



# Rural Hospital Capital Improvement Grant Program - 2022

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.

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## RFP Part 1: Overview

### 1.1 General Information

- **Announcement Title:** Fiscal Year 2022 Rural Hospital Capital Improvement Grant Program
- **Minnesota Department of Health (MDH) Program Website:** <https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#rural>
- **Application Deadline:** 11:59 PM, Tuesday, February 15, 2022.

### 1.2 Program Description

Minnesota Statutes, Section 144.148 authorizes the Commissioner of Health to award grants to eligible rural hospitals for modernization projects to update, remodel or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital.

### 1.3 Funding and Project Dates

#### Funding

Funding will be allocated through a competitive process. If selected, you may only incur eligible expenditures when the grant agreement is fully executed and the grant has reached its effective date.

Funding	Estimate
Estimated Amount to Grant	\$1,755,000
Estimated Number of Awards	18
Estimated Award Maximum	\$125,000
Estimated Award Minimum	\$45,000

#### Match Requirement

Applicant hospitals must certify that at least 25 percent of the grant request amount will be matched from non-state sources.

#### Project Dates

June 1, 2022 – May 31, 2026

### 1.4 Eligible Applicants

An eligible applicant for this grant program is a not-for-profit, nonfederal, general acute care hospital in Minnesota that also satisfies the following criteria:

- Hospitals outside of the seven- county metropolitan area Small, nonprofit hospitals with 50 or fewer beds
- Hospitals providing general, acute care is located in a rural area, or in a community with a population of less than 15,000 according to United States Census Bureau statistics, and is outside the seven-county Twin Cities metropolitan area
- Small, nonprofit hospitals with 50 or fewer beds

## 1.5 Questions and Answers

All questions regarding this RFP must be submitted by email or phone to [Health.RuralHospitalGrants@state.mn.us](mailto:Health.RuralHospitalGrants@state.mn.us) or 651-201-3840.

Please submit questions no later than February 10, 2022 to ensure a timely response.

To ensure the proper and fair evaluation of all applications, other communications regarding this RFP including verbal, telephone, written or internet initiated by or on behalf of any applicant to any employee of the Department, other than questions submitted to as outlined above, are prohibited. **Any violation of this prohibition may result in the disqualification of the applicant.**

## RFP Part 2: Program Details

### 2.1 Priorities

#### Health Equity Priorities

It is the policy of the State of Minnesota to ensure fairness, precision, equity and consistency in competitive grant awards. This includes implementing diversity and inclusion in grant-making. [The Policy on Rating Criteria for Competitive Grant Review](#) establishes the expectation that grant programs intentionally identify how the grant serves diverse populations, especially populations experiencing inequities and/or disparities.

This program awards grants to eligible rural hospitals for modernization projects to update, remodel or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital.

This grant will serve:

- Hospitals outside of the seven- county metropolitan area
- Small, nonprofit hospitals with 50 or fewer beds
- Hospitals providing general, acute care is located in a rural area, or in a community with a population of less than 15,000 according to United States Census Bureau statistics, and is outside the seven-county Twin Cities metropolitan area;

Grant outcomes will include:

- Facilities will purchase and install equipment to improve offerings to rural, underserved populations
- Facilities will engage in activities to modernize aging hospital facilities necessary to maintain the operations of the hospital

### 2.2 Eligible Projects

The Rural Hospital Capital Improvement Grant Program funds modernization projects to update, remodel or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital. There are two categories of eligible projects:

- Purchase and installation of new hospital equipment (including establishing an electronic health records system)
- Construction of new or existing hospital spaces

#### Ineligible Expenses

Ineligible expenses include but are not limited to:

- Fundraising

- Taxes, except sales tax on goods and services
- Lobbyists, political contributions
- Bad debts, late payment fees, finance charges, or contingency funds

## 2.3 Grant Management Responsibilities

### Grant Agreement

Each grantee must formally enter into a grant agreement. The grant agreement will address the conditions of the award, including implementation for the project. Once the grant agreement is signed, the grantee is expected to read and comply with all conditions of the grant agreement.

