The purpose of this document is to assist you in preparing an application for funds to preserve access to hospital services in rural areas through the Rural Hospital Capital Improvement Grant Program. Only applicants selected during the Pre-Application process are invited to submit a Final Application.

This document has three sections. The first explains the funding source and background of the program. The second provides instructions for the preparation of the application. The third section summarizes the criteria for evaluating grant applications.

Section I - Rural Hospital Capital Improvement Grant Program

BACKGROUND

Minnesota Statutes Section 144.148 authorizes the Commissioner of Health to award grants to eligible hospitals under the Rural Hospital Capital Improvement Grant Program. The program helps small (50 or fewer beds) rural hospitals undertake needed modernization projects to update, remodel or replace aging hospital facilities and equipment necessary to maintain the operations of the hospital.

A. Eligible Applicants

Eligible applicants for this program are non-federal, general acute care hospitals that fulfill the following criteria:

- Is located in a rural area located in a community with a population of less than 15,000, according to United States Census Bureau statistics, outside the seven-county metropolitan area.
- Have 50 or fewer beds.
- Demonstrate that at least one quarter (25 percent) of the project cost will be matched by non-state sources. This may include in-kind contributions.

The Minnesota Department of Health (MDH) determines eligibility for this program based on hospital data available from the Health Care Cost Information System (HCCIS).

B. Duration of Funding

Awards will be made for a period of 12-36 months and extensions may be possible. In preparing the project timeline, applicants should include a realistic estimate of the time the project will require.

C. Total Available Funding

Fiscal Year 2017 total funding will be approximately $1,642,000. The maximum award amount is $125,000. MDH expects to make approximately 17-20 grant awards.

D. MDH Administrative/Technical Program Support
MDH will provide consultation and guidance in completing the application process. For assistance, contact Lina Jau, Office of Rural Health & Primary Care at: 800-366-5424 or 651-201-3809 or lina.jau@state.mn.us.

E. Timeline:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Application were due to MDH no later than 4 p.m.</td>
<td>November 4, 2016</td>
</tr>
<tr>
<td>Pre-Application decisions and invitations:</td>
<td>Approx. December 27, 2016</td>
</tr>
<tr>
<td>Final Applications due to MDH no later than 4 p.m.</td>
<td>February 3, 2017</td>
</tr>
<tr>
<td>Projects awarded:</td>
<td>Approx. March 24, 2017</td>
</tr>
<tr>
<td>Grant Contracts executed/funds available:</td>
<td>Approx. April 15, 2017</td>
</tr>
</tbody>
</table>

Unlike the Pre-Application, electronic Final Applications will not be accepted. Applicants must send a hard copy of the application by mail or courier.

Section II - Preparing the Final Application

A. Information Needed

1. Application should be prepared in the order specified to facilitate the review process. Complete all items on these forms and number all pages consecutively. A signature, title and date must appear on the original. Submit the signed original and three unbound copies.

2. While additional documentation may be submitted, such material should be limited to information highly relevant to the specific scope and purpose of your proposed project, documentation of other sources of financing, etc.

   a. Checklist (for your reference, enclosed)

   b. Required Forms

      Applicants are required to complete and submit the following forms:

      • Table of Contents
      • Application Form
      • Governing Board Resolution: Applicants are required to submit a Governing Board Resolution that authorizes the application, resolves that the organization will enter into a grant agreement with the state if the application is successful, and authorizes an official of the organization to execute agreements and certifications as required to implement the organization’s participation in the Rural Hospital Capital Improvement Grant Program.
      • Competitive Bidding Form

B. Project Abstract (no more than two pages)

C. Project Narrative (25 pages maximum)

A clear, concise, and thorough application narrative must be presented. The narrative must not exceed 25 double-spaced pages and all pages must be numbered consecutively.
1. Hospital and Service Area Overview

The narrative of the application must describe the hospital, the services it provides, and the population it serves. It must describe the hospital’s service area and demonstrate the applicant’s knowledge of the existing and/or unmet health care needs of the population in the service area.

