

Rural Hospital Capital Improvement Grant FY2026 Questions and Answers

NOVEMBER 21, 2025

Can you confirm the deadline for the application?

The deadline to apply is Friday, December 12, 2025 at 4:30 pm Central Time.

Does our organization need to have a 501(c)(3) designation to be eligible for this grant?

See the eligibility criteria in RFP section 1.4. Per state statute, applicants must be not-for-profit and fulfill the other eligibility criteria.

Are hospitals that are licensed for over 50 beds but staff under 50 beds eligible for this grant?

No, as noted in the RFP, hospitals must have fewer than 50 beds overall to be eligible for this grant program.

Will the Rural Hospital Capital Improvement Grant RFP information webinar be recorded?

No, but materials from the webinar, including presentation slides and a questions and answers document, will be posted at [Rural Hospital Capital Improvement Grant - ORHPC Grants and Funding \(https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#rhci\)](https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#rhci).

Which organizations are required to fill out a Due Diligence form?

Tribal nations and community health boards do not need to submit a Due Diligence form. All other applicants are required to fill out a Due Diligence form as part of their Rural Hospital Capital Improvement grant application. If your organization is required to complete a Due Diligence form based on the entity type you selected, the form will open for you as part of the application.

Do we need to submit a new Due Diligence form with our application if we already submitted one this year?

Yes, please submit a new Due Diligence form each time you apply for a grant, to ensure that any new information is captured.

What is the competitive bid form in the application?

Minnesota Statutes, Section 144.148 requires applicants to submit evidence that competitive bidding was used to select contractors for the proposed project.

Applicants are asked to indicate which competitive bidding method their organization used to select contractors for the proposed project and attach documentation as indicated. Applicants then upload documentation showing that competitive bidding was used to select contractors for the proposed project and any organization procurement policies, if needed.

Uniform Municipal Contracting: This hospital is owned by a local unit of government subject to the Uniform Municipal Contracting Law, M.S. section 471.345, and has complied with those requirements. (Attach documentation of the bid and award process.)

Organization Procurement Policy: This hospital is not subject to the Uniform Municipal Contracting Law but has its own procurement policy that requires competitive bidding. (Attach relevant sections of the policy and documentation of the bid and award process.)

Competitive Bidding: This hospital is not subject to the Uniform Municipal Contracting Law, does not have its own procurement policy that requires competitive bidding, but has followed a competitive bidding process. (Attach relevant sections of the policy and documentation of award process.)

Competitive Bidding not yet completed: Competitive bidding has not yet been completed for the proposed project but will be conducted through one of the above methods. (You will be required to submit documentation of the bid and award process before any state payment will be made.)

The competitive bid form is described in RFP Part 4 Section 6.

What are the exceptions to the competitive bid requirements? What if we have contracts for certain supplies? What about specialty equipment?

All applicants should follow contracting and bidding procedures as outlined in the sample [MDH Grant Agreement \(PDF\) \(https://www.health.state.mn.us/about/grants/grantagreement.pdf\)](https://www.health.state.mn.us/about/grants/grantagreement.pdf) as relevant to their organization and project type.

Applicants that have additional contracts with vendors, are purchasing specialty equipment, or are seeking an exemption from competitive bidding requirements should demonstrate how there is only one legitimate or practical source for such materials or services and how the applicant has established that the vendor is charging a fair and reasonable price. The requirements may be waived at the discretion of MDH.

We conducted our audited financial statements earlier this year. Should we pull data from the statements or provide the most current data?

The information provided in the Hospital Financial and Census Data should match what is listed in the audited financial statements attached in the application.

Can you speak more about collaboration being a priority?

Collaborative projects are encouraged, and priority will be given to projects that take a collaborative approach and have additional contributing partners or collaborators. See, for example, the question about collaborative purchase of equipment, below.

The Rural Hospital Capital Improvement Grants are not federal flow-through funds, correct?

The Rural Hospital Capital Improvement Grant Program is state-funded and does not use federal flow-through funds.

If we are applying for the maximum award of \$125,000, what is our match requirement?

Applicant hospitals must certify that at least 25% of the grant request amount will be matched from non-state sources. If a hospital is applying for a grant award of \$125,000, their minimum required match is \$31,250.

Are individual hospitals that are part of a larger health system eligible to apply?

Yes. Health care entities with multiple eligible hospital locations may submit a maximum of three separate applications for distinct projects happening at different locations or one application covering work that spans multiple hospitals, as outlined in section 1.4 of the RFP.

Are we eligible to submit a proposal for the FY26 Rural Hospital Capital Improvement grant program even if we have an ongoing Capital Improvement grant project and award?

Yes, an applicant may submit a new proposal for FY26 even if they have an ongoing project with a Rural Hospital Capital Improvement grant award, as long as the proposed project for FY26 is separate from the previous project, not a request for additional funding for the ongoing grant project.

Are hospitals designated as a “Hospital District” eligible for this grant?

Hospitals designated as hospital districts may be eligible if they meet the eligibility requirements listed in section 1.4 of the RFP.

Are network applications allowed, and if so, what is the best approach? Have each hospital apply or have the network apply on behalf of the hospitals?

A network or consortium of hospitals may submit a single application on behalf of one or more eligible hospitals. All hospitals included in the grant project must be eligible.

Eligible hospitals that are members of a network or consortium may choose to apply for grant funding individually.

Is highly specialized equipment an eligible expense?

A hospital requesting specialized equipment will need to make a strong case for the need and demand for the equipment as well as the long-term sustainability of the department using the equipment. See RFP section 2.2.

Hospitals must be located in a rural area as defined in federal Medicare regulations, or in a community with a population of less than 15,000 according to U.S. Census Bureau statistics, outside the 7-county metro. Does that mean a population of less than 15,000 in the town or the county?

A community of less than 15,000 refers to the population of the town.

Can you provide an example of a collaborative partnership for equipment purchases?

Collaborative partnerships for equipment purchases could include hospitals partnering with other entities to plan and implement services and purchase equipment to prevent unnecessary duplication of specialized services within the same geographic region. Collaboration is prioritized to promote sustainability, efficiency, and accessibility with respect to resources across the region.

We are looking for funding to replace three separate air conditioning units throughout one of our campuses, where our hospital is located. Would all of these areas/units be eligible for funding?

Only the units for the hospital building are eligible expenses for this grant program. Equipment or other capital improvements at non-hospital buildings, even those owned by the hospital and on the same campus, such as hospital-affiliated clinic buildings, are not eligible.

May our hospital foundation apply on behalf of the hospital?

Per the authorizing statute, the hospital is the eligible applicant.

Our hospital does not meet the threshold to have an audit, and our financials are rolled up into the parent health system's financials. What kind of financial documentation should we submit?

Please provide hospital financial data at the site level. If the hospital does not meet the threshold for a certified financial audit, then the most recent Form 990 for the hospital should be included in the application, as well as the most recent certified financial audit of the parent health system.

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To obtain this information in a different format, call: 651-201-3838.