



Texas State of Office of Rural Health

2018 Rural Health Facility Capital Improvement Program (CIP)

Application Guide

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INSTRUCTIONS FOR SUBMITTING APPLICATION

The application procedures for the 2018 Rural Health Facility Capital Improvement Program (CIP) are included in this Application Guide. This application guide and the 2018 CIP application are available at:

<http://www.texasagriculture.gov/GrantsServices/CapitalImprovement.aspx>

The procedures in this application guide supersede those published in all previous CIP application guides.

The deadline for all 2018 CIP applications is 5:00 p.m. C.T. on **February 15, 2018**. Applications **will not** be accepted after 5:00 p.m. on the final day of submission. **Emailed/faxed applications will not be accepted.** Applicants will not be allowed to supplement the application after the application deadline. Application materials must be typed. Handwritten applications will **NOT** be accepted. It is the applicant's responsibility to ensure the timely delivery of all required materials, including the proposal narrative and signed application.

Ensure the application is complete and signed. Only one application per applicant/facility is allowed.

Two (2) signed and completed copies (one-sided) of the application are required to be submitted: one with original signatures and one copy of the original. Applicants may either hand deliver a completed application (and copy) to State Office of Rural Health (SORH) staff or mail/ship the documents to the following:

Mailing Address (for U.S. Postal Service): Texas Department of Agriculture State Office of Rural Health Post Office Box 12847, Capitol Station Austin, Texas 78711	Physical Address (for Overnight Carriers): 1700 N. Congress Avenue, 11 th Floor Mailroom Austin, Texas 78701 Or Hand Deliver to staff on 2nd Floor
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For questions regarding submission of the application and/or TDA requirements, please contact the Texas State Office of Rural Health at (512) 463-0018 or by email at RuralHealth@TexasAgriculture.gov.

PROGRAM RULES AND GENERAL INFORMATION

This application guide contains the requirements that all applicants are required to meet to be eligible for funding. Failure to conform to these requirements may result in the disqualification of the application. Each applicant is solely responsible for the preparation and submission of an application in accordance with the instructions in this application guide.

Statement of Purpose

The Rural Health Facility Capital Improvement Program (CIP) provides funding for rural public and non-profit hospitals to make capital improvements to existing facilities, construct new health facilities, or to purchase capital equipment.

Eligible Applicants

Eligible applicants for CIP include public and non-profit hospitals located in rural counties as defined in Section 487.301 of the Texas Government Code:

- (1) "Public hospital" - a general or special hospital licensed under Chapter 241, Texas Health and Safety Code, that is owned or operated by a municipality, county, municipality and county, hospital district, or hospital authority, and that performs inpatient and outpatient services.
- (2) "Rural County" - a county that has a population of 150,000 or less; or with respect to a county that has a population of more than 150,000 and contains a geographic area that is not delineated as urbanized by the federal census bureau, that part of the county that is not delineated as urbanized.

Award Amount

Award amounts shall not exceed \$75,000.

Match

Applicants are required to commit a **25% match of CIP funds requested**. For example, if requesting \$75,000 in CIP funding, an applicant must commit to a match of \$18,750 for a total project cost of \$93,750. Matching funds must be reflected within the application and must be associated with the same proposed project activities as the requested CIP funding.

Calculating CIP Grant Amount & Matching Funds

<p>For total project costs less than \$93,750:</p> <ul style="list-style-type: none">• Calculate by dividing the total project cost by 1.25. The resulting number will be the CIP grant amount. The difference between this number and the total project costs will be the amount of required funds to be matched.• <u>Example:</u> Total Project Cost = \$65,000• $\\$65,000 / 1.25 = \\$52,000$ (CIP Grant Amount)• $\\$65,000 - \\$52,000 = \\$13,000$ (Matching Funds) (Note: 25% of \$52,000 (CIP grant amount) = \$13,000 matching funds)
<p>For total project costs more than \$93,750:</p> <ul style="list-style-type: none">• Calculate by subtracting \$75,000 (the maximum CIP grant amount) from the total project costs. The resulting number will be the amount of required funds to be matched.• <u>Example:</u> Total Project Cost = \$200,000• CIP Grant Amount = \$75,000• $\\$200,000 - \\$75,000 = \\$125,000$ (Matching Funds)

Certification of Matching Funds

Applicants are required to include a Certification of Matching Funds letter certifying that entire amount of matching funds for the project has been secured and is available. The Certification of Matching Funds should be in the form of a board resolution or a letter signed by the applicant's authorizing official identifying the source and certifying all matching funds are available for the project. If external organizations such as a foundation are contributing matching funds, a letter from each organization with the amount of funds being contributed is required.