The hospital overview should also describe the age, size, available inpatient beds, configuration and condition of the hospital facilities and equipment, how many people are served, capital improvement needs, distance to nearest tertiary care center, etc.

Include documentation (e.g., population census data, hospital census data, architectural and engineering studies) supporting the hospital description and problem statement, as appropriate.

2. Problem Statement

The application must clearly describe the nature of the problem(s) in the facility and service area that will be addressed if this project is selected for funding. The Problem Statement should document changes in service populations, community needs and hospital services, and the need to repair, replace or reconfigure facilities and equipment in response to current and anticipated changes in the hospital’s operational environment.

3. Project Description

a. Objectives and goals of the project

State the project objectives and goals. Objectives are statements of the short-term or intermediate-term outcomes related to the problem(s) the proposal is intended to address. Objectives are tangible, specific, measurable and achievable. Goals are long-range benefits that are broad in scope. A goal statement describes what will exist if the stated problem(s) are solved.

b. Project description

Describe current conditions the project will address and the proposed improvements. If proposed improvements are for more than one hospital area or building (e.g., patient rooms, radiology and ER) or system (e.g., telephone, HVAC, data processing, EHR and lighting), describe each project component separately.

c. Construction, remodeling and equipment drawings or specifications

Provide as attachments, if available (these do not count toward the 25-page limit). If not yet produced, note in this section and in the timeline when they will be completed.

d. Timeline

Provide a timeline for each project component. The timeline should identify, in chart or table form, who will be involved in each task, and the estimated start and completion date for each task.

e. Roles and capabilities of individuals and organizations involved in the proposed project

Use the Biographical Sketch Form for key project staff qualifications.

f. Results expected from the project

Results discussed in this section should relate to the project objectives.
4. **Relationship between the proposed project and the strategic plan or capital improvement plan**
   Demonstrate how the proposed project is consistent with the hospital’s strategic direction and flows from overall hospital planning. The relationship between the proposed project and the existing strategic plan or capital improvement/facilities plan is one of the program’s application primary scoring criteria. Document the priority of the proposed project within the current strategic or capital improvement plan. **Note:** If there is no strategic plan or capital improvement/facilities plan or the project is not a priority in the plan, the application is unlikely to be selected for funding.

5. **Plan to maintain or operate facilities equipment included in the project**
   This section provides an opportunity to discuss administrative, technical or staffing plans to maintain and operate a specific piece of equipment or structure, and the business plan to generate sufficient revenue for maintenance or operations. If you are proposing improvements throughout the hospital, discuss the business plan for the hospital as an institution. The plan to maintain or operate facilities or equipment included in the project is also one of the grant program’s application scoring criteria.

**D. Budget**

1. **Budget Form** (enclosed)
   Identify all sources of funding (cash or in-kind) in addition to Rural Hospital Capital Improvement Grant funding requested by line item for each budget category. *Minimum 25 percent match required.*

2. **Budget Justification**
   For each of the cost items on the budget form, please provide the rationale and details that indicate how the budgeted cost items were calculated. This concise narrative should be labeled “**Budget Justification Narrative**” and follow the budget form.

   Applicants must submit evidence that competitive bidding was used to select project contractors (See Section E. Competitive Bidding). If contractors have not been selected, such evidence must be submitted before grant payment will be made.

   Enter summary totals on the **Construction** and **Equipment** budget lines, and attach specifications or bids to show the details of these categories. For the **Overhead** budget line, include the details of any hospital personnel, travel, supplies or other expenses to be charged to this project. Be sure to explain the basis for project costs. If bids, drawings or specifications have not yet been produced, describe how costs were estimated.

   Whenever possible, include proposed expenditures in the categories provided. If it is necessary to include rare or otherwise undefined expenditures use the “Other” category and include a detailed description in the Budget Justification Narrative.

