

2012 Rural Hospital Capital Improvement Grant Program

Final Application Guidelines Minnesota Department of Health Office of Rural Health & Primary Care

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. The 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.

The 2005 Legislature made **two changes**. The Legislature clarified that hospitals are eligible if they are located in a community outside the seven-county metro area, with a population of less than 15,000. Previously the maximum population was 10,000. The Legislature also added electronic health records systems as an eligible project.

A. Eligible Applicants

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

- Located in a rural area according to the census bureau or a non-Twin Cities rural community of less than 15,000
- Have 50 or fewer beds
- Demonstrate that at least one quarter of any grant amount (25 percent), which may include in-kind, is available from non-state sources.

The Minnesota Department of Health (MDH) determines eligibility for this program based on hospital data available to it 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 2012 funding will be approximately \$1,755,000, much less than the \$2.6 million available in 2003 and the \$4.6 million available in 2002. Given the reduced level of funding, MDH is limiting the maximum award amount to \$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 Doug Benson, Office of Rural Health & Primary Care at: 800-366-5424 or 651-201-3842.

E. Timeline:

Pre-Application due to MDH no later than 4 p.m.:	December 16, 2011
Pre-Application decisions:	Approx. January 27, 2012
Final Application due to MDH no later than 4 p.m.:	March 16, 2012
Projects awarded:	Approx. April 23, 2012
Contracts completed , funds available:	Approx. June 1, 2011

Electronic and Faxed Applications will not be Accepted.

Section II - Preparing the Final Application

A. Information Needed

1. The following outline and instructions should be used to prepare the grant application.
2. Application should be prepared in the order specified to facilitate the review process. Complete all items on these forms and **number all pages consecutively**. **An original signature**, title and date must appear on one of the copies.
3. While additional documentation also 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 (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 application must describe the hospital, the services it provides, and the population that it serves. It must describe the hospital's service area and demonstrate that the applicant has an understanding of its primary market or service area and any unmet health care needs of the population in its 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 (such as population census data, hospital census data, architectural and engineering studies) supporting the hospital description, and problem (see below), 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. Goals and Objectives of the Project

State the project objectives. Objectives are statements of the short-term or intermediate-term outcomes related to the problem(s) the proposal is intended to address (i.e., the Goal).

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. Narrative 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 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 expenditures in the other category, include a detailed expenditure description.

E. Competitive Bidding

The state statute for 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, *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 Doug Benson at 651-201-3842.

Submit the original and four, *unbound* copies of the application to:

Doug Benson
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 (*not just postmarked*) by MDH no later than 4 p.m. April 23, 2012

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.

2012 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
- 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. Goals and objectives 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 2012
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

3. Fiscal Management Officer of Applicant Hospital

Name/Title _____ Name/Title _____

Address _____ Address _____

Phone (_____) _____ 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.

Signature	Title	Date
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MINNESOTA DEPARTMENT OF HEALTH
Competitive Bidding Form
RURAL HOSPITAL CAPITAL IMPROVEMENT GRANT PROGRAM 2012

Minnesota Statutes 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.

Signature	Title	Date
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**2012 Rural Hospital Capital Improvement Grant Program
Key Personnel Biographical Sketch**

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.)

NAME

TITLE

ROLE IN PROPOSED PROJECT

EDUCATION

INSTITUTION AND LOCATION

DEGREE, YEAR EARNED

PROFESSIONAL FIELD

PROFESSIONAL EXPERIENCE (Relevant to the proposed project.)

**2012 Rural Hospital Capital Improvement Grant Program
State of Minnesota**

SUGGESTED BUDGET FORM

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

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)

OFFICE OF
**RURAL HEALTH
& PRIMARY CARE**
MINNESOTA DEPARTMENT OF HEALTH



DATE: October 10, 2011

TO: All Interested Parties

FROM: Doug Benson
Office of Rural Health and Primary Care

PHONE: 651-201-3842

SUBJECT: Observations From Past Rural Hospital Capital Improvement
Grant Program Cycles

Over the last several years the demand for grant funds from the Rural Hospital Capital Improvement Grant Program far exceeded the supply. Over four 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, with the review committee and the department staff, to make appropriate funding decisions.

Please find attached observations and suggestions that I have prepared based on several general issues that have had an impact on funding decisions by reviewers in past grant application sessions. I hope you will find this useful and will call if you have any questions.

