



Rural Hospital Capital Improvement Grant Program – FY2026

GRANT REQUEST FOR PROPOSAL (RFP)

Minnesota Department of Health
Office of Rural Health and Primary Care (ORHPC)
PO Box 64975
St. Paul, MN 55164-0975
health.ruralhospitalgrants@state.mn.us
www.health.state.mn.us

10/13/2025

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

Table of Contents

Rural Hospital Capital Improvement Grant Program – FY2026.....	1
RFP Part 1: Overview	3
1.1 General Information	3
1.2 Program Description.....	3
1.3 Funding and Project Dates	3
1.4 Eligible Applicants.....	3
1.5 Questions and Answers	4
1.6 Additional Resources	5
RFP Part 2: Program Details	7
2.1 Priorities.....	7
2.2 Eligible Projects.....	7
2.3 Grant Management Responsibilities	8
2.4 Grant Provisions	10
2.5 Review and Selection Process	13
RFP Part 3: Application and Submission Instructions.....	15
3.1 Application Deadline	15
3.2 Application Submission Instructions	15
3.3 Application Instructions.....	15
RFP Part 4: Application Guidance	17
Section 1. Organization and Applicant Information	17
Section 2. Project Information.....	17
Section 3. Organization Background and Capacity.....	17
Section 4. Project Narrative	18
Section 5: Budget & Budget Narrative.....	20
Section 6: Competitive Bidding.....	21
Section 7: Required Attachments	22
Section 8: Applicant Conflict of Interest Disclosure	22
RFP Part 5: Attachments.....	22
Attachment A: Application Evaluation Criteria.....	24

RFP Part 1: Overview

1.1 General Information

- **Announcement Title:** Rural Hospital Capital Improvement Grant Program FY2026
- **Minnesota Department of Health (MDH) Program Website:** [Rural Hospital Capital Improvement Grant - ORHPC Grants and Funding](#)
- **Application Deadline:** December 12, 2025, 4:30 p.m. Central Time

1.2 Program Description

[Minnesota Statutes, Section 144.148](#) authorizes the Commissioner of Health to award grants to eligible rural hospitals for modernization projects to update, remodel, or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital.

1.3 Funding and Project Dates

Funding

Funding will be allocated through a competitive process. If selected, you may only incur eligible expenditures when the grant agreement is fully executed, and the grant has reached its effective date.

Funding	Estimate
Estimated Amount to Grant	\$1,755,000
Estimated Number of Awards	18
Estimated Award Maximum	\$125,000
Estimated Award Minimum	\$45,000

Match Requirement

Applicant hospitals must certify that at least 25 percent of the grant request amount will be matched from non-state sources.

Project Dates

June 1, 2026 – May 31, 2030

1.4 Eligible Applicants

An eligible applicant for this grant program is a non-federal, general acute care hospital in Minnesota that:

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

- Is 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 seven-county metropolitan area,
- Has 50 or fewer beds, and
- Is not for profit.

Health care entities with multiple eligible hospital locations may submit a **maximum of three** separate applications for distinct projects happening at different hospitals or one application covering work that spans multiple hospitals. The award for each application by a single health care entity will not exceed the maximum estimated award amount, even if the application includes work at multiple locations.

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.

For hospitals that own or operate clinics, the grant project must occur onsite at the hospital, not at a clinic, and the project must focus on hospital facilities and equipment.

Grant funds are not transferrable to any other entity. Applicants that are aware of any upcoming mergers, acquisitions, or any other changes in their organization or legal standing, must disclose this information to MDH in their application, or as soon as they are aware of it.

Collaboration

Collaborative projects are encouraged. Priority will be given to projects that take a collaborative approach and have additional contributing partners or collaborators.

1.5 Questions and Answers

All questions regarding this RFP must be submitted by email to Melanie Innes at health.ruralhospitalgrants@state.mn.us. Answers will be posted within five business days on [Rural Hospital Capital Improvement Grant - ORHPC Grants and Funding](#).

Please submit questions no later than 4:30 p.m. Central Time on November 21, 2025.

To ensure the proper and fair evaluation of all applications, other communications regarding this RFP including verbal, telephone, written or internet initiated by or on behalf of any applicant to any employee of the Department, other than questions submitted to as outlined above, are prohibited. **Any violation of this prohibition may result in the disqualification of the applicant.**

RFP Information Meeting

An informational webinar will be held on November 5, 2025 at 3 p.m. Central Time. [Join the Teams meeting](#). Materials from the meeting, including presentation slides and questions and answers, will be posted on [Rural Hospital Capital Improvement Grant - ORHPC Grants and Funding](#).

1.6 Additional Resources

Hospitals eligible for the Rural Hospital Capital Improvement Grant Program should also be aware of the following programs that support rural hospitals.

