



Small Rural Hospital Improvement Program Notice of Funding Opportunity and Application Instructions

09/2022

Minnesota Department of Health
Office of Rural Health & Primary Care
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www.health.state.mn.us

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To obtain this information in a different format, call: 651-201-3809.

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Small Rural Hospital Improvement Program (SHIP) Overview

The Small Rural Hospital Improvement Grant Program (SHIP) is supported by the U.S. Department of Health and Human Services, Health Resources and Services Administration's (HRSA) Federal Office of Rural Health Policy (FORHP). Section 1820(g)(3) of the Social Security Act (SSA) authorizes SHIP to assist eligible hospitals in meeting the costs of implementing data system requirements established under the Medicare Program, including using funds to assist hospitals in participating in improvements in value and quality to health care.

The Office of Rural Health and Primary Care at the Minnesota Department of Health receives the SHIP award for the State of Minnesota and distributes these funds to eligible hospitals.

To contact the SHIP Program: health.ruralSHIPgrant@state.mn.us

Program Eligibility

Eligible small rural hospitals are non-federal, short-term general acute care facilities located in a rural area of the United States and the territories, including faith-based hospitals. They may be for-profit, not-for-profit or tribal organizations.

1. "Eligible small rural hospital" is defined as a non-Federal, short-term general acute hospital that: (i) is located in a rural area as defined in 42 U.S.C.1395ww(d) and (ii) has 49 available beds or less, as reported on the hospital's most recently filed Medicare Cost Report,;
2. "Rural area" is defined as either: (1) located outside of a Metropolitan Statistical Area (MSA); (2) located within a rural census tract of an MSA, as determined under the Goldsmith Modification or the Rural-Urban Commuting Areas (RUCAs) or (3) is being treated as if being located in a rural area pursuant to 42 U.S.C. 1395(d)(8)(E); and,
3. Eligible SHIP hospitals may be for-profit or not-for-profit, including faith-based. Hospitals in U.S. territories as well as tribally operated hospitals under Title I. and V. of P.L. 93-638 are eligible to the extent that such hospitals meet the above criteria.
4. Critical Access Hospitals (CAHs) are rural by definition and qualify for SHIP.

To verify that your location meets HRSA requirements, use the Rural Health Grants Eligibility Analyzer tool [Rural Health Grants Eligibility Analyzer \(https://data.hrsa.gov/tools/rural-health\)](https://data.hrsa.gov/tools/rural-health).

SHIP Purpose and Allowable Expenses

The Small Rural Hospital Improvement Grant Program (SHIP) supports eligible hospitals in meeting value-based payment and care goals, through purchases of hardware, software and training. SHIP enables small rural hospitals to become or join accountable care organizations (ACOs); to participate in shared savings programs; and to purchase health information technology (hardware and software), equipment, or training to comply with quality improvement activities, such as advancing patient care information, promoting interoperability, and payment bundling. Hospitals can apply for projects under three investment categories,

- Value-Based Purchasing (VBP)
- Accountable Care Organizations (ACOs)/Shared Savings
- Payment Bundling (PB)/Prospective Payment System (PPS)

Reference the SHIP Allowable Investments for details and examples of allowable and unallowable expenses.

- [SHIP Allowable Investments \(https://www.ruralcenter.org/ship/allowable-investments\)](https://www.ruralcenter.org/ship/allowable-investments)

Funding Priorities

The use of SHIP funds must be prioritized in the following areas:

Critical Access Hospitals (CAHs):

- CAHs must meet MBQIP participation requirements to improve hospital quality outcomes. Non-federal tribal hospitals may use another culturally sensitive federally managed measure of hospital quality outcomes.
- ICD-11 coding readiness or implementation activities.
- You may choose either MBQIP or ICD-11, or both.
- If a CAH has implemented both MBQIP and ICD-11 activities, then that hospital may select a different activity from the [SHIP Allowable Investments \(https://www.ruralcenter.org/ship/allowable-investments\)](https://www.ruralcenter.org/ship/allowable-investments)

Non-CAHs:

- ICD-11 coding readiness and/or implementation activities.
- If a Prospective Payment System hospital has implemented ICD-11 activities, that hospital may select a different activity from the [SHIP Allowable Investments \(https://www.ruralcenter.org/ship/allowable-investments\)](https://www.ruralcenter.org/ship/allowable-investments)

Hospitals may opt into a state offered ICD-11 readiness activity in lieu of preparing their own ICD-11 readiness or implementation activities. For more information on ICD-11 readiness and implementation, please visit [ICD 11 FAQ.pdf \(ruralcenter.org\)](#). Please reach out to the State SHIP Program health.rural@SHIPgrant@state.mn.us if you are interested in participating in a state offered ICD-11 readiness assessment.

