- Public Health Administrative Consultants

Need Help? Public Health Financial Consultants:

- Brook Johnson — Brook.Johnson@dhhs.nc.gov | 919-710-0133
- Brandy Lanier — Brandy.Lanier@dhhs.nc.gov | 910-290-0275
- Tabitha Byrd — Tabitha.Byrd@dhhs.nc.gov | 919-910-2292