Minnesota Medicare Rural Hospital Flexibility Program

The [Minnesota Medicare Rural Hospital Flexibility Program \(Flex Program\)](#) receives funds from the Health Resources and Services Administration Federal Office of Rural Health Policy to help [Critical Access Hospitals](#) (CAHs), emergency medical services, and rural health professionals work together. Flex Program funding provides training or technical assistance to CAHs to build capacity, encourage innovation, and promote sustainable improvements in the rural health care system.

Minnesota's Flex Program supports rural systems of care with the CAH as the hub. The Flex Program promotes networks and community development, acts as a liaison between communities and federal and state programs, and monitors emergency medical services issues in rural Minnesota, among other activities.

For more information, please contact the Flex Program: health.flex@state.mn.us.

Small Rural Hospital Improvement Program

The [Small Rural Hospital Improvement Grant Program \(SHIP\)](#) is also supported by the Health Resources and Services Administration Federal Office of Rural Health Policy. SHIP assists eligible hospitals in meeting value-based payment and care goals through purchases of hardware, software, and training. SHIP supports small rural hospitals in implementing data system requirements and making improvements to health care value and quality. The Office of Rural Health and Primary Care (ORHPC) coordinates a state application to the Health Resources and Services Administration Federal Office of Rural Health Policy on behalf of Minnesota's small rural hospitals.

For more information, please contact the SHIP Program: health.ruralSHIPgrant@state.mn.us.

Health Care Workforce Safety

The [Workplace Safety Grants for Health Care Entities program](#), authorized by [2023 Session Law Chapter 70, Article 4, Section 109](#), awards grants to increase safety measures in health care settings and establish or expand programs to train staff in health care settings on de-escalation and positive support services. The program is focused on preventing workplace violence. The overarching goal of the Workplace Safety Grants for Health Care Entities program is to make long-term improvements in safety and stability for staff and patients in health care settings.

The following health care entities are eligible to apply for funding: Long-term care facilities, acute care hospitals that are staffed for 49 beds or fewer and located in a rural area, critical access hospitals, medical clinics, dental clinics, and community health clinics, including those that provide mental and behavioral health services.

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

For more information, please contact the Workplace Safety Grant Program:
health.orhpc.workforcegrants@state.mn.us

RFP Part 2: Program Details

2.1 Priorities

Health Equity Priorities

It is the policy of the State of Minnesota to ensure fairness, precision, equity, and consistency in competitive grant awards. This includes implementing diversity and inclusion in grant-making. [The Policy 08-02 on Rating Criteria for Competitive Grant Review \(PDF\)](#) establishes the expectation that grant programs intentionally identify how the grant serves diverse populations, especially populations experiencing inequities and/or disparities.

This program serves diverse, underserved communities in rural areas of Minnesota and promotes equitable access to health care by supporting capital improvements that small rural hospitals need to maintain operations.

This grant will serve:

- Small, nonprofit, rural hospitals needing to update, remodel, or replace aging facilities and equipment necessary to maintain hospital operations.
- The communities served by these hospitals, which benefit from strengthened and continued hospital operations.

Grant outcomes will include:

- Hospitals will update, remodel, or replace aging facilities and equipment necessary to maintain operations.
- Access to hospital services will be preserved and improved for rural Minnesota communities.

Other Competitive Priorities

Please see **Attachment A: Application Evaluation Criteria** for details on how applications will be evaluated and scored. Among applications with similar scores and funding recommendations from the review committee, priority will be given to applicants that have not received a Rural Hospital Capital Improvement grant in recent years.

2.2 Eligible Projects

The Rural Hospital Capital Improvement Grant Program funds modernization projects to update, remodel, or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital.

There are two categories of eligible projects:

- Purchase and installation of new hospital equipment (including establishing an electronic health records system).

- Construction work on new or existing hospital spaces.

Applicants must demonstrate that they have worked with other partners to identify needs and existing resources in their region. For example, what types of equipment are available at other hospitals and health care facilities in the region? How can the hospital partner with other entities to promote sustainability, efficiency, and accessibility with respect to resources across the region?

Proposed projects must be consistent with:

- Findings and plans resulting from the hospital's collaboration with other health care entities in the region,
- Key priorities in the hospital's strategic plan or capital improvement plan,
- Patient satisfaction survey results, and
- The results of the hospital's community health needs assessment.

Applicants must show that the project will contribute to the hospital's financial stability and describe provisions to ensure proper and efficient operation of the facility once the project is completed.

Applicants must submit evidence that competitive bidding was used to select contractors for their project. Applicants must also provide construction, remodeling, and/or equipment drawings or specifications as applicable to their project.