   The Budget Justification Narrative must define the source of all funding from non-state sources. Specify where match dollars will come from.

**E. Competitive Bidding**
Minnesota Statutes Section 144.148, authorizing this grant program, requires evidence that competitive bidding was used to select contractors for the project. Complete and submit the Competitive Bidding Form with the application.

F. Attachments

As discussed above in section 3.c, relevant attachments may include bid documents, drawings and specifications, whole or partial copies of hospital capital improvement and strategic plans, and letters of support or commitment from the community (not from hospital personnel and not form letters).

G. Submission:

Questions regarding these grant application guidelines or requests for technical assistance should be directed to Lina Jau at 651-201-3809 or lina.jau@state.mn.us.

Submit the signed original and three unbound copies of the application to:

Lina Jau
Minnesota Department of Health
Office of Rural Health & Primary Care
P.O. Box 64882
St. Paul, Minnesota 55164-0882

Courier Address
Golden Rule Building, Suite 220
85 E. 7th Place
St. Paul, MN 55101

Applications must be received by MDH (not just postmarked) no later than 4 p.m. February 3, 2017.
Section III - Criteria for Evaluation and Selection for Funding

Each application will be scored on a 100-point scale as follows:

A. A maximum of 40 points for an applicant’s clarity and thoroughness in describing the problem and the project as a solution to the problem.

B. A maximum of 40 points for the extent to which the applicant has demonstrated adequate provisions to ensure proper and efficient operation of the facility once the project is completed.

C. A maximum of 20 points for the extent to which the proposed project is consistent with the hospital’s capital improvement plan or strategic plan.

D. The Commissioner may also take into account other relevant factors.

2017 Rural Hospital Capital Improvement Grant Program
Overall Completeness Checklist

I. Required Forms

   A. Table of Contents, including page numbers
   B. Application Form Cover Sheet (provided)
   C. Governing Board Resolution (template provided)
   D. Competitive Bidding Form (provided)
   E. Biographical Information for Key Personnel (provided)

II. Project Abstract (not to exceed two pages)

III. Narrative (not to exceed 25 typewritten pages)

   A. Hospital and Service Area Overview
   B. Problem Statement
   C. Project Description
      1. Objectives and Goals of the project
      2. Narrative project description
      3. Construction, remodeling and equipment drawings or specifications
      4. Timeline
      5. Roles and capabilities of key individuals and organizations involved in the project
      6. Results expected from the project
   D. Relationship between the proposed project and your strategic plan or capital improvement plan
   E. Plan to maintain or operate facilities or equipment included in the project

IV. Budget Form (provided) and Budget Justification Narrative

V. Competitive Bidding Form

VI. Relevant Attachments
**MINNESOTA DEPARTMENT OF HEALTH 2017**  
**FINAL APPLICATION FORM**  
**RURAL HOSPITAL CAPITAL IMPROVEMENT GRANT PROGRAM**

### 1. Applicant Hospital (with which grant agreement contract is to be executed)

- **Legal Name**: ____________________________________________________________
- **Address**: ______________________________________________________________
- **Phone (_______)** ________________________________________________________
- **State Tax ID Number** _____________________________________________________
- **Fed Tax ID Number** _______________________________________________________

### 2. Administrator of Applicant Hospital

- **Name/Title**: _____________________________________________________________
- **Address**: ______________________________________________________________
- **Phone (_______)** ________________________________________________________
- **E-mail**: ________________________________________________________________

### 3. Fiscal Management Officer of Applicant Hospital

- **Name/Title**: _____________________________________________________________
- **Address**: ______________________________________________________________
- **Phone (_______)** ________________________________________________________
- **E-mail**: ________________________________________________________________

### 4. Contact Person for Further Information on Application

- **Name/Title**: _____________________________________________________________
- **Address**: ______________________________________________________________
- **Phone (_______)** ________________________________________________________
- **E-mail**: ________________________________________________________________

