



TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

Date: February 3, 2014

To: CHIEF EXECUTIVE OFFICERS

Subject: SMALL RURAL HOSPITAL IMPROVEMENT PROGRAM (SHIP)
HOSPITAL APPLICATION FOR FEDERAL FISCAL YEAR
(FFY) 2014-2015

This letter invites applications for grant funds for the Small Rural Hospital Improvement Program (SHIP). The purpose of the funding is to assist small rural hospitals implement requirements of the Patient Protection and Affordable Care Act (ACA). Funding is made available from the Health Resources and Services Administration (HRSA), Office of Rural Health Policy (ORHP). The program is administered through the Department of Health Care Services' California State Office of Rural Health (CaSORH). CaSORH will submit a single application of all hospitals applicants to HRSA. The anticipated grant funding amount is \$9,000 for the grant term beginning September 1, 2014 – August, 31 2015.

The federal fiscal year (FFY) 2014-2015 SHIP funding is intended for small rural hospitals which are non-federal, short-term general acute care facilities including faith-based hospitals. Hospitals must have 49 (staff beds) or less as reported on the hospital's Medicare Cost Report Worksheet S-3 (Line 14) and located in a rural area.

The ORHP developed a list of required focus areas from which applicants may request funding. The focus areas "Categories" are: Value-Based Purchasing, Accountable Care Organizations, Payment Bundling, and Care Transitions. They are listed in the "SHIP Purchasing Menu". Each category is comprised of several "Investment" activities. Applicants must select an applicable investment from the SHIP Purchasing Menu in the following priority:

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- 1st Priority: (This applies to “Critical Access Hospitals” only). Investments related to Medicare Beneficiary Quality Improvement Project (MBQIP) implementation and reporting (if that hospital has yet to register and transmit MBQIP data).
- 2nd Priority: HCAHPS and/or ICD-10 investments if that hospital is not in the process of implementing both systems. In no particular order, hospitals may select one or both.
- 3rd Priority: If a hospital is already participating in MBQIP, HCAHPS, and ICD-10 investments, then that hospital may select a different activity listed on the SHIP Purchasing Menu.
- 4th Priority: If a hospital has already completed ALL pre-selected investments (equipment and/or services) listed on the SHIP Purchasing Menu, that hospital may identify an alternative piece of equipment and/or service PROVIDED: a) this purchase will optimally affect a hospital’s transformation into an accountable care organization, increase value based purchasing objectives, and/or aid in the adoption of ICD-10; and b) that hospital receives pre-approval from both their state SHIP director and the appropriate federal Office of Rural Health Policy project officer.

To help maximize hospitals’ purchasing power, HRSA strongly encourages applicants to organize into a consortium or network and pool grant funds in order to purchase goods and services; or to pool SHIP funds through participation in other networks that offer programs and services that support delivery system reforms. CalSORH is available to assist hospitals form a network; however, each hospital must submit an application.

FFY 2014-2015 SHIP GRANT APPLICATION AND SUBMISSION INSTRUCTION

- Step 1: Complete ALL sections of the SHIP Hospital Grant Application for Fiscal Year 2014 Form
- Step 2: Submit Medicare Cost Report Worksheet S-3 for verification of bed count (for PPS hospitals only)
- Step 3: Submit the grant application and cost report worksheet to CalSORH by **February 17, 2014.**

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Returning SHIP grantees may e-mail the required documents to your currently assigned program consultant or fax to (916) 449-5777. New applicants may submit the documents to Corinne Chavez at corinne.chavez@dhcs.ca.gov. The SHIP application with the attached SHIP Purchasing Menu may be found on the CalSORH website located at:

<http://www.dhcs.ca.gov/services/rural/Pages/SmallHosplmprovProg.aspx>

Please note that hospitals funded in FFY 2013-2014 that are not interested in reapplying for funds through this application are still required to complete the progress report section of the SHIP application.

Please contact CalSORH with questions, or if you require assistance in completing the application at (916) 449-5770. Thank you for your interest in the SHIP program.

Sincerely,

Original Signed By Corinne Chavez for Sandra (Sam) Willburn

Sandra (Sam) Willburn, Chief
Primary, Rural, and Indian Health Division
State Office of Rural Health

Enclosures (1)
SHIP Hospital Grant Application for Fiscal Year 2014