



# Small Rural Hospital Improvement Program Notice of Grant Opportunity and Application Instructions

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*To obtain this information in a different format, call: 651-201-3838.*

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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 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 improving health care quality and value.

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

To contact the MDH SHIP Program, please email: [health.ruralSHIPgrant@state.mn.us](mailto: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 fewer, 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 an accountable care organization (ACO); 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 Medicare Beneficiary Quality Improvement Project (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, 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 MDH SHIP Program at [health.ruralshipgrant@state.mn.us](mailto:health.ruralshipgrant@state.mn.us) if you are interested in participating in a state-offered ICD-11 readiness assessment.

If a hospital is 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 FORHP. Contact the MDH SHIP Program to begin this process at [health.ruralshipgrant@state.mn.us](mailto:health.ruralshipgrant@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. Manuals created without accompanying training are considered supplies and are therefore not allowed. Supplies and equipment for patient rooms, such as iPads, telephones, TVs, 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.
- Rural Hospital Clinic (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 is not allowed.

## Additional Resources

Hospitals eligible for the Small Rural Hospital Improvement Program should also be aware of the following programs that support rural hospitals.

### **Minnesota Medicare Rural Hospital Flexibility Program**

The [Minnesota Medicare Rural Hospital Flexibility Program \(Flex Program\)](#) receives funds from the Health Resources and Services Administration Federal Office of Rural Health Policy to help [critical access hospitals](#), emergency medical services, and rural health professionals work together. Flex Program funding provides training or technical assistance to CAHs to build capacity, encourage innovation, and promote sustainable improvements in the rural health care system.

Minnesota's Flex Program supports rural systems of care with the CAH as the hub. The Flex Program promotes networks and community development, acts as a liaison between communities and federal and state programs, and monitors emergency medical services issues in rural Minnesota, among other activities.

For more information, please contact the Flex Program: [health.flex@state.mn.us](mailto:health.flex@state.mn.us)

### **Rural Health Capital Improvement Grant Program**

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 work on new or existing hospital spaces

For more information, please contact: [health.ruralhospitalgrants@state.mn.us](mailto:health.ruralhospitalgrants@state.mn.us)

### **Rural Health Planning & Transition Grant Program**

The Rural Hospital Planning & Transition Grant Program funds rural hospitals for the development of strategic plans that preserve or enhance access to health services or for the implementation of transition projects to modify the type and extent of services provided, based on an existing strategic plan.

For more information, please contact: [health.ruralhospitalgrants@state.mn.us](mailto:health.ruralhospitalgrants@state.mn.us)

## Application Instructions

The Office of Rural Health and Primary Care (ORHPC) will submit one SHIP application on behalf of all eligible hospital applicants to FORHP. **The application must be completed and returned by January 31, 2024 for inclusion in the 2024 SHIP Program. LATE APPLICATIONS WILL NOT BE ACCEPTED.**

The 2024 grant program year is anticipated to start in June 2024 and end May 2025. 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 2024 program year the estimated maximum award for each hospital is \$13,312. **This is an estimate, and the final amount will be determined and announced with the award letters.**

An outline of the application instructions can be found in [Appendix 1. Hospital Application](#)

## Current Grantees

Any hospital that currently has a 2023-2028 SHIP contract with MDH ORHPC will still need to submit information with SHIP activities indicated for the new program year to receive an award for the 2024-2025 SHIP program year. This will be included in the ORHPC SHIP application to FORHP.

An application will be assigned to all current SHIP grantees as a follow-up in the grants portal. Failure to complete the application will result in no award for the 2024-2025 program year.

## New Grantees

Hospitals that do not have a current SHIP grant contract will need to submit an application via the MDH ORHPC Grants Portal using an access code.

### **2024 Access Code: SHIP24**

*Log in to the MDH ORHPC Grants Portal*

1. Access the online [Grants Portal](#)  
(<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 able to complete 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 Grants 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*

1. 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.
2. Enter 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.
  - 2024 Access Code: SHIP24

## Questions and Answers

All questions regarding this grant opportunity or application must be submitted by email or phone to Melanie Innes at [health.ruralshipgrant@state.mn.us](mailto:health.ruralshipgrant@state.mn.us) or 651-201-3809. A questions and answers document will be updated regularly throughout the application period and viewable at [ORHPC Grant Information - Minnesota Dept. of Health \(state.mn.us\)](https://www.health.state.mn.us/orhpc/grantinformation)

An open office hour session will be held in January 2024, with invitations sent to SHIP contacts and Authorized Organization Representatives. Information regarding the office hour session will also be viewable at [ORHPC Grant Information - Minnesota Dept. of Health \(state.mn.us\)](https://www.health.state.mn.us/orhpc/grantinformation).



## Grant 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 \(<https://mn.gov/admin/government/grants/policies-statutes-forms/>\)](#)."

**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 \(https://www.revisor.mn.gov/statutes/cite/16B.97\)](https://www.revisor.mn.gov/statutes/cite/16B.97) and [Policy on Grant Monitoring \(https://mn.gov/admin/assets/grants\\_policy\\_08-10\\_tcm36-207117.pdf\)](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 \(https://www.revisor.mn.gov/statutes/cite/16B.97\)](https://www.revisor.mn.gov/statutes/cite/16B.97) and Policy on Grant Monitoring guidelines.

## 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.

The invoicing and payment schedule will be once a year. Reports will be submitted through the ORHPC grant portal. Reports will be due 20 days after each program year ends, with payment following the completion of the reports. See [Program Timeline](#) for estimated program dates.

## Public Data and Trade Secret Materials

All applications submitted in response to this RFP will become property of the State. In accordance with Minn. Stat. § 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 Minn. Stat. § 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 (Ch. 13 MN Statutes) 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, subd. 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. Minn. Rules, part 5000.3550.

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.

## Program Timeline

MDH ORHPC 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 (currently ongoing)**

October 24, 2022	Hospital applications due to ORHPC
November 8, 2022	ORHPC submits State application to HRSA/FORHP on behalf of hospitals
April 19, 2023	ORHPC receives notice of award
July 1, 2023 (estimate)	Grant agreement signed by hospital and State; hospitals may begin work on projects
January 20, 2024	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 31, 2024	Hospital applications due to ORHPC
February 16, 2024	ORHPC submits State application to HRSA/FORHP on behalf of hospitals
May 2024 (estimate)	ORHPC receives notice of award
June 2025 (estimate)	Grantee receives notice of award
January 2025 (estimate)	Progress report due to ORHPC
July 2025 (estimate)	All reports and invoices must be submitted to the ORHPC to receive final payment.

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

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

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**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/FORHP 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/FORHP 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 ID, SWIFT information, and staff contacts.

### Section 2. Hospital Information

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

### Purchasing Menu

- From the three purchasing menus listed below, select 2024 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 (COPE) 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 Drivers 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. Telehealth and mobile health 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 2024.

## 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.