Projects will be evaluated on their likelihood of success. As they develop a proposal, applicants should think through all aspects of their project and any related needs. For example, if requesting equipment for a new service, does the hospital also have stable staffing to provide that service? 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.

Ineligible Expenses

Ineligible expenses include but are not limited to:

- Indirect costs
- Fundraising
- Taxes, except sales tax on goods and services
- Lobbyists, political contributions
- Bad debts, late payment fees, finance charges, or contingency funds

2.3 Grant Management Responsibilities

Grant Agreement

Each grantee must formally enter into a grant agreement. The grant agreement will address the conditions of the award, including implementation for the project. The grantee is expected to read the grant agreement, sign, and comply with all conditions of the grant agreement. Grantee should provide a copy of the grant agreement to all grantee staff working on the grant.

No work on grant activities can begin until a fully executed grant agreement is in place.

A sample grant agreement can be found on [MDH Grant Resources](#). Applicants should be aware of the terms and conditions of the standard grant agreement in preparing their applications. Much of the language reflected in the sample agreement is required by statute. If an applicant takes exception to any of the terms, conditions or language in the sample grant agreement, the applicant must indicate those exceptions, in writing, in their application in response to this RFP. Certain exceptions may result in an application being disqualified from further review and evaluation. Only those exceptions indicated in an application will be available for discussion or negotiation.

The funded applicant will be legally responsible for assuring implementation of the work plan and compliance with all applicable state requirements including worker's compensation insurance, nondiscrimination, data privacy, budget compliance, and reporting.

Accountability and Reporting Requirements

It is the policy of the State of Minnesota to monitor progress on state grants by requiring grantees to submit written progress reports until all grant funds have been expended and all of the terms in the grant agreement have been met.

Reports will be submitted through the Office of Rural Health and Primary Care online grants portal. Standard progress report forms will be provided to grantees. Reports will be due 20 days after each quarter ends:

- January 20
- April 20
- July 20
- October 20

Grant Monitoring

[Minn. Stat. § 16B.97](#) and [Policy 08-10 on Grant Monitoring \(PDF\)](#) require the following:

- One monitoring visit during the grant period on all state grants over \$50,000.
- Annual monitoring visits during the grant period on all grants over \$250,000.
- Conducting a financial reconciliation of grantee's expenditures at least once during the grant period on grants over \$50,000.

Technical Assistance

MDH is available to provide technical assistance for grantees. MDH will provide forms and templates for invoices and progress reports. It is the grantee's responsibility to meet all obligations in the contract, and to notify MDH and request approval for any changes to these obligations. For assistance, contact Melanie Innes at health.ruralhospitalgrants@state.mn.us.

Grant Payments

Per [State Policy 08-08 on Grant Payments \(PDF\)](#), reimbursement is the method for making grant payments. All grantee requests for reimbursement must correspond to the approved grant budget. The State shall review each request for reimbursement against the approved grant budget, grant expenditures to-date and the latest grant progress report before approving payment. Grant payments shall not be made on grants with past due progress reports unless MDH has given the grantee a written extension.

Financial reports will be assigned and completed in the online grant portal. The invoicing and payment schedule will be quarterly:

- January 20
- April 20
- July 20
- October 20

Payments will be distributed upon receipt of a progress report, an invoice, an expenditure report, and acceptable documentation of expenses.

2.4 Grant Provisions

Affirmative Action and Non-Discrimination Requirements for all Grantees

The grantee agrees to comply with applicable state and federal laws prohibiting discrimination.

Minnesota's nondiscrimination law is the Minnesota Human Rights Act (MHRA) ([Minn. Stat. § 363A](#)); See e.g. [Minn. Stat. § 363A.02](#). The MHRA is enforced by the [Minnesota Department of Human Rights](#). Some, but not all, MHRA requirements are reflected below. All grantees are responsible for knowing and complying with nondiscrimination and other applicable laws.

The grantee agrees not to discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status in regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age in regard to any position for which the employee or applicant for employment is qualified.

The grantee agrees not to discriminate in public accommodations because of race, color, creed, religion, national origin, sex, gender identity, sexual orientation, and disability.

The grantee agrees not to discriminate in public services because of race, color, creed, religion, national origin, sex, gender identity, marital status, disability, sexual orientation, and status with regard to public assistance.

The grantee agrees to take affirmative steps to employ, advance in employment, upgrade, train, and recruit minority persons, women, and persons with disabilities.

The grantee must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The grantee agrees to take affirmative action to employ, advance in

employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. [Minn. Rules, part 5000.3550](#).

