



NATIONAL
RURAL HEALTH
RESOURCE CENTER

SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM (SHIP)

ALLOWABLE AND UNALLOWABLE INVESTMENT ACTIVITY EXAMPLES

Clarification of Allowable and Unallowable Investments

In general, SHIP allowable investments include activities to assist small rural hospitals with their quality improvement efforts and with their adaptation to changing payment systems through investments in hardware, software and related trainings. This includes aiding with value and quality improvement.

Unallowable investments include, but are not limited to, travel costs, hospital services, hospital staff salaries, or general supplies. Hospitals should contact their State Office of Rural Health (SORH) with questions regarding the appropriateness or fit of a certain activity or equipment purchase. For additional clarifications, refer to [Frequently Asked Questions \(FAQs\)](#).

SHIP Funding Priorities

Hospitals must first meet SHIP funding priorities before using resources to support investments in other areas. SHIP funding priority areas include:

- SHIP funded investments are prioritized based on Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) reporting and ICD-10 coding.
- Hospitals must utilize resources to fully implement ICD-10 coding and HCAHPS reporting to Hospital Compare before the facility can select any other investment options without exceptions.
- Hospitals with low HCAHPS volume are still required to *report* HCAHPS to participate in the SHIP Program.

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Hospitals that do not follow the purchasing priorities and/or purchase equipment/services that are not listed on the SHIP Purchasing Menu without prior approval may be subject to penalties including exclusion from the next SHIP funding opportunity.

If a hospital has already completed ALL investments listed on the SHIP purchasing menu, the hospital may identify an alternative piece of equipment and/or service ONLY IF: a) the purchase will optimally affect the hospital’s transformation into an accountable care organization, increase value-based purchasing objectives and/or aid in the adoption of ICD-10; and b) the hospital receives pre-approval from both the state SHIP Coordinator and the appropriate Federal Office of Rural Health Policy project officer.

The SHIP Purchasing Menu tables below outline examples and suggested topic areas for trainings by category to assist eligible SHIP hospitals in planning and selecting activities. This document is not a complete list and is only intended to provide examples for allowable SHIP activities.

Examples of Value-Based Purchasing (VBP) Investment Activities

VBP Investment Activities	Examples of Allowable Activities
A. Quality reporting data collection/related training (e.g. eCQM implementation)	CAHs should be participating in Medicare Beneficiary Quality Improvement Project (MBQIP) Any activity to support process improvements that result in improved quality reporting.
B. HCAHPS data collection process/related training	A SHIP funding priority – refer to above section Any activity to improve HCAHPS data collection, reporting, provider communications , patient and family engagement that directly impact patient satisfaction scores . Hospitals may use funds to support HCHAPS vendor to assist them in fully implementing HCAHPS and improve reporting.
C. Efficiency or quality improvement training in support of VBP related initiatives	Consider adopting Six Sigma, Lean, Plan-Do-Study-Act or other such efficiency or quality improvement processes to address performance issues related to VBP initiatives, such as the following: <ul style="list-style-type: none"> • Patient experience of care • Clinical care processes and outcomes • Patient safety • Reducing readmissions • Reducing infections

VBP Investment Activities	Examples of Allowable Activities
	<ul style="list-style-type: none"> • Antibiotic stewardship
D. Provider-Based Clinic Quality Measures Education	<p>Any activity that supports educational training for provider-based clinic quality improvement reporting and scores</p> <ul style="list-style-type: none"> • Physician Engagement
E. Alternative Payment Model and Merit-Based Incentive Payment training/education	<p>Software or training to prepare staff and physicians for Merit-Based Incentive Payment System (MIPS), which determines payment based on quality, resource use, clinical practice improvement, and meaningful use of certified electronic health record (EHR) technology or to prepare for contracting in Accountable Care Organizations (ACOs), Shared Savings Plans, Patient Centered Medical Homes, and bundled payment models.</p> <ul style="list-style-type: none"> • Physician and Provider Engagement and Alignment • Population Health Management • Quality Payment Program: Small, Rural, and Underserved Practices • MACRA/MIPS Overview and Eligibility • MACRA Decision Guide, • Alternative Payment Models: Business Perspective