Proportionate Grant Reduction

The CIP grant requires matching expenditures of at least 25% of the awarded grant amount. When awarded, grant recipients will be held accountable for meeting the level of match proposed in its approved application. In the event the grant recipient's match is reduced the Department will proportionally reduce the amount of the grant funds.

Eligible Uses of Grant Funds

Allowable expenses include activities that further, or sustain, a hospital's ability to provide healthcare. To include:

- Equipment - non-expendable personal property with a unit cost of more than \$5,000 and a useful life of more than one year.
- Contracts for non-medical services - includes, but is not limited to, contracts for designing, engineering, supervising, surveying, and other expenses incidental to the acquisition, construction or improvements of new hospitals.
- Patient transportation - includes, but is not limited to, contracts for patient

- transportation projects such as the purchase of ambulances.
- **Construction** - includes, but is not limited to, contracts for any construction on the hospital or outbuildings, remodel projects, additions, etc.

NOTE: Each application must include documentation supporting the costs associated with project activities. CIP funds are to be utilized specifically as proposed by an applicant within their application, if awarded. CIP funds **shall not** be utilized to reimburse an applicant for operating expenses, debt retirement, or recruitment/retention of providers.

Commitment of Key Personnel

To ensure the success of the project, key personnel directly impacted by the project should be included and involved with the planning and development of the project. Their involvement is a must to ensure the project is effectively implemented, that it will meet the identified needs, and also guarantee its sustainability. For example, if an applicant has applied for funding to purchase infant warmers, the head of the nursery department would be consulted to certify the need of the equipment and its prolonged use.

Applicants are recommended to include letters of support from key personnel that express the need of the project and their support.

Responsibilities and Accountability of a Grantee

Grantees must comply with all guidelines and requirements of the CIP program, including compliance with all reporting requirements. Grantees are responsible for the administrative/financial control and management of the grant award. Grantees must ensure they have an adequate accounting system in place and acceptable internal controls to ensure expenditures and reimbursements are reported and maintained for a minimum of three (3) years after the conclusion of the project.

Grantees have full responsibility for the conduct of the project and for the results achieved. Each grantee shall monitor the day-to-day performance of the grant project to assure adherence to statutes, regulations, and grant terms and conditions. Grantees shall carry out the activities described in their scope of work to achieve project goals, objectives, and desired outcomes. Grantees will be accountable for all grant funds and must ensure all funds are used solely for authorized and eligible purposes. Each grantee must ensure:

- Funds are used only for activities covered by the approved project.
- Funds are not used in violation of the restrictions and prohibitions of applicable statutes.
- If applicable, budget and performance reports are completed in a timely manner.

Reporting Requirement

Project Completion Report (PCR)

Grantees are required to submit a project completion report at the end of the project reflecting the status of the project. Copies of invoices, purchase orders, canceled checks, bank statements, project photos, etc. related to the project must be submitted along with the completion report before grant funds will be released.

SORH staff reserves the right to request any and all documentation necessary to ensure compliance with program rules and regulations.

Reimbursement Procedures

Grantees shall receive funding on a cost-reimbursement basis. Once submitted, the PCR shall be reviewed and grant funds will be disbursed.

Annual Inventory of Property Report

Grantees that utilize funds to purchase equipment (non-expendable property with a unit cost of more than \$5,000 and a useful life of more than one year) shall be required to maintain an inventory list of items purchased with grant funds detailing the item's location and condition and shall be made available to TDA upon request.

Costs Incurred Prior to Grant Award

TDA is not liable for any costs incurred by the applicant prior to the grant award term.

APPLICATION REVIEW AND SELECTION

Application Review

Applications received will be reviewed by SORH for completeness. An application may be disqualified for the following reasons which include, but are not limited to:

- Late or Incomplete Application
- Emailed/Faxed Application
- Applicant is Ineligible
- No Certification of Matching Funds
- No Patient Services Statistics and Financial Data Certification
- No documentation supporting the cost associated with the project activities (quotes, estimates, etc.)