Rural Hospital Capital Improvement Program			
	Issue	Comment or suggestion	Application Section Where Issue Should be Addressed
1.	Need for funds	<p>Applicants who documented a clear and specific need for funds for their proposed projects fared better than others. Being competitive on this issue 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 could be important to note.</p> <p>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 discuss these situations.</p> <p>Major capital campaigns and renovations—some applications have requested a grant contribution to a multimillion dollar capital campaign or project. Reviewers have frequently 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 their case in detail.</p> <p>Projects proposed soon after a major renovation—the grant program regularly receives requests from hospitals that recently completed a multimillion dollar major renovation, update or addition project. These requests often include a statement that the proposed grant project is needed but could not be included and funded in the major project. These proposals raise the question of how high a priority the proposed project really is to the hospital. Reviewers are left trying to understand why the proposed grant project can be urgent for the hospital for grant application purposes if it did not rank sufficiently high to be included in the major improvement project. Applications that respond to these issues may fare better than others in similar circumstances who do not make their best case.</p>	<p>Hospital and Service Area Overview</p> <p>Problem Statement</p> <p>Budget Form and Budget Justification</p> <p>Attachments</p>

2.	Collaboration, coordination and/or partnership	<p>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 included presenting details of the collaboration and attaching letters of commitment and support from proposed partners.</p> <p>On a related issue, applicants who are near other hospitals or service providers who do not propose to coordinate and/or collaborate with neighboring facilities can expect reviewers to wonder why this is not occurring when grant support is sought for costly improvements. Being competitive might involve articulating why collaboration is not proposed and/or appropriate.</p>	<p>Problem Statement</p> <p>Narrative Project Description</p> <p>Attachments</p>
3.	Strategic plan, and capital improvement or facilities plan	<p>Projects that were not related to the strategic direction (a documented high priority activity) of the hospital, the strategic plan, or were not connected to the overall facilities improvement plan have experienced difficulty being selected for funding.</p>	<p>Problem Statement</p> <p>Goals/Objectives</p> <p>Strategic Plan Narrative</p> <p>Attachments</p>
4. Matching funds issues			
4a.	Affiliate System Issues	<p>Reviewers have raised the issue of contributions from the large systems with which most hospitals have an affiliation. Systems receive value from the referrals and other associations they have with small rural hospitals. Reviewers have an expectation that systems should be contributing to the capital improvement projects of their affiliates. I understand this is not always a realistic expectation. Nonetheless, applicants should address this issue in their applications. 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.</p>	<p>Application Form</p> <p>Application Narrative</p> <p>Budget Form and Budget Justification</p> <p>Attachments</p>
4b.	Other match issues	<p>Some applicants included as match in their budget only existing staff costs and related overhead for current activities they would already be doing—with or without the proposed capital improvement project. This approach to meeting the program’s match requirement has the potential to send the message that the project is not important enough to commit new resources and it can also raise the question of how the project will be completed in the event that grant funds awarded are less than what was requested.</p>	<p>Budget Form</p> <p>Budget Justification</p>

4c.	Identifying the source of matching funds	Some applicants list the required amount of local match, but do not identify the source. This can lead reviewers to question or doubt whether the match is truly available and committed. Likewise, suggesting that when the project is awarded grant funds then the hospital will begin the process of raising matching funds is not likely to be well received by reviewers.	Budget Form Budget Justification Narrative
5.	OB and delivery suite projects Other proposals related to specific services or lines of business	In reviewing proposals to modernize OB and OR suites, of which there have been many, reviewers looked for discussion and documentation that demonstrated the hospital had a viable OB or surgical program and could reasonably expect sufficient volume to make the project cost effective. Hospitals with more annual births (or surgeries for an OR project) and an upward trend were most competitive. If you are considering these types of projects and your hospital has a small and/or falling number of births, surgeries or limited OB/GYN or surgical staffing, it would be imperative to explain how the project will succeed and why it is a strategic plan priority. Similarly, for other service expansions or redesigns, it is important to include a discussion of the strategic rationale and priority for the project, as well as some “business-plan” type discussion of how the project is expected to succeed and be maintained into the future.	Problem Statement Goals/Objectives Narrative Project Description Strategic Plan Narrative
6.	Prior recipients of Office of Rural Health & Primary Care Loans/Grants	Previous grantees may wish to present the most compelling case possible to demonstrate that their need is more urgent than that of other applicants who have not received prior support from the Rural Hospital Capital Improvement Grant Program, the Electronic Health Records Grant/Loan Programs, and/or the Planning and Transition Grant Program.	Hospital and Service Area Overview Problem Statement Attachments
7.	Recipients of prior grant awards from Office of Rural Health and Primary Care	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 will assess their application regarding administrative capacity during the course of the application review.	Applicant and Project Narratives Key Staff Qualifications
8.	Availability of staff for equipment and technology (e.g., radiology or lab) projects	Some applicants propose to add or replace radiology, pharmacy or other equipment with either stand-alone or remote/telemedicine applications. Applications are sometimes unclear about the availability, identity, locations, arrangements or other details about radiologists, pharmacists, technicians or other staff needed to put the equipment to proper use. Similarly, applicants may propose equipment for sophisticated pathology tests without providing information on the identity, location or availability of the pathologist needed to achieve the higher level of service the proposed equipment makes possible. This may result in the reviewers questioning whether the hospital will be able to fully utilize the new equipment.	Narrative Project Description Key Staff Qualifications