

Rural Hospital Innovation Grant (RHIG) Program Guide

Program Overview

The Rural Hospital Innovation Grant (RHIG) was established by the Kansas Legislature through House Bill 2208 (see Appendix A) on May 6, 2021. RHIG is to be administered by the Secretary of the Kansas Department of Health and Environment (KDHE) through the State Office of Primary Care and Rural Health (SOPC/RH) and shall be for the purpose of strengthening and improving the healthcare system and increasing access to healthcare services in eligible counties to help communities in such counties achieve and maintain optimal health by providing transitional assistance to hospitals in such counties. The Secretary of KDHE may award a Rural Hospital Innovation Grant to a qualifying county that applies.

The Rural Hospital Innovation Grant is funded with \$10,000,000 allocated from the [American Rescue Plan Act \(ARPA\) of 2021, public law 117-2](#), under [the State Fiscal Recovery Fund \(SFRF\), 42 USC 802](#). All RHIG funds will be obligated by December 31, 2024 and the program will expire on June 30, 2025. Once all funds are allocated no additional funds will be available. Allocated funds must be expended by the recipient no later than March 31, 2025 to allow for program closeout and reconciliation of funds.

House Bill 2208 allows the Secretary of KDHE to award a grant only if the state funds to be awarded in the grant have been matched by private stakeholders, including hospital foundations or other organizations, on a basis of \$2 of private stakeholder funds for every \$1 of state funds. Under the bill, the Secretary of KDHE may receive funds by bequest, donation, or gift to fulfill the public-private match of funds required by the bill. Any funds received by the Secretary of KDHE are remitted to the Kansas State Treasurer and deposited in the State Treasury to the RHIG fund. The SOPC/RH will disburse the funds in accordance with the stakeholder's specification upon grant award. If the Secretary of KDHE does not award a grant to the specified county in the same fiscal year as the request, the bill requires the Secretary of KDHE to return the amount of contributed funds to the private stakeholder, and the certification lapses.

Alternatively, House Bill 2208 allows a private stakeholder to certify to the Secretary of KDHE that an amount of funds are dedicated to the RHIG fund while the certified dedicated money remains with the private stakeholder until the grant is awarded. Additionally, a private stakeholder may specify an eligible county or counties to receive grant funds using the private stakeholder's matched contribution for the purpose of a RHIG project at a hospital.

Eligibility

In accordance with House Bill 2208, counties in Kansas other than Douglas, Johnson, Sedgwick, Shawnee, or Wyandotte counties are eligible to apply.

Funds are to be used at a hospital (as defined in Appendix B) for the transitional assistance related to changing a hospital's current healthcare delivery model to a model more appropriate for the community that the hospital serves. Transitional assistance may include but is not limited to:

- Transitioning a hospital to a new provider type.
- Making changes to the services provided and/or mode in-which services are delivered to better suit the community.
- Conducting a market study of healthcare services needed and provided in the community.

- Acquiring and implementing new technological tools and infrastructure including but not limited to telemedicine delivery methods.
- Acquiring the services of appropriate personnel including but not limited to additional medical residents or individuals trained to be needed healthcare professionals.

Timeline

Applications Open	September 1, 2022
Application Cycle	Year Round
Application Review and Grant Award	Quarterly
Reporting Due to KDHE	October 1, Annually
Final Application Deadline	September 30, 2024
All Funds Obligated by KDHE	December 31, 2024
Deadline for Funds to be Expended	March 31, 2025

Application Requirements and Award Process

A fully completed application must be received by the SOPC/RH no later than September 30, 2024. Incomplete applications will not be considered. Applications for RHIG funds will be accepted year-round and reviewed quarterly until all funds have been obligated or up to the final application deadline.

Application information will include but is not limited to:

- The county name and contact information for the county applying for RHIG funding along with current and past grant funding and assurance that proper internal controls are in place to monitor and manage grant funds.
- Proof of SAM.gov registration.
- An attestation that all opportunities for federal and/or state funds available to the hospital for transitional assistance, telehealth, or workforce recruitment and retention purposes including but not limited to funds related to COVID-19 relief that may be used for such purposes, State Loan Repayment Program (SLRP), National Health Service Corp (NHSC), Medicare Rural Hospital Flexibility Program (FLEX), Small Hospital Improvement Program (SHIP), SHIP COVID, and SHIP Testing and Mitigation have been exhausted prior to applying for RHIG funds.
- An attestation that RHIG funds are not being utilized in duplication with other federal and/or state funds for the proposed project. A *Duplication of Benefits Guide* is available for reference on the Kansas Office of Recovery Job Aids website: <https://covid.ks.gov/compliance-resource-library-job-aids/>.
- The source and amount of stakeholder matching funds.
- The hospital(s) name, location, and contacts where funds will be expended.
- A description of the hospital(s) and community(ies) that it serves.
- A description of the project being proposed and how it will allow the hospital(s) to better serve their community.
- The amount of RHIG funds being requested and the total cost of the project.
- The duration of the project in which funds will be expended. Must not exceed March 31, 2025.