Complete applications will be reviewed by SORH and a panel of external reviewers. The applications will be scored and ranked utilizing the scoring criteria.

Application Selection and Execution of Contract

TDA shall determine the final funding amount and terms of a CIP award. TDA reserves the right to fund projects fully or partially and to negotiate individual elements included within an application. Contingent upon available funds, the selected applicant may be requested to submit a revised project budget and project narrative. Selected applicants will receive a Notice of Grant Award (NGA) letter and an official Grant Agreement from TDA. The NGA is not legally binding until a grant agreement is fully executed.

False Information on Applications

If the applicant provides false information in an application that has the effect of increasing the applicant's competitive advantage, staff shall make a recommendation for action to the Director of the SORH.

Actions that the Director may make include, but are not limited to:

1. Disqualification of the application.
2. Even if an award has been made, the applicant may be liable for funds expended if adjustment to the scores would have resulted in a change in rankings for the purposes of funding.
3. Holding the applicant ineligible to apply for CIP funding for a period of (2) program years.

An applicant may request reconsideration of a decision of the SORH Director by filing a written request for reconsideration with the Administrator of the Division of Trade and Business Development. The written request should include the factual and legal basis supporting the request for reconsideration, along with supporting documentation. The Administrator shall make a written determination on applicant's request for reconsideration within sixty days of TDA's receipt of the request for reconsideration.

Scoring Criteria

All eligible applications received by the published deadline will be scored and ranked utilizing the following scoring criteria.

Quantitative Scoring:

1. The majority of CIP funding will be used for which type of project:
 - a. Life Safety Code Violation¹ 4 pts.
 - b. Patient Care Project 3 pts.
 - c. Building Repairs/Maintenance 2 pts.
 - d. Other (building classrooms, ambulance bay, etc.) 1 pt.
2. Hospital Information: CAH Designation?
 - a. Yes 1 pt.
 - b. No 0 pts.
3. The reporting requirements in which the hospital participates.
 - a. Hospital participates in both MBQIP and HCAPS 2 pts.
 - b. Hospital participates only in MBQIP 1 pt.
 - c. Hospital participates only in HCAPS 1 pt.
 - d. Hospital participates in neither MBQIP nor HCAPS 0 pts.
4. Demographics of county population: population under age 5
 - a. Greater than or equal to 8% 1 pt.
 - b. Less than 8% 0 pts.
5. Demographics of county population: population over age 65
 - a. Greater than or equal to 17% 1 pt.
 - b. Less than 17% 0 pts.
6. Patient service statistics: Medicare²
 - a. Greater than or equal to 55% 1 pt.
 - b. Less than 55% 0 pts.
7. Patient service statistics: Medicaid²
 - a. Greater than or equal to 7% 1 pt.
 - b. Less than 7% 0 pts.
8. Charity care provided²
 - a. Greater than or equal to 4% 1 pt.
 - b. Less than 4% 0 pts.
9. The hospital's current ratio of assets to liabilities²
 - a. Less than 1.25 3 pts.
 - b. Between 1.25 to 1.75 2 pts.
 - c. Greater than 1.75 1 pt.
10. Current day's cash on hand for hospital²
 - a. Less than 15 days 3 pts.
 - b. Between 15-35 days 2 pts.
 - c. Great than 35 days 1 pt.
11. Previous CIP funding
 - a. Facility not awarded in 2017 and not awarded in 2016 12 pts.
 - b. Facility not awarded in 2017, awarded in 2016 7 pts.
 - c. Facility awarded in 2017, not awarded in 2016 3 pts.
 - d. Facility awarded in 2017, awarded in 2016 1 pt.
 - e. Facility awarded in 2017 and/or 2016, 2016 project never completed 0 pts.

Footnotes:

1. Life Safety Code Violation

To receive funding points in the "Life Safety Code Violation" category, the applicant must cite the code violation, provide actual violation documentation from the agency issuing the violation, must currently be in a code violation or evidence that the facility will be placed in violation during the grant award period. If supporting documentation is not provided, no points will be given.

2. Patient Services Statistics and Financial Data Certification

Applicants **must** include the Certification of Patient Services Statistics and Financial Data (Medicare%, Medicaid%, Charity Care%, current ratio of assets to liabilities%, and current day's cash on hand), as an attachment.