If a hospital is already currently using all hardware, software, equipment, or trainings listed on the SHIP Allowable Investments, the hospital may identify an alternative piece of equipment or service if:

- The purchase will optimally affect the hospital's transformation into an accountable care organization, increase value-based purchasing objectives, or aid in the adoption of ICD-11; and
- The hospital receives pre-approval from both the state SHIP director and the Federal Office of Rural Health Policy. Contact the State SHIP Program, to begin this process at health.rural@SHIPgrant@state.mn.us.

Ineligible expenses

SHIP funds **may not** be used for:

- Staff salaries, including supporting salaries to offset costs for staff to attend trainings. Payment to contractors is not allowed without associated training or software costs. Hospitals should verify contractor eligibility before investment.
- Contractor and consulting fees, services, and payments (recurring or one-time) are unallowable, including fee reviews, Price transparency reviews/contracts, etc.
- Supplies (general and medical) are not allowed. Creation of manuals without training are considered supplies and are therefore not allowed. Supplies and equipment for patient rooms such as iPads, telephone, TV, and speakers, to improve satisfaction (HCAHPS) scores, do not qualify as a SHIP allowable investment.
- Provision of health care services, including telehealth provider salaries and telehealth network fees.
- Communications equipment and telehealth network fees are not allowed. iPads or tablets are not allowable for patient purposes.
- RHC or hospital mock audits are not allowed.
- **Emergency Department Consumer Assessment Healthcare Providers and Systems (EDCAHPS) or other outpatient surveys are not allowed.**
- Any activity regarding a certificate of need are not allowed.

Application Instructions

The Office of Rural Health and Primary Care (ORHPC) will submit one SHIP application on behalf of all eligible hospital applicants to Federal Office of Rural Health Policy (FORHP). **The application must be completed and returned by October 24, 2022 for inclusion in the 2023 SHIP Program. Late applications will not be accepted.**

The 2023 grant is anticipated to start in July 2023 and end May 2024. The exact start and end dates for this program will be finalized and announced once ORHPC receives the award from FORHP.

ORHPC will award equal funding to each eligible hospital based on the total award amount received by the state. FORHP provides an estimated award amount. For the 2023 program year the estimated maximum award for each hospital is \$13,011. **This is an estimate and the final amount will be determined and announced with the award letters.**

2023 Access Code: SHIP23

Login to the Grants Portal

1. Access the online [Grants Portal](https://www.grantinterface.com/Home/Logon?urlkey=mdh) (<https://www.grantinterface.com/Home/Logon?urlkey=mdh>)
2. If you have not logged into the Grants Portal before, click 'Create an Account'. If you have accessed the Grants Portal previously, please log in using your email address and password.

Once you have created an account, you will be taken to the Grants Portal where you will be able to do the online application. The application and supporting documents are all submitted in the portal. You can save the application at any time and come back to finish later. You will receive a confirmation e-mail once the application is submitted.

For additional information about how to use the Grant Portal. Visit the [Grantee Guide](https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/docs/2022grantguide.pdf) (<https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/docs/2022grantguide.pdf>).

Use the Access Code to locate the application

3. Go to the [Grants Portal](https://www.grantinterface.com/Home/Logon?urlkey=mdh) (<https://www.grantinterface.com/Home/Logon?urlkey=mdh>) and select **Apply** at the top of your Applicant Dashboard.

Image 1. Applicant Dashboard



Enter in the **Access Code** in the field toward the top right side of the page provided in the email received and then select the Enter Code button.