Grant applicants will be notified of receipt of the application and following review and scoring of the application. Applications will be reviewed and scored by KDHE staff and outside stakeholders based on the completeness of the application, eligibility of the county, eligibility of the hospital, eligibility of the project, and the impact the project will have on the community being served. The project's long-term

sustainability while providing improved services and access to the community that the hospital serves will be considered. Additional consideration will be given to hospitals with higher Health Professional Shortage Area (HPSA) scores, frontier and rural designation, and local ownership. Application responses should be limited to 500 words or less if possible while still providing complete descriptions and information. Applications will not be graded on length of responses, only content. Funding determination will be made quarterly based on the number of applications received, quality of applications, and availability of funds.

Grant Agreement and Reporting Requirements

Upon notification of a RHIG award the grantee county will enter into a grant agreement with KDHE as a subrecipient to receive ARPA funds in accordance with Uniform Grant Guidance as a pass-through entity ([2 CFR 200.330-332](#)). Along with the signed and executed grant agreement the county will need to confirm banking details where RHIG funds will be deposited. If matching funds were held privately as opposed to deposited in the State Treasury, the county will need to provide proof in the form of a bank statement or the like that all private stakeholder matched funds have been deposited in the bank account where RHIG funds will be deposited for use at the designated hospital(s) for the approved project(s).

The county will enter into a subrecipient agreement with the hospital where RHIG funds will be utilized as outlined in the Federal Uniform Grant Guidance [2 CFR 200.330-332](#). Grant recipients should perform appropriate risk assessments on the hospital(s) prior to committing funds. A sample Risk Assessment checklist is available at the State Office of Recovery Job Aids website: <https://covid.ks.gov/wp-content/uploads/2021/08/Risk-Assessment-Tool-Local-Governments.xlsx>

Internal controls for the county will be assessed through routine monitoring and should include written policies and procedures for accounting separation of duties, conflict of interest, and grant program compliance/management. Copies shall be made available to KDHE upon request as part of regular monitoring activities.

Further guidance on appropriate Internal Controls along with sample documents and additional resources can be found on the Office of Recovery Job Aids website: <https://covid.ks.gov/compliance-resource-library-job-aids/>

Annual reporting will be due to the SOPC/RH by October 1 of each year until all funds have been expended or the end of the performance period. Reporting will include:

- Project progress reports.
- Grant fund accounting with amount of RHIG and matched funds spent and remaining.
- Verification of contact information.
- Any additional reporting requirements as requested by the United States Treasury, the Office of Recovery, and KDHE.

Any unused funds at the end of the performance period must be returned to KDHE at a rate of \$1 of RHIG funds to \$2 of matched funds (1/3 of total project funds remaining). Financial records and supporting documents related to the award must be retained for a period of five (5) years after all funds have been expended or returned to KDHE. This includes those which demonstrate the award funds were used for eligible purposes in accordance with the RHIG and ARPA guidelines.

Appendix A:
HB2208

Senate Substitute for HOUSE BILL No. 2208

AN ACT concerning health and healthcare; relating to health professions and facilities; establishing rural emergency hospitals as a rural healthcare licensure category; requirements for licensure; certification and funding of certified community behavioral health clinics; prescribing powers, duties and functions of the Kansas department for aging and disability services and the department of health and environment related thereto; authorizing the issuance of telemedicine waivers for the practice of telemedicine by out-of-state healthcare providers; relating to professions regulated by the behavioral sciences regulatory board; reducing certain licensing requirements; expanding temporary practice permits and the board's grounds for discipline; providing grant assistance to hospitals in certain counties; prescribing powers, duties and functions of the secretary of health and environment related thereto; establishing the rural hospital innovation grant program and rural hospital innovation grant fund; amending K.S.A. 65-425, 65-431, 65-5804a, 65-5807a, 65-5808, 65-5809, 65-6309a, 65-6311, 65-6404, 65-6405a, 65-6408, 65-6610, 65-6612,

65-6615, 74-5316a, 74-5324, 74-5363, 74-5367a and 74-5369 and K.S.A. 2020 Supp.