### 5. Project Title or Description

____________________________________________________________________________

### 6. System Affiliation

- **Name of System**: __________________________________________________________
- **Nature of Affiliation**: _____________________________________________________
  *(Managed by, leased to, owned by, etc.)*

### 7. Project Cost Summary

- **Grant Amount**: ______________________
- **Match Amount**: ____________________
- **Total Project Cost**: _______________

I certify that the information contained herein is true and accurate to the best of my knowledge and that I submit this application on behalf of the applicant organization.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
</table>
MINNESOTA DEPARTMENT OF HEALTH
Competitive Bidding Form
RURAL HOSPITAL CAPITAL IMPROVEMENT GRANT PROGRAM 2017

Minnesota Statues 144.148 requires that applicants must submit to the Commissioner evidence that competitive bidding was used to select contractors for the project

Applicant Hospital (with which grant agreement contract is to be executed)

Legal Name________________________________________

Address_____________________________________________

Check applicable boxes:

☐ Competitive bidding has been completed for the proposed project through one of the following methods:

☐ This hospital is owned by a local unit of government subject to the Uniform Municipal Contracting Law, M.S. section 471.345, and has complied with those requirements. (Attach documentation of the bid and award process.)

☐ This hospital is not subject to the Uniform Municipal Contracting Law, but has its own procurement policy that requires competitive bidding. (Attach relevant sections of the policy and documentation of the bid and award process.)

☐ This hospital is not subject to the Uniform Municipal Contracting Law, does not have its own procurement policy that requires competitive bidding, but has followed a competitive bidding process. (Attach relevant sections of the policy and documentation of award process.)

☐ Competitive bidding has not yet been completed for the proposed project, but will be conducted through one of the following methods. (You will be required to submit documentation of the bid and award process before any state payment will be made.)

☐ This hospital is owned by a local unit of government subject to the Uniform Municipal Contracting Law, M.S. section 471.345, and will comply with those requirements.

☐ This hospital is not subject to the Uniform Municipal Contracting Law, but has its own procurement policy that requires competitive bidding. (Attach relevant sections.)

☐ This hospital is not subject to the Uniform Municipal Contracting Law, does not have its own procurement policy that requires competitive bidding, but will follow a competitive bidding process for this project, as described here (or attach description):

I certify that the information contained herein is true and accurate to the best of my knowledge and that I submit this application on behalf of the applicant organization.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
</table>
Provide the following information for **key professional personnel only** who will be involved in the project. (Use continuation pages and follow the same general format for each person.)

<table>
<thead>
<tr>
<th>NAME</th>
<th>TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROLE IN PROPOSED PROJECT</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EDUCATION</th>
<th>INSTITUTION AND LOCATION</th>
<th>DEGREE, YEAR</th>
<th>PROFESSIONAL FIELD</th>
</tr>
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<tbody>
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</table>

PROFESSIONAL EXPERIENCE (Relevant to the proposed project.)

<p>| | |</p>
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</table>
# 2017 Rural Hospital Capital Improvement Grant Program
## State of Minnesota

### SUGGESTED BUDGET FORM

<table>
<thead>
<tr>
<th>Categories</th>
<th>Rural Hospital Capital Improvement Grant Request</th>
<th>Funding from Other Sources</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demolition, land clearing, excavating, filling, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site Improvements: landscaping, walks, parking, etc.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architect and Engineering Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permits</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Survey</td>
<td></td>
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<td></td>
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<tr>
<td>Interim Costs: Financing, taxes, etc.</td>
<td></td>
<td></td>
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<tr>
<td>Environmental</td>
<td></td>
<td></td>
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<tr>
<td>Equipment</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Overhead</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Contingency</td>
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<td></td>
<td></td>
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<tr>
<td>Other (please explain)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
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</tbody>
</table>

### Notes:

1. The budget must be accompanied by a budget justification narrative that explains each line item.
2. Consultants and contractors must be identified.
3. If contractors have not yet been identified explain the selection process.
4. Identify all sources of funding in addition to the grant funds requested from the Rural Hospital Capital Improvement Program (*including the required 25 percent matching funds*) and
5. Include a description of proposed sources and uses in the budget justification narrative.
GOVERNING BOARD RESOLUTION

Be it resolved that:

1) ____________________________ apply for a Rural Hospital Capital Improvement grant from the
   (Organization or unit of government name)
   Office of Rural Health and Primary Care of the Minnesota Department of Health.

