



Small Rural Hospital Improvement Grant Program (SHIP) FY 2020

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 hardware/software purchase. For additional clarifications, refer to [Frequently Asked Questions \(FAQs\)](#).

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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.

Hospitals that do not follow the purchasing priorities and/or purchase hardware and/or software or 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 hardware and/or software 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 assist with prospective payment system investment activities; 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 or software	<p>CAHs should participate in Medicare Beneficiary Quality Improvement Project (MBQIP)</p> <p>MBQIP Resources</p> <ul style="list-style-type: none">• MBQIP Quality Reporting Guide• Online MBQIP Data Abstraction Training Series• Promoting Quality Reporting and Improvement• Emergency Department Transfer Communications <p>Any activity to support process improvements that result in improved quality reporting.</p> <p>Inpatient and outpatient measures for PPS acute care hospitals</p> <ul style="list-style-type: none">• Quality Net
B. HCAHPS data collection process/related training	A SHIP funding priority – refer to above section



VBP Investment Activities	Examples of Allowable Activities
	<p>Activities to improve HCAHPS data collection, reporting, provider communications, patient and family engagement that directly impact patient satisfaction scores. Hospitals may use funds to support HCAHPS vendor to assist them in fully implementing HCAHPS and improve reporting.</p> <ul style="list-style-type: none">• HCAHPS Overview: Vendor Directory• HCAHPS Guide: Using HCAHPS to Drive Patient and Employee Satisfaction
C. Efficiency or quality improvement training in support of VBP related initiatives	<p>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:</p> <ul style="list-style-type: none">• Patient experience of care• Clinical care processes and outcomes• Patient safety• Care management and discharge planning



VBP Investment Activities	Examples of Allowable Activities
	<ul style="list-style-type: none">• Reducing readmissions• Antibiotic stewardship• Emergency Preparedness
D. Provider-Based Clinic Quality Measures education	<p>Any activity that supports educational training for provider-based rural health clinic quality improvement reporting, including patient satisfaction survey scores.</p> <ul style="list-style-type: none">• SHIP learning collaborative state example: Part I: Learning Collaborative: Improving Quality Reporting in Provider-Based Rural Health Clinics Part II: Learning Collaborative: Improving Quality Reporting in Provider-Based Rural Health Clinics
E. Alternative Payment Model and Quality Payment Program training/education	<ul style="list-style-type: none">• Software or training to prepare staff and physicians for Quality Payment Program (QPP), which determines payment based on quality, resource use, clinical practice improvement, and meaningful use of certified



VBP Investment Activities	Examples of Allowable Activities
	<p>electronic health record (EHR) technology</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	<p>Any educational trainings that support provide use and implementation</p> <ul style="list-style-type: none">• Pharmacist Computerized Provider Order Entry (CPOE) / Verification of Medication Orders within 24 Hours Guide
B. Pharmacy services	<p>Training, hardware/software, that supports remote pharmacy services</p> <ul style="list-style-type: none">• After-Hours Remote Processing of Medication Orders for CAHs: A Case Study from Mississippi
C. Disease registry training and/or software/hardware Population Health software Social Determinants of Health Screening software/training	<p>Educational training hardware/software to support development and implementation of a disease registry for care coordination</p> <p>Software and training for analysis of population health needs by chronic disease, or geographic location or assessment of social determinants of</p>



ACO or Shared Savings Investment Activities	Allowable Activities
	<p>health in improving health outcomes and care management programs</p>
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• 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• Multi-hospital/network trainings (traditional and/or non-traditional partners)



ACO or Shared Savings Investment Activities	Allowable Activities
	<ul style="list-style-type: none">• Health Information Exchange (with traditional and/or non-traditional partners)• Swing bed utilization• Care coordination• Population health• Social determinants of health
E. Systems performance training in support of ACO or shared savings related initiatives	<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



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• Assessment and maintenance of ICD-10• Hardware/software investments that improve quality, efficiencies, and coding
B. ICD-10 training	SHIP funding priority – ICD -10 , refer to section on funding priorities above <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 in support of PB or PPS related initiatives	Trainings that improve processes through adoption of best practices and transition to value-based payment strategies such as the following: <ul style="list-style-type: none">• Financial and operational improvements
D. S-10 Cost Reporting training	<ul style="list-style-type: none">• Debt and charity care training



PB or PPS Investment Activities	Allowable Activities
	<ul style="list-style-type: none">• Trainings to improve charity care processes and develop policy guidelines for S-10 Cost Reporting• Examples of trainings: 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. Examples of trainings: <ul style="list-style-type: none">• Chargemaster, Pricing Transparency, Charges