No work on grant activities can begin until a fully executed grant agreement is in place.

The funded applicant will be legally responsible for assuring implementation of the work plan and compliance with all applicable state requirements including worker's compensation insurance, nondiscrimination, data privacy, budget compliance, and reporting.

### Accountability and Reporting Requirements

It is the policy of the State of Minnesota to monitor progress on state grants by requiring grantees to submit written progress reports until all grant funds have been expended and all of the terms in the grant agreement have been met.

The reporting schedule will be once every quarter. A standard invoice and report form will be provided to grantees. Reports will be due 20 days after the cycle:

- January 20
- April 20
- July 20
- October 20

### Grant Monitoring

Minn. Stat. §16B.97 and the State's Policy on Grant Monitoring require (1) at least one monitoring visit and (2) a financial reconciliation of grantees' expenditures before final payment is made on all state grants over \$50,000. Grantees will receive at least 30-day notice prior to the scheduling of a monitoring schedule.

### Grant Payments

Per State Policy on Grant Payments, reimbursement is the method for making grant payments. All grantee requests for reimbursement must correspond to the approved grant budget. The State shall review each request for reimbursement against the approved grant budget, grant expenditures to-date and the latest grant progress report before approving payment. Grant payments shall not be made on grants with past due progress reports unless MDH has given the grantee a written extension.

## 2.4 Grant Provisions

### Contracting and Bidding Requirements

**(a) Municipalities** A grantee that is a municipality, defined as a county, town, city, school district or other municipal corporation or political subdivision of the state authorized by law to enter into contracts is subject to the contracting requirements set forth under Minn. Stat. § 471.345. Projects that involve construction work are subject to the applicable prevailing wage laws, including those under Minn. Stat. § 177.41, et. seq.

**(b) Non-municipalities** Grantees that are not municipalities must adhere to the following standards in the event that duties assigned to the Grantee are to be subcontracted out to a third party:

- i. Any services or materials that are expected to cost \$100,000 or more must undergo a formal notice and bidding process consistent with the standards set forth under Minnesota Statutes 16B.
- ii. Services or materials that are expected to cost between \$25,000 and \$99,999 must be competitively awarded based on a minimum of three (3) verbal quotes or bids.
- iii. Services or materials that are expected to cost between \$10,000 and \$24,999 must be competitively awarded based on a minimum of two (2) verbal quotes or bids or awarded to a targeted vendor.
- iv. The grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through these entities are used when possible:
  - Minnesota Department of Administration’s Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List (<http://www.mmd.admin.state.mn.us/process/search>);
  - Metropolitan Council’s Targeted Vendor list: Minnesota Unified Certification Program (<https://mnucp.metc.state.mn.us/>) or
  - Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: Central Certification Program (<https://www.stpaul.gov/departments/human-rights-equal-economic-opportunity/contract-compliance-business-development-9>).
- v. The grantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.
- vi. The grantee must maintain support documentation of the purchasing or bidding process utilized to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.

- vii. Notwithstanding (i) - (iv) above, State may waive bidding process requirements when:
  - Vendors included in response to competitive grant request for proposal process were approved and incorporated as an approved work plan for the grant or
  - There is only one legitimate or practical source for such materials or services and that grantee has established a fair and reasonable price.
- viii. Projects that include construction work of \$25,000 or more, are subject to applicable prevailing wage laws, including those under Minnesota Statutes 177.41 through 177.44.
- ix. Grantee must not contract with vendors who are suspended or debarred in MN: The list of debarred vendors is available at:  
<http://www.mmd.admin.state.mn.us/debarredreport.asp>.

