



# Rural Hospital Planning and Transition Grant Program Grant Request for Proposal (RFP) Minnesota Department of Health

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To obtain this information in a different format, call: 651-201-3840.

## REQUEST FOR PROPOSALS

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The purpose of the Rural Hospital Planning and Transition Grant Program is to provide funds that assist small rural hospitals a) develop strategic plans that preserve or enhance access to health services, or b) implement transition projects to modify the type and extent of services provided, based on an existing strategic plan.

This Request for Proposals document is divided into four sections:

Section I describes the funding source and the grant program

Section II provides instructions on completing and submitting an application

Section III summarizes the criteria for evaluating grant applications

### Section I – Funding Source and Grant Program Summary

#### LEGISLATIVE BACKGROUND

Minnesota Statutes Section 144.147 authorizes the Commissioner of Health to award grants to eligible hospitals under the Rural Hospital Planning and Transition Grant Program. The program helps small hospitals (50 or fewer beds) preserve or enhance access to health services through planning or implementation projects.

#### GRANT PROGRAM SUMMARY

##### A. Eligible Applicants

Eligible applicants are **small, general, acute care rural** hospitals that are **non-federal** and **not-for-profit**, and that fulfill all of the following criteria:

1. Is located in a rural area (a) as defined in federal Medicare regulations, Code of Federal Regulations, title 42, section 405.1041, **or** (b) located in a community with population of less than 15,000, according to the U.S. Census Bureau statistics, **and** is outside the seven county metropolitan area; **and**,
2. Has 50 or fewer beds.

##### B. Grant Program Requirement

Grant funds may be used for (1) **developing strategic plans** for preserving access to health services; and (2) **implementing transition projects** to modify the type and extent of services provided, based on an existing plan. Grant funds may be used for COVID planning activities.

*The minimum requirements* for developing a strategic plan are established in Minnesota Statutes, Section 144.147, subdivision 2, as follows:

The commissioner shall establish a program of grants to assist eligible rural hospitals.

(a) Grants may be used by hospitals and their communities to develop strategic plans for preserving or enhancing access to health services. At a minimum, a strategic plan must consist of:

- (1) a needs assessment to determine which health services are needed and desired by the community. The assessment must include interviews with or surveys of area health professionals, local community leaders, and public hearings;
- (2) an assessment of the feasibility of providing needed health services that identifies priorities and timeliness for potential changes; and
- (3) an implementation plan.

Furthermore, the strategic plan must be developed by a committee that includes representatives from the hospital, local public health agencies, other health providers, and consumers from the community.

(b) Grant funds may also be used by eligible rural hospitals that have developed strategic plans to implement transition projects which will modify the type and extent of services provided, in order to reflect the needs of a strategic plan. Grants may be used by hospitals under this section to develop hospital-based physician practices that integrate hospital and existing medical practice facilities that agree to transfer their practices, equipment, staffing, and administration to the hospital. The grants may also be used by the hospital to establish a health provider cooperative, a telemedicine system, an electronic health records system, or a rural health care system.

**A key component of this grant program is the requirement of a 30-day period for the local Community Health Board (CHB) to review the proposal and submit comments to the Commissioner of Health. *It is the responsibility of the applicant hospital to send a copy of the application to any relevant CHB.***

### **C. Factors Taken into Account in Selecting Proposals for Funding**

The following factors will be taken into account in the selection of proposals for funding:

- Improving community access to hospital or health services
- Changes in service populations
- Availability and upgrading of ambulatory and emergency services
- The extent that the health needs of the community are not currently being met by other providers in the service area
- The need to recruit and retain health professionals
- The extent of community support
- The integration of health care services and the coordination with local community organizations, such as community development and public health agencies and, the financial condition of the hospital

**D. Special Requirements for Hospitals Applying as Part of a Consortium**

Hospitals that are applying for funding as part of a consortium should submit one consolidated application. In the narrative portion of the application, grant applicants should summarize the nature and overall objectives of the consortium project, the roles and impact on each hospital, and the management structure identifying the administrative agent and agency that will ensure a cohesive project among participating hospitals.