65-6306 and 65-6411 and repealing the existing sections.

New Sec. 11. (a) As used in this section:

(1) "Eligible county" means a county in Kansas other than Douglas, Johnson, Sedgwick, Shawnee or Wyandotte county.

(2) "Hospital" means the same as defined in K.S.A. 65-425, and amendments thereto.

(3) "Transitional assistance" means any assistance related to changing a hospital's current healthcare delivery model to a model more appropriate for the community that the hospital serves, including, but not limited to: Conducting a market study of healthcare services needed and provided in the community; acquiring and implementing new technological tools and infrastructure, including, but not limited to, telemedicine delivery methods; and acquiring the services of appropriate personnel, including, but not limited to, additional medical residents or individuals trained to be needed healthcare professionals.

(b) (1) There is established the rural hospital innovation grant program to be administered by the secretary of health and environment. The program, and any grant awarded thereunder, shall be for the purpose of strengthening and improving the healthcare system and increasing access to healthcare services in eligible counties to help communities in such counties achieve and maintain optimal health by providing transitional assistance to hospitals in such counties. The secretary may award a rural hospital innovation grant to a county that applies in accordance with this section.

(2) The secretary of health and environment may award a grant under this section only if the amount of state moneys to be awarded in the grant has been matched by private stakeholders, including hospital foundations or other organizations, contributing to the secretary for the program, on a basis of \$2 of private stakeholder moneys for every \$1 of state moneys. The secretary of health and environment may receive moneys by bequest, donation or gift to fulfill the public-private match of moneys required under this paragraph. Any such moneys received shall be remitted to the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt of each such

remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the rural hospital innovation grant fund. A private stakeholder may certify to the secretary of health and environment that an amount of money is dedicated to the rural hospital innovation grant program. Such certified dedicated moneys shall remain with the private stakeholder until such time as the grant is awarded, and the secretary shall count such certified dedicated moneys to fulfill the public-private match required under this paragraph.

(3) A private stakeholder who has contributed moneys or certified dedicated moneys to the secretary of health and environment may specify a county to receive a grant using such private stakeholder's moneys. If the secretary does not award a grant to the specified county in the same fiscal year as such request, the secretary shall return the amount of contributed moneys to the private stakeholder and any such certification shall lapse.

(4) Prior to applying for a rural hospital innovation grant, any eligible county may enter into memorandums of understanding and other necessary agreements with private stakeholders and other eligible counties.

(5) The board of county commissioners of an eligible county, or the board's designee, may apply to the secretary for a rural hospital innovation grant in the form and manner prescribed by the secretary of health and environment. Such application shall include:

(A) A description of the hospital for which the grant moneys will be expended, including the name and location of the hospital;

(B) a statement of the amount of grant moneys requested;

(C) a description of the needs of the hospital, the transitional assistance for which the grant moneys will be expended and how such transitional assistance will meet the stated needs;

(D) a certification that the hospital has exhausted all opportunities for federal moneys available to such hospital for transitional assistance purposes, including, but not limited to, any federal moneys related to COVID-19 relief that may be used for such purposes; and

(E) any other information that the secretary deems necessary to administer this section.

(6) Prior to awarding any grant moneys to an eligible county under this section, the secretary shall enter into a written agreement with the county requiring that the county:

(A) Expend any such grant moneys to provide transitional assistance to a hospital in the eligible county, as approved by the secretary;

(B) not later than one year after any such grant moneys are awarded, report to the secretary detailing the effect that such grant is having on health and other outcomes in the eligible county and the affected community;

(C) repay all awarded grant moneys to the secretary if the county fails to satisfy any material term or condition of the grant agreement; and

(D) any other terms and conditions that the secretary deems necessary to administer this section.

(7) No rural hospital innovation grant shall be awarded to provide transitional assistance to any hospital that has not exhausted all opportunities for federal moneys available to such hospital for transitional assistance purposes, including, but not limited to, any federal moneys related to COVID-19 relief that may be used for such purposes.

(c) (1) There is established in the state treasury the rural hospital innovation grant fund to be administered by the secretary of health and environment. All moneys credited to the fund shall be used only for purposes

related to the rural hospital innovation grant program. All expenditures from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of health and environment or the secretary's designee.