### Conflicts of Interest

MDH will take steps to prevent individual and organizational conflicts of interest, both in reference to applicants and reviewers per [Minn. Stat. §16B.98](#) and [Conflict of Interest Policy for State Grant-Making](#).

**Applicants must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work contemplated by this RFP.** The list must provide the name of the entity, the relationship, and a discussion of the conflict. Submit the list as an attachment to the application. If an applicant does not submit a list of conflicts of interest, MDH will assume that no conflicts of interest exist for that applicant.

Organizational conflicts of interest occur when:

- a grantee or applicant is unable or potentially unable to render impartial assistance or advice to the Department due to competing duties or loyalties
- a grantee's or applicant's objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties

In cases where a conflict of interest is suspected, disclosed, or discovered, the applicants or grantees will be notified and actions may be pursued, including but not limited to disqualification from eligibility for the grant award or termination of the grant agreement.

### Public Data and Trade Secret Materials

All applications submitted in response to this RFP will become property of the State. In accordance with Minnesota Statute Section 13.599, all applications and their contents are private or nonpublic until the applications are opened.

Once the applications are opened, the name and address of each applicant and the amount requested is public. All other data in an application is private or nonpublic data until completion



of the evaluation process, which is defined by statute as when MDH has completed negotiating the grant agreement with the selected applicant.

After MDH has completed the evaluation process, all remaining data in the applications is public with the exception of trade secret data as defined and classified in Minn. Stat. § 13.37, Subd. 1(b). A statement by an applicant that the application is copyrighted or otherwise protected does not prevent public access to the application or its contents. (Minn. Stat. § 13.599, subd. 3(a)).

If an applicant submits any information in an application that it believes to be trade secret information, as defined by Minnesota Statute Section 13.37, the applicant must:

- Clearly mark all trade secret materials in its application at the time it is submitted,
- Include a statement attached to its application justifying the trade secret designation for each item, and
- Defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless MDH and the State of Minnesota, its agents and employees, from any judgments or damages awarded against the State in favor of the party requesting the materials, and any and all costs connected with that defense.
- This indemnification survives MDH's award of a grant agreement. In submitting an application in response to this RFP, the applicant agrees that this indemnification survives as long as the trade secret materials are in possession of MDH. The State will not consider the prices submitted by the responder to be proprietary or trade secret materials.

MDH reserves the right to reject a claim that any particular information in an application is trade secret information if it determines the applicant has not met the burden of establishing that the information constitutes a trade secret. MDH will not consider the budgets submitted by applicants to be proprietary or trade secret materials. Use of generic trade secret language encompassing substantial portions of the application or simple assertions of trade secret without substantial explanation of the basis for that designation will be insufficient to warrant a trade secret designation.

If a grant is awarded to an applicant, MDH may use or disclose the trade secret data to the extent provided by law. Any decision by the State to disclose information determined to be trade secret information will be made consistent with the Minnesota Government Data Practices Act (Minnesota Statutes chapter 13) and other relevant laws and regulations.

If certain information is found to constitute trade secret information, the remainder of the application will become public; in the event a data request is received for application information, only the trade secret data will be removed and remain nonpublic.

## **Audits**

Per [Minn. Stat. §16B.98](#) Subdivision 8, the grantee's books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate. This requirement will last for a minimum of six years from

the grant agreement end date, receipt, and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

### **Affirmative Action and Non-Discrimination Requirements for all Grantees**

The grantee agrees not to discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status in regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age in regard to any position for which the employee or applicant for employment is qualified. [Minn. Stat. §363A.02](#). The grantee agrees to take affirmative steps to employ, advance in employment, upgrade, train, and recruit minority persons, women, and persons with disabilities.

The grantee must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The grantee agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Minnesota Rules, part [5000.3500](#)

The grantee agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

## **2.5 Review and Selection Process**

### **Review Process**

Funding will be allocated through a competitive process with review by a committee representing individuals knowledgeable in rural hospital operations and finance. The review committee will evaluate all eligible and complete applications received by the deadline.