2023 Access Code: SHIP23

Image 2. How to enter your Access Code

SHIP NOFO AND APPLICATION INSTRUCTIONS- VERSION 1

The screenshot shows a web application interface. At the top, there is a green navigation bar with the 'm1' logo on the left and icons for 'Apply' and 'Fax to File' in the center. On the right side of the green bar, a red arrow points to a small icon. Below the navigation bar, the word 'Apply' is displayed next to a document icon. To the right of 'Apply' is a text input field with the placeholder text 'Enter Access Code'. This field is circled in red. To the right of the input field is a button labeled 'Enter Code'. Below the input field is a blue-bordered box containing the text: 'If you have been provided with an Access Code, you may enter it in the box at the top of the page.' Below this box is a search bar with the placeholder text 'Quick Search' and a magnifying glass icon on the left and an 'x' icon on the right. At the bottom of the page, there is a grey bar with the text 'Eligibility - MN Health Care Loan Forgiveness / State Loan Repayment Program' and the 'm1' logo centered below it.

Grants Management

Conflict 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 the Office of Grants Management's Policy 08-01, "Conflict of Interest Policy for State Grant-Making."

Applicants must complete the Applicant Conflict of Interest Disclosure form in the application and submit it as part of the completed application. Failure to complete and submit this form will result in disqualification from the review process.

Organizational conflicts of interest occur when:

- a grantee or applicant is unable or potentially unable to render impartial assistance or advice
- a grantee's or applicant's objectivity in performing the grant work is or might be otherwise impaired
- a grantee or applicant has an unfair competitive advantage

Individual conflicts of interest occur when:

- an applicant, or any of its employees, uses their position to obtain special advantage, benefit, or access to MDH's time, services, facilities, equipment, supplies, prestige, or influence
- An applicant, or any of its employees, receives or accepts money, or anything else of value, from another state grantee or grant applicant with respect to the specific project covered by this RFP/project.
- An applicant, or any of its employees, has equity or a financial interest in, or partial or whole ownership of, a competing grant applicant organization.
- An applicant, or any of its employees, is an employee of MDH or is a relative of an employee of MDH.

In cases where a conflict of interest is perceived, 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.

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. Grantee should read the grant agreement, sign, and once signed, comply with all conditions of the grant agreement.
- No work on grant activities can begin until a fully executed grant agreement is in place and the State's Authorized Representative has notified the Grantee that work may start.

- 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.

Reporting Requirements

Grantees will be required to submit two reports during the grant year:

- A progress report is due mid-year to provide project updates to HRSA.
- A final report and invoice must be submitted at the end of the grant year.
- Both reports are required to receive payment.

Final dates for all reports will be released with the grant award announcements and grant agreements. See the timeline for proposed dates.

Grant Monitoring

Minn. Stat. §16B.97 (<https://www.revisor.mn.gov/statutes/cite/16B.97>) and Policy on Grant Monitoring (https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf) require the following:

- One monitoring visit during the grant period on all state grants over \$50,000
- Annual monitoring visits during the grant period on all grants over \$250,000
- Conducting a financial reconciliation of grantee's expenditures at least once during the grant period on grants over \$50,000

The monitoring schedule will be in keeping with Minn. Stat. §16B.97 (<https://www.revisor.mn.gov/statutes/cite/16B.97>) and Policy on Grant Monitoring guidelines.

Program Timeline

The Office of Rural Health applies for a competitive SHIP application every 3-5 years as determined by HRSA. The timeline for the next five years of this competitive SHIP cycle is below. Hospitals will apply annually to participate in the program.

Year 1: July 1, 2023 – May 31, 2024

October 24, 2022	Hospital applications due to ORHPC
November 8, 2022	ORHPC submits State application to HRSA/Office of Rural Health Policy on behalf of hospitals
May, 2023 (<i>estimate</i>)	ORHPC receives notice of award
July, 2023 (<i>estimate</i>)	Grant agreement signed by hospital and State; hospitals may begin work on projects
January, 2024 (<i>estimate</i>)	Progress report due to ORHPC
May 31, 2024	All projects must be completed
June 20, 2024	All reports and invoices must be submitted to the ORHPC to receive final payment.

Year 2: June 1, 2024- May 31, 2025

January, 2024 (<i>estimate</i>)	Hospital applications due to ORHPC
February, 2024 (<i>estimate</i>)	ORHPC submits State application to HRSA/Office of Rural Health Policy on behalf of hospitals
May, 2024 (<i>estimate</i>)	ORHPC receives notice of award
June, 2025 (<i>estimate</i>)	Grantee receives notice of award
January, 2025 (<i>estimate</i>)	Progress report due to ORHPC
July, 2025 (<i>estimate</i>)	All reports and invoices must be submitted to the ORHPC to receive final payment.