**E. Duration of Grants**

Projects awarded funding will be approved for a period of one year (12 months). The anticipated start date of grant agreements for successful applicants is February 17th, 2021.

**F. Total Available Funding**

Approximately \$250,000 is available for grant contracts. A grant to a hospital, including hospitals that submit applications as a consortium member, may not exceed \$45,000. In recent years the average grant amount has been between \$25,000 and \$35,000. The Planning and Transition grant is subject to the Health Care Access Fund indirect rate of 21.7% on the first \$25,000 for 2021.

Matching requirement: Applicants must certify that at least one-half of the total cost of the project will be matched from non-state sources. For example, if the total cost of the proposed project is \$60,000, no more than \$30,000 can be awarded in grant funds from this program. The match may include in-kind services.

**G. Timeline**

RFP issue date:	December 14th, 2020
Application due to MDH:	January 29th, 2021
Application submitted to Community Health Board (CHB) no later than:	January 29th, 2021
MDH receives any comments from CHBs by:	February 26th, 2021
Grant Agreements begin (estimate):	June 1st, 2021

**Note:** The legislation establishing this grant program gives the Community Health Board (CHB) 30 days in which to review and comment to the Commissioner on grant applications. Therefore, a copy of the application must be submitted to the relevant CHB **no later than January 29<sup>th</sup>, 2021. Include instructions to the CHB to email any comments to:**

[Health.RuralHospitalGrants@state.mn.us](mailto:Health.RuralHospitalGrants@state.mn.us)

## Section II – Instructions on Completing and Submitting an Application

### A. Application Deadline

All applications **must** be submitted online through the online grant portal no later than 11:59 p.m. Central Time on Friday **January 29, 2021**.

### B. Late applications will not be accepted.

It is the applicant's sole responsibility to allow sufficient time to address all potential delays caused by any reason whatsoever. MDH will not be responsible for delays caused by mail, delivery, computer or technology problems.

### C. Application Submission Instructions

Applications must be submitted electronically through the ORHPC online grant portal:

Read the request for proposal for program information and application instructions. You will need to create an account in the online [Grants Portal](#), after which you will be taken to the electronic application within the Portal.

Questions regarding these grant application guidelines should be directed to Craig Baarson at (651) 201-3840, or at [Health.RuralHospitalGrants@state.mn.us](mailto:Health.RuralHospitalGrants@state.mn.us)

### D. Application Checklist

The Application includes the following components:

- Online form:
  - Organization and Application Information
  - Project Information
  - Narrative
  - Community Health Board Information
  - Budget Narrative and Line Item Grant Budget
- Required Attachments
  - [Governing Board Resolution](#)
  - [Biographical Sketches](#)
  - [Consortium Summary Sheet](#)
  - [Due Diligence form](#)
  - Audited Financial Statements
  - Strategic Plan (only portion of plan related to the project)
- (Optional) Letters of Support or Commitment from Community Partners
- Certification

**Incomplete applications will be rejected and not evaluated.**

Applications must include all required application materials, including required attachments. **MDH reserves the right to reject any application that does not meet these requirements.**

By submitting an application, each applicant warrants that the information provided is true, correct, and reliable for purposes of evaluation for potential grant award. The submission of inaccurate or misleading information may be grounds for disqualification from the award, as well as subject the applicant to suspension or debarment proceedings and other remedies available by law.

All application documents submitted to MDH become public information once awards are announced.

**All costs incurred in responding to this RFP will be borne by the applicant.**

**\*Optional attachments**, such as cost estimates, bids, architectural blueprints or photographs, may be included in the application where deemed appropriate. These additional materials should be limited to information highly relevant to the specific scope and purpose of the proposed project.

## Online Application Guidance

### Organization and Applicant Information

Basic information about the applicant entity is requested including legal and business name, address and tax identification information for contracting purposes.