MDH will review all committee recommendations and is responsible for award decisions. **The award decisions of MDH are final and not subject to appeal.** Additionally:

- MDH reserves the right to withhold the distribution of funds in cases where proposals submitted do not meet the necessary criteria.
- The RFP does not obligate MDH to award a grant agreement or complete the project, and MDH reserves the right to cancel this RFP if it is considered to be in its best interest.
- MDH reserves the right to waive minor irregularities or request additional information to further clarify or validate information submitted in the application, provided the application, as submitted, substantially complies with the requirements of this RFP. There is, however, no guarantee MDH will look for information or clarification outside of the submitted written application. Therefore, it is important that all applicants ensure that all sections of their application are complete to avoid the possibility of failing an evaluation phase or having their score reduced for lack of information.

## Selection Criteria and Weight

The review committee will be reviewing each applicant on a 100-point scale. A standardized scoring system will be used to determine the extent to which the applicant meets the selection criteria.

The scoring factors and weight that applications will be judged are based on the following:

- 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.
- 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.
- 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.
- Reviewers may also take into account other relevant factors such as the urgency of the project to keep the hospital functioning, and the extent to which the hospital is ready to implement the project.

## Grantee Past Performance and Due Diligence Review Process

- It is the policy of the State of Minnesota to consider a grant applicant's past performance before awarding subsequent grants to them.
- State policy requires states to conduct a financial review prior to a grant award made of \$25,000 and higher to a nonprofit organization, in order to comply with [Policy on the Financial Review of Nongovernmental Organizations](#).

## Notification

MDH anticipates notifying all applicants via email of funding decisions by May 1st, 2022

## RFP Part 3: Application and Submission Instructions

### 3.1 Application Deadline

All applications **must** be received by MDH no later than 11:59 p.m. Central Time, on February 15, 2022.

**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.

### 3.2 Application Submission Instructions

ORHPC requires application submissions to be made through an online [Grants Portal](#).

- If you think that you or someone at your organization has already registered your organization in the system, do not create a new account. Please contact Craig Baarson at [Health.RuralHospitalGrants@state.mn.us](mailto:Health.RuralHospitalGrants@state.mn.us) to receive a username and password for the existing account.
- Existing users: If your organization currently has, or has had a grant with the ORHPC, and you already have a user account, please enter your credentials and log-in. If you forgot your passwords, please use the "Forgot your Password?" link to reset your password.
- New users: If your organization does not already have a profile in the system, you will need to create an account. Please click on "Create New Account" to complete the registration process and create your logon credentials.
- To add collaborators, such as a fiscal officer, to the application, follow the instructions provided in the [Creating and Managing a User Profile](#) guide.
- If you think that you or someone at your organization has already registered your organization in the system, do not create a new account. Please contact Craig Baarson at [Health.RuralHospitalGrants@state.mn.us](mailto:Health.RuralHospitalGrants@state.mn.us) to receive a username and password for the existing account.

Once in the system, click on the link "apply" located on the upper tool bar on the home page. You will be redirected to a list of open applications in the system; select the appropriate program.

Read **RFP Part 4: Application Guidance** within this request for proposals for further instructions on how to address application questions outlined in the Grants Portal.

If you have any questions, please contact us at: [Health.RuralHospitalGrants@state.mn.us](mailto:Health.RuralHospitalGrants@state.mn.us)

### 3.3 Application Instructions

You must submit the following in order for the application to be considered complete:

- Organization and Applicant Information
- Project Information
- Proposal Narrative
- Timeline and Workplan
- Hospital Financial and Census Information
- Budget
- Budget Narrative
- Attachments
  - Key Personnel Biographic Sketch(es)
  - Competitive Bidding Form
  - Governing Board Resolution
  - Due Diligence Form
  - Audited Financial Statements

Incomplete applications will be rejected and not evaluated.