Qualitative Scoring:

12. Project Summary
 - a. The summary contains the type, purpose, activities, need, beneficiaries and financial break down of costs. 5 pts.
 - b. The summary contains most of the required information, but did not follow the summary example and requires minor editing. 3 pts.
 - c. The summary contains some of the required information, but did not follow summary example and requires major edits. 1 pt.
 - d. The applicant did not provide a project summary. 0 pts.
13. Project Problem/Need Description
 - a. The applicant convincingly describes an immediate problem/need and why funding is needed immediately. 5 pts.
 - b. The applicant addresses a problem/need and why funding is needed immediately. 3 pts.
 - c. The applicant does not clearly address or describe a problem/need and why funding is needed immediately. 1 pt.
 - d. The applicant did not address a problem/need and why funding is needed immediately. 0 pts.
14. Project Description
 - a. The applicant provides a detailed description of the solution, activities, and project implementation plan. 10 pts.
 - b. The applicant provides a solution, activities, and project implementation plan. 6 pts.
 - c. The applicant does not clearly explain or describe a solution, activities, or implementation plan. 2 pts.
 - d. The applicant did not address the solution, activities, and /or implementation plan. 0 pts.
15. Project Budget Summary, Budget Narrative & Justification
 - a. The budget is reasonable, detailed, and provides all necessary supporting documents, estimates and/or quotes. 10 pts.
 - b. The budget is reasonable and provides some supporting documents, estimates, and/or quotes. 6 pts.
 - c. The budget is questionable with limited supporting documentation. 2 pts.
 - d. The budget has no supporting documentation (quotes, estimates) 0 pts.
16. Project Commitment Rating: Key Personnel and Commitment
 - a. The applicant thoroughly lists project personnel, their role, and provides evidence of their commitment, includes external organizations if applicable. 10 pts.
 - b. The applicant lists most personnel, their role, and evidence of their commitment. 6 pts.
 - c. The applicant does not clearly or effectively list all project personnel, their role, or their commitment. 2 pts.
 - d. The applicant did not address key personnel commitment. 0 pts.

NOTE:

If a tie-breaker is required when awarding funds, SORH will use the county poverty rate where the facility is located to determine the ranking order for these applications, with a higher poverty rate taking priority.

In addition, if an application contains multiple projects proposed within the application, SOHR may pro-rate the scoring for criterion 1: “*Type of Project*” for each of the projects.

APPLICATION INSTRUCTIONS

The following instructions will assist and offer guidance to the applicant in completing the differing forms of the application for submittal.

Cover Sheet: Enter the applicant's name in the space provided.

Application Checklist: Carefully read the list of required attachments and application forms, checking off each completed item. This minimizes the likelihood of serious deficiencies or disqualification.

Application Information: Provide all of the following information concerning the applicant:

- Legal Business Name
- Physical Address
- Mailing Address (if different from above)
- Email address
- Phone number and alternate phone number, if applicable
- Federal Tax ID Number
- Indicate whether the applicant is delinquent on any federal debt
- Indicate the type of hospital that is applying for funding

Contact Personnel: Provide the following information for the *Authorized Official* (the person authorized to enter into legal agreements on behalf of the applicant) and the *Project Director* (the person designated to answer questions about the project/application):

- Full name
- Title (within the organization)
- Email address
- Phone number and alternate phone number, if applicable

Certifications: Before signing and dating the Certifications page, the Authorized Official should carefully read all of the terms and notices. The signature of the Authorized Official will acknowledge the applicant's agreement (and future compliance) with all terms.

Project Narrative: Complete and respond to all of the sections within the Project Narrative. Do not leave any field blank.

- **Project Summary:** *Provide a brief overview that explains the type and purpose of the project, the proposed activities that will occur during the project, the need and the beneficiaries of the project, and the estimated total project cost including state and matching funds. (Follow format exactly to receive all points)*
- **Problem(s) and/or Need(s):** *Provide the detailed description of the problem and need that is to be addressed by the project.*
- **Project Description:** *Provide the detailed description of the proposed solution to the stated problem or need.*
- **Project Commitment:** *Provide a detailed narrative of all hospital personnel who will be directly involved in the implementation the project, their role, and commitment to the project. If applicable, commitments from other organizations may also be discussed.*

Budget Summary: Complete the Budget Summary table to reflect the breakdown of costs of the proposed project. Ensure that all costs associated with the project (CIP funding and match, as well) are appropriately entered into the correct type of activity and that all rows and columns are totaled accurately.