Examples of Accountable Care Organization (ACO) or Shared Savings Investment Activities

ACO or Shared Savings Investment Activities	Allowable Activities
A. Computerized provider order entry implementation and/or training	Any educational trainings that support provide use and implementation
B. Pharmacy services	Training, hardware/software, that supports remote pharmacy services.
C. Disease registry training and/or software/hardware	Any educational training hardware/software to support development and implementation of a disease registry
D. Efficiency or quality improvement training in support of ACO or shared savings related initiatives	<p>Quality Improvement trainings such as the following:</p> <ul style="list-style-type: none"> • IHI Plan Do Study Act (PDSA) • Root Cause Analysis (RCA) • TeamSTEPPS and Lean Process planning

ACO or Shared Savings Investment Activities	Allowable Activities
	<ul style="list-style-type: none"> • Community Care Coordination and Chronic Care Management • CMS Abstraction & Reporting Tool <p>Consider other efficiency or quality improvement trainings to address performance issues related to the following:</p> <ul style="list-style-type: none"> • Medicare spending per beneficiary • Non-clinical operations • Board organization/operations • Multi-hospital/network projects (traditional and/or non-traditional partners) • Emergency Department Transfer Communications • Health Information Exchange (with traditional and/or non-traditional partners) • Swing bed utilization • Care coordination • Population health
E. Systems performance training	<p>Hospitals interested in systems performance training should consider adopting a framework approach to transition to value-based system planning such as one of the following:</p> <ul style="list-style-type: none"> • Performance Excellence (PE) Blueprint to for small rural hospitals based on Baldrige Framework • Strategy Map and Balanced Scorecard development • Logic Model
F. Mobile health hardware/software	<p>Training hardware/software that supports the application and implementation of telehealth and/or telemedicine. Tablets and hardware/software investments are allowed if they are used by staff to improve operational efficiencies and telehealth services.</p>
G. Community paramedicine hardware/software and training	<p>Community Paramedic Program (CPP) training. If the hospital and/or hospital-owned ambulance units has a formal CPP, then hardware/software can be purchased to support the CPP to reduce emergency medical services (EMS) and emergency department misuse and readmissions. However, use of SHIP funding for general EMS equipment is not allowable.</p>
H. Health Information Technology Training for Value	<p>SHIP works on hardware/software and training, therefore, it would be beneficial to include risk</p>

ACO or Shared Savings Investment Activities	Allowable Activities
and ACOs	assessments and/or trainings associated with cybersecurity .

Examples of Payment Bundling (PB) or Prospective Payment System (PPS) Investment Activities

PB or PPS Investment Activities	Allowable Activities
A. ICD-10 software	SHIP funding priority – refer to above section <ul style="list-style-type: none"> • Training that updates and computerizes hospital policies and procedures • Hardware/software investments that improve quality, efficiencies, and coding
B. ICD-10 training	SHIP funding priority – refer to above section <ul style="list-style-type: none"> • Training to support coding and reimbursement • Trainings to support documentation improvements that result in increased coding compliance
C. Efficiency or quality improvement training/project in support of PB or PPS related initiatives	Trainings that improve processes through adoption of best practices and transition to value-based care strategies such as the following: <ul style="list-style-type: none"> • Financial and operational improvements • Lean trainings for networks/consortia
D. S-10 Cost Reporting training /project	<ul style="list-style-type: none"> • Debt and charity care training • Trainings to improve charity care processes and develop policy guidelines • Examples of trainings: <ul style="list-style-type: none"> • Understanding the S-10 Worksheet: Determining Charity Care and Bad Debt (Part 1) • Understanding the S-10 Worksheet: Determining Charity Care and Bad Debt (Part 2)
E. Pricing Transparency Training	Training on revenue cycle management to improve processes that provide clear information about charges and cost to Medicare beneficiaries.