

## Key Partnership Models

*This issue brief is part of a series developed to orient FQHC and Ryan White providers and to help them develop partnerships to build HIV prevention and care capacity in their communities. Additional resources are available at [www.hivclinician.org](http://www.hivclinician.org).*

### Key Partnership Models Issue

*This fact sheet outlines three partnership models organizations have used to collaborate: **referral arrangements, co-location arrangements, and purchase of services.***

Selecting a partnership model is a strategic decision. Partnerships will vary depending on organizations' specific goals, communities' health care needs, and partner organizations.

There are numerous potential partnership models in which organizations may work together that are not discussed in this document, which has been adapted from more in-depth [guidance](#) provided by the National Association of Community Health Centers (NACHC) for developing partnerships between FQHCs and local health departments.<sup>1</sup>

This document does not provide a comprehensive review of applicable federal laws, and does not address state law considerations. Accordingly, organizations are strongly advised to seek the assistance of qualified local legal counsel and other appropriate professional advisors when evaluating and implementing partnerships.

### Do you need a written agreement to document a partnership?

A written agreement is critical to demonstrate compliance with some federal (and often state) laws and regulations, and helps to articulate roles and responsibilities for both organizations.

### Referral Arrangement

A referral arrangement is a partnership under which a provider agrees to furnish services to those patients who are referred by another provider. The provider referring the patient typically agrees to refer patients to the other provider as its preferred, albeit not exclusive, provider of choice for particular services.

Under a referral arrangement, whether formal or informal, both organizations retain their own separate and distinct patient care delivery systems and locations, and each is only accountable and legally and financially responsible for the services it directly furnishes to patients.

A referral arrangement may serve as a useful precursor to a more collaborative relationship, providing each organization with an opportunity to become familiar with the other before implementing a more integrated partnership.

## Co-Location Arrangement

Similar to the standard referral arrangement, a co-location arrangement is a partnership under which a provider agrees to treat patients who are referred to it by another provider, maintains its own practice and control over the provision of the referral services, and is legally and financially responsible for the referral services. In addition, the health care professional furnishing the referral services is physically located at the other organization's site, either on a full or part-time basis.

It is advisable to distinguish between each organization's providers under such an arrangement, to avoid unintended legal liabilities. Depending on how the relationship is structured, it may be necessary that the entities have separate entrances in order to obtain a separate Medicare site certification.<sup>2</sup> The partnering organizations should also review state law for any requirements regarding providers sharing clinical space.

Patient access may be significantly increased under this arrangement because co-location reduces transportation barriers and may allow patients to obtain services from both organizations in one visit.

## Purchase of Services Arrangement

Under the purchase of services arrangement, one organization purchases services from the other, which provides the services as a vendor and on behalf of the "purchasing" organization. In addition to purchasing health care professional services, the parties may enter into arrangements for the purchase of administrative services.

The purchasing organization is the provider of record for the contracted services rendered to its patients, maintains control over the provision of such services, and remains legally and financially responsible for the services provided by the contracted provider. The services provided by the vendor organization may be provided at either the purchasing organization's facility or at the vendor organization's facility. However, the organizations still remain separate entities under this arrangement.

**Note:** Key agreement terms and considerations for each of the partnership models outlined above are available in the NACHC guide.<sup>1</sup>

### References/Resources for More Information

1. [Partnerships between Federally Qualified Health Centers and Local Health Departments for Engaging in the Development of a Community-Based System of Care](http://www.naccho.org/topics/HPDP/upload/Partnerships-Between-FQHCs-and-LHDs_Final_11_03_10.pdf). Online at [http://www.naccho.org/topics/HPDP/upload/Partnerships-Between-FQHCs-and-LHDs\\_Final\\_11\\_03\\_10.pdf](http://www.naccho.org/topics/HPDP/upload/Partnerships-Between-FQHCs-and-LHDs_Final_11_03_10.pdf)
2. 42 C.F.R. § 491.8.

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