Budget Narrative & Justification: Provide clear, detailed information for each of the budget categories listed below. The budget narrative and justification should contain a detailed explanation of the equipment, non-medical services, patient transportation, and/or construction

that will be funded during the project term. The total estimated expenditures showing the amount of CIP funds and Matching Funds that will be used to fund the category should be included in each category. Vendor quotes, contractor estimates, etc. **MUST** be included in an attachment section. Other documentation supporting project costs may also be included. (equipment brochures, photos, etc.)

Additional Project Funding: If the applicant has applied for other funding for the same project proposed in this CIP application, provide the name of the Agency to which the application was submitted, the name of the funding (grant) program, and the date it was submitted.

Attachments: Applicant must attach and submit with the application:

- Certification of Patient Services Statistics and Financial Data **(required)**
- Certification of Matching Funds Documentation **(required)**
- Supporting Documentation of Project Costs (equipment/construction quotes, estimates, etc.) **(required)**
- Commitment Letters from Key Personnel and if applicable, external organizations **(recommended)**

ADMINISTRATIVE INFORMATION

Right to Amend or Terminate Program

TDA reserves the right to alter, amend, or clarify any provisions, terms, or conditions of this program or any grant awarded as a result thereof, or to terminate this program at any time prior to the execution of an agreement, if TDA deems any such action to be in the best interest of TDA and of the State of Texas. The decision of TDA will be administratively final in this regard.

Proprietary Information/Public Information

The applicant is responsible for clearly designating any portion of the application that contains proprietary or trade secret information and must state the reason(s) the information is designated as such. Merely making a blanket claim the entire application is protected from disclosure because it contains proprietary or trade secret information is not acceptable, and shall make the entire application subject to release under the Texas Public Information Act. In the event that a public information request for the application is received, TDA shall process such request in accordance with Section 552.305 of the Texas Government Code. Applicants are advised to consult with their legal counsel regarding disclosure issues and to take appropriate precautions to safeguard trade secrets or any other proprietary information.

All applications submitted under this program are subject to release as public information, unless the application or specific parts of any such application can be shown to be exempt from disclosure under the Texas Public Information Act, Chapter 552 of the Government Code.

Conflict of Interest

The applicant is required to disclose any existing or potential conflicts of interest relative to this grant program. Failure to disclose any such relationship may result in the applicant's disqualification or termination of agreement.

General Compliance Information

1. Grantees must comply with TDA's reporting requirements and financial procedures outlined in the grant agreement. Any delegation by the Grantee to a subcontractor regarding any duties and responsibilities imposed by the grant award must be approved in advance by TDA and shall not relieve the Grantee of its responsibilities to TDA for their performance.
2. All grant awards are subject to the availability of funds appropriated and authorized by the Texas Legislature.
3. Grantees must remain in full compliance with applicable state and federal laws and regulations. Non-compliance may result in termination of the grant or ineligibility for reimbursement of expenses.
4. Grantees must keep separate records and a bookkeeping account (with a complete record of all expenditures) for a project. Records shall be maintained for a minimum of three (3) years after the completion of the project, or as

otherwise agreed upon with TDA. If any litigation, claim, negotiation, audit or other action is initiated prior to the expiration of the three-year retention period, then all records and accounts must be retained until their destruction is authorized by TDA, TDA and the Texas State Auditor's Office (SAO), or any successor agency, reserve the right to examine all books, documents, records, and accounts relating to the project, including all electronic records, at any time throughout the duration of the agreement until all litigation, claims, negotiations, audits or other action pertaining to a grant is resolved, or until the expiration of the three-year retention period, whichever is longer. TDA and the SAO, or any successor agency, shall have access to: all electronic data or records pertaining to the grant project; the physical location where records are stored; and all locations related to project activities.

5. If the Grantee has a financial audit performed during the time the Grantee is receiving funds from TDA, upon request, TDA shall have access to information about the audit, including the audit transmittal letter, management letter, any schedules, and the final report or result of such audit.
6. Grantees must comply with Texas Government Code, Chapter 783, Uniform Grant and Contract Management, and the Uniform Grant Management Standards (UGMS).