(2) (A) Notwithstanding the provisions of chapter 1 of the 2020 Special Session Laws of Kansas or any other provision of law to the contrary, on June 15, 2021, the director of the budget shall determine the amount of moneys received by the state that are identified as moneys from the federal government for aid to the state of Kansas for coronavirus relief as appropriated in the following acts that are eligible to be used for the purpose of awarding grants under this section, that may be expended at the discretion of the state in compliance with the United States office of management and budget's uniform administrative requirements, cost principles and audit requirements for federal awards and that are unencumbered, including:

(i) The federal CARES act, public law 116-136, the federal coronavirus preparedness and response supplemental appropriation act, public law 116-123, the federal families first coronavirus response act, public law 116-127, and the federal paycheck protection program and health care enhancement act, public law 116-139;

(ii) the federal consolidated appropriations act, 2021, public law 116-260;

(iii) the American rescue plan act of 2021, public law 117-2; and

(iv) any other federal law that appropriates moneys to the state for aid for coronavirus relief.

(B) Of the moneys identified in accordance with subparagraph (A), the director of the budget shall determine an aggregate amount equal to \$10,000,000 available in special revenue funds. If such identified moneys are less than \$10,000,000, the director of the budget shall determine the maximum amount available. The director of the budget shall certify the amount determined under this subparagraph from each fund to the director of accounts and reports. At the same time as such certification is transmitted, the director of the budget shall transmit a copy of such certification to the director of legislative research.

(C) On July 1, 2021, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer an aggregate amount equal to the certification received in accordance with subparagraph (B) from such funds to the rural hospital innovation grant fund. If such aggregate amount of moneys certified is less than \$10,000,000, the director of accounts and reports shall transfer from the state general fund to the rural hospital innovation grant fund the difference between \$10,000,000 and the amount certified.

(d) The secretary of health and environment shall adopt rules and regulations as necessary to implement and administer this section.

(e) (1) On or before October 1 of each year, for each rural hospital innovation grant awarded under this section, the county shall prepare and submit to the secretary of health and environment a report describing: The amount and stated purposes of any awarded grant moneys; the fulfillment of the terms and conditions of the grant agreement; and the transitional assistance upon which the moneys have been spent.

(2) On or before February 1 of each year, the secretary shall compile the information received under this subsection and submit a report to the governor and the legislature including such information and a description of and reasoning for any applications for a rural hospital innovation grant that the

secretary has denied.

(f) (1) The rural hospital innovation grant program shall expire on June 30, 2025.

(2) On July 1, 2025:

(A) The director of accounts and reports shall transfer all moneys in the rural hospital innovation grant fund to the state general fund;

(B) all liabilities of the rural hospital innovation grant fund shall be transferred to and imposed on the state general fund; and

(C) the rural hospital innovation grant fund shall be abolished.

Appendix B: Hospitals Defined

65-425. Definitions. As used in this act:

(a) "General hospital" means an establishment with an organized medical staff of physicians; with permanent facilities that include inpatient beds; and with medical services, including physician services, and continuous registered professional nursing services for not less than 24 hours of every day, to provide diagnosis and treatment for patients who have a variety of medical conditions.

(b) "Special hospital" means an establishment with an organized medical staff of physicians; with permanent facilities that include inpatient beds; and with medical services, including physician services, and continuous registered professional nursing services for not less than 24 hours of every day, to provide diagnosis and treatment for patients who have specified medical conditions.

(c) "Person" means any individual, firm, partnership, corporation, company, association, or joint-stock association, and the legal successor thereof.

(d) "Governmental unit" means the state, or any county, municipality, or other political subdivision thereof; or any department, division, board or other agency of any of the foregoing.

(e) "Licensing agency" means the department of health and environment.

(f) "Ambulatory surgical center" means an establishment with an organized medical staff of one or more physicians; with permanent facilities that are equipped and operated primarily for the purpose of performing surgical procedures; with continuous physician services during surgical procedures and until the patient has recovered from the obvious effects of anesthetic and at all other times with physician services available whenever a patient is in the facility; with continuous registered professional nursing services whenever a patient is in the facility; and which does not provide services or other accommodations for patient to stay more than 24 hours. Before discharge from an ambulatory surgical center, each patient shall be evaluated by a physician for proper anesthesia recovery. Nothing in this section shall be construed to require the office of a physician or physicians to be licensed under this act as an ambulatory surgical center.