2) ____________________________ certifies that it will comply with the requirements of the
   (Organization or unit of government name)
   Rural Hospital Capital Improvement Grant Program, including the requirements in Minnesota Statutes 144.148.

3) ____________________________ enters into a grant agreement
   (Organization or unit of government name)
   with the State of Minnesota if the application is successful.

4) ____________________________ is hereby authorized
   (Title of Authorized Official)
   to execute contracts and certifications as required to implement the organization’s participation in the Minnesota
   Rural
   Hospital Capital Improvement Grant Program.

I certify that the above resolution was adopted by the ____________________________
   (Governing Body)
   of ____________________________ on ____________________________
   (Organization) (Date)

______________________________
(Signed) (Witnessed)

______________________________
(Signature) (Signature)

______________________________
(Title) (Title)

______________________________
(Date) (Date)
Over the last several years the demand for grant funds from the Rural Hospital Capital Improvement Grant Program far exceeded the supply. Over three times the available amount of grant funds are typically requested each year.

This intense competition has resulted in an increasingly close examination of the strengths and weaknesses of applications. These are difficult decisions, so we strive to give reviewers as full a context as possible in order to make appropriate funding decisions. This includes any available data on the hospitals, discussion of any major health reform efforts to which the proposed projects may be related, and information on past performance as a recipient of a grant through ORHPC.

Please find attached observations and suggestions, based on several general issues that have had an impact on funding decisions by reviewers in recent grant reviews. I hope you will find this useful. Please feel free to call me any time if you have any questions.
<table>
<thead>
<tr>
<th>Issue</th>
<th>Comment or suggestion</th>
<th>Application Section Where Issue Should be Addressed</th>
</tr>
</thead>
</table>
| Need for funds | In the past, applicants who documented a clear and specific need for funds for their proposed projects fared better than others. Being competitive usually included a narrative discussion of the hospital’s financial condition supported by financial statement data. If there is a local government contribution to the operation of the hospital and/or to the proposed project, it is important to note. Some applications included projects that had already started or were already scheduled to begin soon. These applications raise questions about whether grant funds are needed, since it can appear they will happen anyway (without grant funds). Applicants may want to explain these situations. Some applications have requested a grant contribution to a multimillion dollar capital campaign or project. Reviewers have asked whether the grants typically made by this program, averaging historically in the $85,000 to $125,000 range, are truly critical to the success of such large projects. Applicants may want to discuss such cases in detail, including details about the funding sources for a large project. The grant program regularly receives requests from hospitals that recently completed a multimillion dollar major renovation, update or addition project. If the project was not included in the major renovation, it raises the question of how high a priority the proposal is to the hospital. For major reconstruction projects or upgrades to a building, pictures can be very helpful in illustrating the current condition of the facility, and thus the need for funds.                                                                 | Hospital and Service Area Overview  
Problem Statement  
Budget Form and Budget Justification  
Attachments |