Applications must include all required application materials, including attachments. Do not provide any materials that are not requested in this RFP, as such materials will not be considered nor evaluated. **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 costs incurred in responding to this RFP will be borne by the applicant.**

## **RFP Part 4: 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.

### **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 for and contact information.

### **Narrative Guidance**

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.

#### **Hospital Overview**

Describe the hospital, the services it provides, the population it serves, and the hospital's 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 patients are served, capital improvement needs, distance to nearest tertiary care center, etc.

#### **Problem Statement**

Include information of the existing and/or unmet health care needs and changes in the service population and service area. Clearly describe the nature of the problem(s) in the facility that will be addressed if this project is selected for funding. The problem statement should document changes in the hospital services, and/or the need to repair, replace or reconfigure facilities and equipment in response to current and anticipated changes in the hospital's operational environment.

#### **Plans to Maintain/Operate Capital Improvement Project**

This section provides an opportunity to discuss administrative, technical or staffing plans to maintain and operate specific pieces of equipment or structure as a result of the capital improvement project as well as 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.

#### **Proposed Project's Alignment with Strategic Plan or Capital Improvement Plan**

Please discuss how the proposed project aligns with the hospital's 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. Document the priority of the

proposed project within the current strategic or capital improvement plan.

If the proposed project is not a high priority in the strategic plan or capital improvement plan, please explain why there is a need for the project to be implemented now.

### **Proposed Project**

State the project objectives and goals. Goals are long-range benefits that are broad in scope. A goal statement describes what will exist if the stated problem(s) is/are solved. 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.

Describe 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.

Discuss the expected results in terms of the project's objectives.

### **Timeline and Workplan**

Provide a timeline for the top project activities/tasks. 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 requests must have at least 1 project activity defined.

### **Hospital Financial and Census Information**

Please complete the following with data specific to the hospital for which the grant is requested (i.e., not for the entire system).

#### **Current Day Cash on Hand**

#### **Current Operating Margin**

#### **Current Total Margin**

#### **Average Daily Census in Last 12 months**

#### **Percent of Revenue from Outpatient Services**

What percent of the total hospital's revenue came from outpatient services in the last 12 months?

### **Hospital Financial and Census Information Narrative**

Provide a brief narrative that gives context/explains the data provided above.

## Budget Narrative

Provide a budget narrative that address the following questions:

1. Identification and description of all sources of funding for the capital improvement project, including the non-state sources required for the match.
2. Identification of consultants and contractors; if not selected at time of proposal's submission, please explain the selection process. Bids for consultants must be provided in the attachment section.
3. If bids, drawings or specifications have not yet been produced, describe how costs were estimated.

## Required Attachments

### **Key Personnel Bibliographical Sketch(es)**

Please attach a Key Personnel Biographical Sketch Form for each key project staff person identified in the proposal narrative. Information includes: name, title, role in proposed project, relevant education, and professional experience relevant to the proposed project.

### **Competitive Bidding Form**

Please attach a Competitive Bidding Form. Minnesota Statutes, Section 144.148 requires applicants to submit evidence that competitive bidding was used to select contractors for the proposed project. Please provide information requested, check appropriate boxes and attach documentation as indicated.



### **Governing Board Resolution**

Please complete the Governing Board Resolution form or provide copies of board-certified meeting minutes reflecting the applicable movement.

### **Due Diligence Form**

Please complete and provide one copy of the Due Diligence form. The Minnesota Department of Health (MDH) conducts pre-award assessments of all grant recipients prior to award of funds in accordance with federal, state and agency policies. The Due Diligence Review is an important part of this assessment. These reviews allow MDH to better understand the capacity of applicants and identify opportunities for technical assistance to those that receive grant funds.

### **Audited Financial Statements**

Please provide one copy of the most recent independent audit. If the audit encompasses multiple hospitals within a system/umbrella organization, please provide additional financial information, such as an income statement specific to the applicant hospital.