(g) "Recuperation center" means an establishment with an organized medical staff of physicians; with permanent facilities that include inpatient beds; and with medical services, including physician services, and continuous registered professional nursing services for not less than 24 hours of every day, to provide treatment for patients who require inpatient care but are not in an acute phase of illness, who currently require primary convalescent or restorative services, and who have a variety of medical conditions.

(h) "Medical care facility" means a hospital, ambulatory surgical center or recuperation center, but shall not include a hospice which is certified to participate in the medicare program under 42 code of federal regulations, chapter IV, section 418.1 *et seq.* and amendments thereto and which provides services only to hospice patients.

(i) "Critical access hospital" shall have the meaning ascribed to such term under K.S.A. 65-468 and amendments thereto.

(j) "Hospital" means "general hospital," "critical access hospital," or "special hospital."

(k) "Physician" means a person licensed to practice medicine and surgery in this state.

History: L. 1947, ch. 329, § 1; L. 1949, ch. 328, § 1; L. 1971, ch. 204, § 1; L. 1973, ch. 248, § 1; L. 1974, ch. 352,

§ 83; L. 1992, ch. 158, § 8; L. 1993, ch. 255, § 1; L. 1994, ch. 6, § 3; L. 1998, ch. 53, § 1; July 1.

65-468. Rural health networks; definitions. As used in K.S.A. 65-468 to 65-474, inclusive, and amendments thereto:

(a) "Health care provider" means any person licensed or otherwise authorized by law to provide health care services in this state or a professional corporation organized pursuant to the professional corporation law of Kansas by persons who are authorized by law to form such corporation and who are health care providers as defined by this subsection, or an officer, employee or agent thereof, acting in the course and scope of employment or agency.

(b) "Member" means any hospital, emergency medical service, local health department, home health agency, adult care home, medical clinic, mental health center or clinic or nonemergency transportation system.

(c) "Mid-level practitioner" means a physician assistant or advanced practice registered nurse who has entered into a written protocol with a rural health network physician.

(d) "Physician" means a person licensed to practice medicine and surgery.

(e) "Rural health network" means an alliance of members including at least one critical access hospital and at least one other hospital which has developed a comprehensive plan submitted to and approved by the secretary of health and environment regarding patient referral and transfer; the provision of emergency and nonemergency transportation among members; the development of a network-wide emergency services plan; and the development of a plan for sharing patient information and services between hospital members concerning medical staff credentialing, risk management, quality assurance and peer review.

(f) "Critical access hospital" means a member of a rural health network which makes available twenty-four hour emergency care services; provides not more than 25 acute care inpatient beds or in the case of a facility with an approved swing-bed agreement a combined total of extended care and acute care beds that does not exceed 25 beds; provides acute inpatient care for a period that does not exceed, on an annual average basis, 96 hours per patient; and provides nursing services under the direction of a licensed professional nurse and continuous licensed professional nursing services for not less than 24 hours of every day when any bed is occupied or the facility is open to provide services for patients unless an exemption is granted by the licensing agency pursuant to rules and regulations. The critical access hospital may provide any services otherwise required to be provided by a full-time, on-site dietician, pharmacist, laboratory technician, medical technologist and radiological technologist on a part-time, off-site basis under written agreements or arrangements with one or more providers or suppliers recognized under medicare. The critical access hospital may provide inpatient services by a physician assistant, advanced practice registered nurse or a clinical nurse specialist subject to the oversight of a physician who need not be present in the facility. In addition to the facility's 25 acute beds or swing beds, or both, the critical access hospital may have a psychiatric unit or a rehabilitation unit, or both. Each unit shall not exceed 10 beds and neither unit will count toward the 25-bed limit, nor will these units be subject to the average 96-hour length of stay restriction.

(g) "Hospital" means a hospital other than a critical access hospital which has entered into a written agreement with at least one critical access hospital to form a rural health network and to provide medical or administrative supporting services within the limit of the hospital's capabilities.

History: L. 1992, ch. 158, § 1; L. 1998, ch. 53, § 2; L. 2002, ch. 203, § 3; L. 2004, ch. 87, § 1; L. 2004, ch. 180, § 8; L. 2011, ch. 114, § 54; Jan. 1, 2012.

Revisor's Note:

Section was also amended by L. 2004, ch. 117, § 3, but that version was repealed by L. 2004, ch. 180, § 18.