Rural Hospital Capital Improvement Program
| 2. | **Collaboration, coordination and/or partnership** | A number of projects propose new equipment or new uses of facilities that would be shared and/or coordinated with other facilities or providers. Being competitive on this issue includes presenting details of the collaboration and attaching letters of commitment and support from proposed partners. | **Problem Statement**  
**Narrative Project Description**  
**Attachments** |
|---|---|---|---|
| 3. | **Strategic plan, and capital improvement or facilities plan** | Projects that were not related to the strategic direction (a documented high priority activity) of the hospital or strategic plan, or were not connected to the overall facilities improvement plan, have experienced difficulty being selected for funding. Include sufficient documentation from a current strategic or capital plan, and make sure reviewers can easily deduce where the project falls specifically within the plan. | **Problem Statement**  
**Goals/Objectives**  
**Strategic Plan**  
**Attachments** |
| 4. | **Matching funds issues** | | **Application Form**  
**Application Narrative**  
**Budget Form and Budget Justification**  
**Attachments** |
| 4a. | **Affiliate Systems** | Reviewers invariably ask about the perceived role of large systems with which many hospitals have an affiliation. Systems receive value from the referrals and other relationships they have with small rural hospitals. Reviewers have expressed an expectation that systems should be contributing to the capital improvement projects of their affiliates. I understand this is not always a realistic expectation, and communicate this to the reviewers. That said, hospitals should directly address this issue in the application. Applicants may wish to discuss the nature of the affiliation (in addition to noting it on the application form), to contact their system to ask for support of the project, to discuss the system’s response, and to document the system’s position with an exchange of letters in the attachment section. | **Budget Form**  
**Budget Justification** |
| 4b. | **Other match issues** | Some applicants have defined match dollars as only existing staff costs and related overhead for current activities they would already be doing. In-kind match is allowed, but this approach to meeting the program’s match requirement can send a message that the project is not important enough to commit new resources. An undefined in-kind match can also raise the question of how the project will be completed if project is not fully funded. For budget purposes, include any salary under the “Other” category, and include a full description in the budget justification narrative. | **Budget Form**  
**Budget Justification** |
| 4c. | **Identifying the source of matching funds** | Specify the source of match funds. Some applicants have listed the required amount of local match without identifying the source. This can lead reviewers to question whether the match is truly available and committed. Likewise, suggesting that matching funds will only be raised after securing grant funding is likely to be scored lower by reviewers. | **Budget Form**  
**Budget Justification Narrative** |
| 5. | Proposals related to specific service lines and/or equipment | Adding or upgrading a service line is a common proposal for this grant, and frequently funded. However, for service expansions, redesigns, or related equipment purchases, it is important to include a rational estimate of the anticipated volume for the new service and/or equipment. Reviewers will expect sufficient strategic planning for the new service and/or equipment that includes a plan for sustainability – based on reasonable volume assumptions. Include these assumptions in the project description. Some proposals that have sought to create a new service line did not include sufficient information about staffing or contracting necessary to implement the change. Include at least a plan for how medical staff and/or contracted professionals will use the equipment. | Goals/Objectives |
| | | | Narrative Project Description |
| | | | Key Staff Qualifications |
| | | | Strategic Plan |

| 6. | Recipients of prior grant awards from the MDH Office of Rural Health and Primary Care | Receipt of a previous grant is not a factor in future grant selection – each proposal is weighed in the context of that year’s pool of applications. That said, previous grantees should address their experience in successfully administering grant awards from the Office of Rural Health and Primary Care. Grantees who have failed to complete current and previous grant funded projects in a timely and professional manner (including submission of required progress and final reports) may expect reviewers to assess their application regarding administrative capacity during the course of the application review. | Applicant and Project Narratives |
| | | | Key Staff Qualifications |

| 7. | HIT or EHR projects related to Meaningful Use requirements | HIT projects are specifically defined in statute as eligible for funding by this grant, so these projects will not be excluded based on the receipt of Meaningful Use dollars. However, reviewers consistently point out that HIT and EHR projects related to obtaining Meaningful Use requirements receive funding from other sources. Discuss how Meaningful Use dollars will or will not be spent in relation to the proposed project. The discussion should at least assure reviewers that no “double dipping” would occur using funds from the Capital Improvement program. | Narrative Project Description |
| | | | Budget Justification Narrative |