



How to Develop a Sliding Fee Scale

1. Evaluate Costs of Delivering Services.

Fees should be set to cover the costs, not to make a profit. Public health services should not be in competition with available private services. However, fees cannot be set so high that clients will not utilize the services.

Ask these questions: “What is the lowest amount that can be charged to pay for the service?,” “At what price does the cost become a barrier for the client?” or “What does it actually cost the department to provide this service to the community?”

2. Determine “usual and customary” fees for a service.

“Usual and customary” fees are a method for standardizing the cost of service. These fees often vary by region based on the prevailing cost of delivering services in that area of the country. Resources are available to help determine the usual and customary fees. See: [Customized Fee Analyzer: Fee Information for Your Area and Specialty](#) (published by Optum and available to order online).

3. Determine Medi-Cal and Medicare rates.

Next, a comparison should be made between the cost of doing services, the usual and customary fees, and what the typical Medi-Cal and Medicare rates are for the services. Private insurance carriers typically reimburse higher amounts than Medi-Cal rates. So, it is important to take this into consideration when setting the fee in order to maximize the revenue that can be billed. At the same time, this amount cannot be higher than the cost of the service and cannot create a barrier to clients receiving services.

4. Set the fee.

Once the above steps have been completed, then the fee can be set. The fee schedule can be comprehensive, listing every service and corresponding fee, or it can be quite simple. Examples:



Kern County sets immunization fees at the cost of the vaccine plus a \$13 administration fee.

Merced County simplified their fee schedule by stating:

“All clinical fees will be set at the published Medicare Fee Schedule. For those services where no Medicare rate is established, fees will be at the greater of Family PACT or Medi-Cal rates. In those cases where there are no published rates in any of these programs, fee will be established at costs plus a fifteen (15) percent administrative fee.”