#### 1. Project Information

This section requests summary information about the project including the request amount, the name of the program the grant funds are being requested and contact information.

#### 2. Narrative

The online application provides open fields for grant applications to respond to narrative questions about the project. Please provide concise and thorough responses to the questions outlined below.

**Summary:** Provide a brief overview of the project that includes the following: a) Description of the hospital and its service area, including the number of beds b) Description of the activities the proposed project will be undertaking and the need it will address c) Statement whether the grant funds will be used for the development of a strategic plan **or** for the implementation of a transition project based on an existing plan.

**Hospital and Service Area Overview:** The application must describe the hospital, the services provided, and the population served. It should describe the hospital's service area, daily census, relevant service lines, and any identified trends in the service area. Also include supporting documentation such as census data, demographic data, and/or relevant county health rank.

In this section, consortium applicants should describe the nature and overall objectives of the consortium project, the roles and impact on each hospital, and the management structure identifying the administrative agent and agency that will ensure a cohesive project among participating hospitals.

**Problem Statement:** The application must clearly describe the nature of the health service problem(s) in the service area. The narrative should document changes in service populations over time, the extent to which health care needs of the community are not being currently met by the hospital or other providers in the service area, and the projected demand for ambulatory and emergency services.

**Project Description:** The application must clearly explain how the grant funding will be used, what will be accomplished and the outcomes to be expected. The application must contain a clear statement of achievable objectives, a project work plan, an evaluation plan and a project timeline.

**Timeline:** Provide a timeline for the top project activities/tasks in the fields provided on the application form. The timeline should identify the staff position or role (ex. Clinical Director, Strategic Planning Consultant, etc.) involved in each task, and the estimated start and completion date for each task. All request must have at least 1 project activity defined.

### 3. Community Health Board Review

A local Community Health Board (CHB) review of the proposal is required for all applicants. Applicants must download a copy of their application by selecting the Application Packet pdf download button within the online grants portal and send a copy into the Community Health Board for review. Applicants in this section are confirming submission of the proposal to the CHB.

#### 4. Budget Narrative and Grant Line Item Budget

The online application has three budget areas that must be addressed.

**Organization Financial Situation:** Applicants should briefly discuss the hospital's current financial condition as supported by financial statement data to be uploaded to the attachments section and the financial data points requested in the online form.

- Current days of cash on hand
- Current operating margin
- Current total margin
- Average daily census in the last 12 months
- What percent of the total hospital's revenue came from outpatient services in the last 12 months?

**Grant Budget Narrative:** Please provide a detailed budget description organized by the individual budget line items. The narrative must provide a rationale and details regarding how the budgeted cost items are calculated. The budget form provides the categories to be used for calculating resources needed for project expenditures.

Applicants must verify to the Department of Health that at least one-half of the total cost of the project, which may include in-kind services, is available for the same purposes from non-state sources (i.e., required match). Identify all sources of funding (cash or in-kind match) in addition to state grant funding requested for each budget category.

Grant applicants must provide justifications for each line item/cost listed on Budget Line Item. The narrative must provide a rationale and details regarding how the budgeted cost items are calculated. Grant funds may be used for expenses incurred in the development of strategic plans or the implementation of transition projects based on an existing plan. Grant funding may not be used for any expenditure or obligation made prior to the date on which a grant agreement becomes effective.

- **Salaries and Fringe:** Describe each position proposed to be paid as part of this project grant, provide the position title, total salary, fringe benefits, FTE and the basis for the calculation. Indicate whether the position will be funded by grant funds. Include a detailed description of the activities of each position as it relates to the project, including the percent of time to be spent on project activities and the amount of salary to be funded by the project budget.
- **Travel:** Include a detailed description of the proposed travel as it relates to the completion of the project. Provide the number of miles planned for project activities as well as the rate of reimbursement per mile to be paid from the project funds. Out-of-state travel will likely not be funded.