Year 3: June 1, 2025- May 31, 2026

January, 2025 (<i>estimate</i>)	Hospital applications due to ORHPC
February, 2025 (<i>estimate</i>)	ORHPC submits State application to HRSA/Office of Rural Health Policy on behalf of hospitals
May, 2025 (<i>estimate</i>)	ORHPC receives notice of award
June, 2025 (<i>estimate</i>)	Grantee receives notice of award
January, 2026 (<i>estimate</i>)	Progress report due to ORHPC
July, 2026 (<i>estimate</i>)	All reports and invoices must be submitted to the ORHPC to receive final payment.

Year 4: June 1, 2026- May 31, 2027

January, 2026 <i>(estimate)</i>	Hospital applications due to ORHPC
February, 2026 <i>(estimate)</i>	ORHPC submits State application to HRSA/Office of Rural Health Policy on behalf of hospitals
May, 2026 <i>(estimate)</i>	ORHPC receives notice of award
June, 2026 <i>(estimate)</i>	Grantee receives notice of award
January, 2027 <i>(estimate)</i>	Progress report due to ORHPC
July 20, 2027 <i>(estimate)</i>	All reports and invoices must be submitted to the ORHPC to receive final payment.

Year 5: June 1, 2027- May 31, 2028

January, 2027 <i>(estimate)</i>	Hospital applications due to ORHPC
February, 2027 <i>(estimate)</i>	ORHPC submits State application to HRSA/Office of Rural Health Policy on behalf of hospitals
May, 2027 <i>(estimate)</i>	ORHPC receives notice of award
June, 2027 <i>(estimate)</i>	Grantee receives notice of award
January, 2028 <i>(estimate)</i>	Progress report due to ORHPC
July, 2028 <i>(estimate)</i>	All reports and invoices must be submitted to the ORHPC to receive final payment.

Appendix 1. Hospital Application

Section 1. General Information

- Enter general information such as organization name, address, TAX IDs, SWIFT information, and staff contacts

Section 2. Hospital Information

- Enter hospital data including CAH status and participation in the Medicare Shared Savings Program, ACOS, etc.

Purchasing Menu

- From the three purchasing menus listed below, select 2023 projects and provide a description of the activity(ies) selected.

Section 3. VBP menu selections

- A. Quality reporting data collection/related training or software
- B. MBQIP data collection process/related training
- C. Efficiency or quality improvement training in support of VBP related initiatives
- D. Provider-Based Clinic quality measures education
- E. Alternative Payment Model and Quality Payment Program training/education

Section 4. ACO or shared savings menu selections

- A. Computerized provider order entry implementation and/or training
- B. Pharmacy services training, hardware/software and machines (Not pharmacists' services or medications)
- C. Population Health or disease registry training and/or software/hardware
- D. Social Determinants of Health Screening software/training
- E. Efficiency or quality improvement training in support of ACO or shared savings related initiatives
- F. Systems performance training in support of ACO or shared savings related initiatives
- G. Mobile health and telehealth hardware/ software (not telecommunications)
- H. Community paramedicine hardware/software and training
- I. Health Information Technology (HIT) training for value and ACOs including training, software and risk assessments associated with cybersecurity.

Section 5. Payment Bundling/PPS menu selections

- A. ICD-11 software
- B. ICD-11 training
- C. Efficiency or quality improvement training in support of PB or PPS related initiatives

D. S-10 Cost Reporting training

E. Pricing Transparency training

Section 6. Budget

- Indicate how much funding will be spent in each of the three project categories.

Section 7. 2023 Network or Consortium Plans

- Indicate plans for networks or consortiums during 2023.

Section 8. Required Attachments

- Grantees are required to submit a due diligence form.

Applicant Conflict of Interest Disclosure

- Grantees are required to complete the Applicant Conflict of Interest Disclosure form.

Due Diligence Review

- Grantees are required to complete a Due Diligence review as part of the pre-award risk assessment.

Signature

- Provide a signature before submitting. HRSA requires signatures from both hospital administrators and hospital SHIP project coordinators.