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Date: November 19, 2015

To: CHIEF EXECUTIVE OFFICERS

Subject: FUNDING OPPORTUNITY ANNOUNCEMENT
SMALL RURAL HOSPITAL IMPROVEMENT PROGRAM
HOSPITAL APPLICATION FOR FEDERAL FISCAL YEARS (FFY)
2016 – 2019

This letter invites applications for grant funds for the Small Rural Hospital Improvement Program (SHIP). The purpose of this funding is to assist small rural hospitals to implement requirements of the Patient Protection and Affordable Care Act (ACA) regarding delivery system changes. Funding is made available from the Health Resources and Services Administration (HRSA), and the Federal Office of Rural Health Policy (FORHP). The program will be administered through the Department of Health Care Services' California State Office of Rural Health (CaSORH). CaSORH will submit a single grant application to HRSA for all eligible applicants that respond to the FFY 2016 SHIP Hospital Grant Application. The project period is June 1, 2016 through May 31, 2019. Grant awards are anticipated to be \$9,000 per hospital annually. Current SHIP grantees as well as hospitals not previously funded who meet eligibility requirements are encouraged to apply.

ELIGIBILITY INFORMATION

The FFY 2016-2019 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 most recent Medicare Cost Report, and located in a rural area.

PROGRAM INFORMATION

SHIP funds support hospital investments in quality improvement and operational efficiencies. SHIP funds are directed to help eligible hospitals to:

- Meet value-based purchasing goals for their organization

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- Enable hospitals to become or join accountable care organizations or become a shared savings program
- Training to comply with ICD-10 standards, meaningful use, and payment bundling, and/or
- Purchase health information technology software.

The FORHP developed a list of required focus areas from which applicants may request funding. The focus areas “Investment Categories” are: Value-Based Purchasing, Accountable Care Organizations and Payment Bundling/Prospective Payment System. Each category is comprised of several activities. They are listed in the “SHIP Purchasing Menu”. Applicants must select an applicable activity from the SHIP Purchasing Menu based on FORHP program priorities described below. The SHIP Purchasing Menu is included in the FFY 2016 SHIP Hospital Grant Application.

Notably, the SHIP FFY 2016–2019 program requirements have changed from previous project cycles. The FORHP identified two priorities for using SHIP funds: 1) ICD-10 implementation (all hospitals) and 2) active engagement in public reporting of Hospital Consumer Assessment of Healthcare Providers and Systems-HCAHPS (Critical Access Hospitals [CAHs] only). Grantees are expected to first use funds to meet the SHIP priorities or have met these priorities before selecting other investment category activities. Additionally, FORHP designated several investment category activities which require grantees to demonstrate and report measurable outputs/outcomes to CalSORH. In this new project period FORHP eliminated the Medicare Beneficiary Quality Improvement Project (MBQIP) requirement. CAHs are no longer required to submit inpatient or outpatient measures to Hospital Compare in order to receive SHIP funding.

To help maximize hospitals’ purchasing power, FORHP 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.

SHIP expenditures may not be used for routine equipment replacement, medical equipment, major communication equipment, vehicles, capital improvements, to provide health care services, personnel salary, or travel costs.

Funding will be provided in the form of a grant through the Department of Health Care Services. Awards to support projects beyond the first budget year will be contingent upon federal appropriation, submission of an annual hospital application, and

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satisfactory progress in meeting the project's objectives, and determination that continued funding would be in the best interest of the Federal Government.

APPLICATION AND SUBMISSION INFORMATION

Application Submission

CalSORH has implemented the use of an online application to streamline the application submission process and eliminate the need to secure ink signatures and transmit scanned documents.

Applicants will submit their FFY 2016 SHIP Hospital Grant Application online via Survey Monkey web based tool by clicking on the link:

<https://www.surveymonkey.com/r/8QQMV72>

Deadline: The application due date is **November 25, 2015 by noon.**

CalSORH's implementation of the web based online application will result in instantaneous submission of the SHIP application. Timely submission of your application will provide the needed information required for CalSORH to respond to the HRSA guidance.

If you require assistance in completing the application or have questions regarding the SHIP requirements, please contact me at (916) 449-5770 or E-mail CalSORH@dhcs.ca.gov. Thank you for your interest in the SHIP program.

Sincerely,

ORIGINAL SIGNATURE ON FILE

Corinne Chavez, Section Chief
Primary, Rural, and Indian Health Division
California State Office of Rural Health