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- *Supplies:* Include a description of supplies needed for the completion of the project.
- *Contracted Services:* For each contract, provide the name of the subcontractor, components or services to be provided by the subcontractor, and cost per service, client or unit. If a subcontractor has been chosen, include background information on previous experience and any bids. If no subcontractor has been chosen, include a rationale for the cost estimate, and the method to choose a subcontractor.
- *Equipment and Capital Improvements:* Include a detailed description of proposed equipment and/or capital improvements requested for the project. If possible, provide itemized costs. Please note that no portion of the grant may be used to retire debt incurred with respect to any capital expenditure made prior to the grant award.
- *Indirect/Admin cost reimbursement:* This expense is unlikely to be funded. Cannot exceed 10% of total grant funds.
- *Other Expenses:* Whenever possible, include proposed expenditures in the categories listed above. If it is necessary to include expenditures in this general category, include a detailed description of the activities as it relates to the project. If possible, include a separate line-item budget for each item.

**Grant Line Item Budget:** Provide the amount of grant request and cash match in the appropriate fields for each budget area. This budget must be accompanied by a **grant budget narrative** that provides more details and breakdowns on each budget line item. *This grant program requires a match of non-state funds that equals at least one-half of the total cost of the project, which may include in-kind services.*

Categories	Column A State Funding Requested	Column B Funding from Other Sources (Match)	Column C Total Project Cost
Salaries			
Fringe			
Travel			
Supplies			
Contracted/ Subcontractors			
Equipment & Capital Improvements			
Indirect Cost			
Other:			
<b>TOTAL</b>			

## 5. Required and Other Attachments

- Governing Board Resolution
- Biographical Sketches
- Consortium Summary Sheet
- Due Diligence Form
- Audited Financial Statements
- Strategic Plan: Hospitals with an already developed a strategic plan that are applying for funding to implement a transition project must submit a copy of the relevant portion of their strategic plan with their application, along with an indication of the project's priority as established in the plan. (Only provide the portion of plan related to the project)
- Evidence of Community Support for Proposed Project (optional): The application should demonstrate support for the hospital's effort to undertake the proposed project from other local health service providers, the local community and government leaders from outside the hospital and/or consortia. Evidence of such support may include recent commitments of financial support from local individuals, organizations and government entities; and pledges of future in-kind services or cash for this project.

## 6. Certification

The person submitting the application will verify the accuracy of the information provided.

## Section III – Criteria for Evaluation

Applications will be evaluated based on the following criteria:

- 1) The degree to which the project will improve access to quality care.
- 2) Responsiveness to and adequacy of changes in service area population(s) as documented in the application.
- 3) Documented demand/need for additional ambulatory and/or emergency services.
- 4) The scope of the project -- whether the goals sufficiently address the health care needs identified in the application, and whether the stated objectives of the project are achievable and measurable.
- 5) The extent to which the health needs of the community are not currently being met by other providers in the service area.
- 6) The need to recruit and retain health care professionals in the service area.
- 7) The extent of coordination with local community organizations, such as other providers, community development and public health agencies.
- 8) The financial condition of the hospital and the need for grant funds to undertake the proposed project.
- 9) The administrative capacity of the applicant to undertake the proposed project based, in part, on their performance on previous grant projects from the Office of Rural Health and Primary Care and the Minnesota Department of Health.

In determining grant awards, the Commissioner of the Minnesota Department of Health will also consider the following factors: (1) the applicant's description of the problem; (2) adequacy of the description of the project; (3) likelihood of successful outcome of the project; (4) the nature and extent of community support for the hospital and the proposed project; and (5) the comments, if any, resulting from a review of the application by the Community Health Board (CHB).

**Scoring System:** In evaluating applications, the commissioner will score each application on a 100-point scale, assigning a maximum of **70 points** for an applicant's understanding of the problem, the adequacy of the description of the project and expected outcomes, and the likelihood of a successful outcome, and a maximum of **30 points** for the extent of community support for the hospital and the proposed project (see Item G under Application Requirements). The commissioner may also take into account other relevant factors.