Audits

Per [Minn. Stat. § 16B.98, subd. 8](#), the grantee's books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate. This requirement will last for a minimum of six years from the grant agreement end date, receipt, and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

Conflicts of Interest

MDH will take steps to prevent individual and organizational conflicts of interest, both in reference to applicants and reviewers per [Minn. Stat. § 16B.98](#) and the Office of Grants Management's [Policy 08-01, "Conflict of Interest Policy for State Grant-Making." \(PDF\)](#)

Applicants must complete the Applicant Conflict of Disclosure form and submit it as part of the completed application. Failure to complete and submit this form will result in disqualification from the review process.

Organizational conflicts of interest occur when:

- A grantee or applicant is unable or potentially unable to render impartial assistance or advice
- A grantee's or applicant's objectivity in performing the grant work is or might be otherwise impaired
- A grantee or applicant has an unfair competitive advantage

Individual conflicts of interest occur when:

- An applicant, or any of its employees, uses their position to obtain special advantage, benefit, or access to MDH's time, services, facilities, equipment, supplies, prestige, or influence
- An applicant, or any of its employees, receives or accepts money, or anything else of value, from another state grantee or grant applicant with respect to the specific project covered by this RFP/project.
- An applicant, or any of its employees, has equity or a financial interest in, or partial or whole ownership of, a competing grant applicant organization.
- An applicant, or any of its employees, is an employee of MDH or is a relative of an employee of MDH.

Applicants may view a copy of the form on [MDH Grant Resources](#).

In cases where a conflict of interest is perceived, disclosed, or discovered, the applicants or grantees will be notified and actions may be pursued, including but not limited to disqualification from eligibility for the grant award or termination of the grant agreement.

Non-Transferability

Grant funds are not transferrable to any other entity. Applicants that are aware of any upcoming mergers, acquisitions, or any other changes in their organization or legal standing, must disclose this information to MDH in their application, or as soon as they are aware of it.

Public Data and Trade Secret Materials

All applications submitted in response to this RFP will become property of the State. In accordance with [Minn. Stat. § 13.599](#), all applications and their contents are private or nonpublic until the applications are opened.

Once the applications are opened, the name and address of each applicant and the amount requested is public. All other data in an application is private or nonpublic data until completion of the evaluation process, which is defined by statute as when MDH has completed negotiating the grant agreement with the selected applicant.

After MDH has completed the evaluation process, all remaining data in the applications is public with the exception of trade secret data as defined and classified in [Minn. Stat. § 13.37](#), subd. 1(b). A statement by an applicant that the application is copyrighted or otherwise protected does not prevent public access to the application or its contents. ([Minn. Stat. § 13.599](#), subd. 3(a)).

If an applicant submits any information in an application that it believes to be trade secret information, as defined by [Minn. Stat. § 13.37](#), the applicant must:

- Clearly mark all trade secret materials in its application at the time it is submitted,
- Include a statement attached to its application justifying the trade secret designation for each item, and
- Defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless MDH and the State of Minnesota, its agents and employees, from any judgments or damages awarded against the State in favor of the party requesting the materials, and any and all costs connected with that defense.
- This indemnification survives MDH's award of a grant agreement. In submitting an application in response to this RFP, the applicant agrees that this indemnification survives as long as the trade secret materials are in possession of MDH. The State will not consider the prices submitted by the responder to be proprietary or trade secret materials.

MDH reserves the right to reject a claim that any particular information in an application is trade secret information if it determines the applicant has not met the burden of establishing that the information constitutes a trade secret. MDH will not consider the budgets submitted by applicants to be proprietary or trade secret materials. Use of generic trade secret language encompassing substantial portions of the application or simple assertions of trade secret

without substantial explanation of the basis for that designation will be insufficient to warrant a trade secret designation.

If a grant is awarded to an applicant, MDH may use or disclose the trade secret data to the extent provided by law. Any decision by the State to disclose information determined to be trade secret information will be made consistent with the Minnesota Government Data Practices Act ([Ch. 13 MN Statutes](#)) and other relevant laws and regulations.

If certain information is found to constitute trade secret information, the remainder of the application will become public; in the event a data request is received for application information, only the trade secret data will be removed and remain nonpublic.

2.5 Review and Selection Process

Review Process

Funding will be allocated through a competitive process with review by a committee of individuals knowledgeable about rural hospital operations and finance. The review committee will evaluate all eligible and complete applications received by the deadline.

MDH will review all committee recommendations and is responsible for award decisions. **The award decisions of MDH are final and not subject to appeal.** Additionally:

- MDH reserves the right to withhold the distribution of funds in cases where proposals submitted do not meet the necessary criteria.
- The RFP does not obligate MDH to award a grant agreement or complete the project, and MDH reserves the right to cancel this RFP if it is considered to be in its best interest.
- MDH reserves the right to waive minor irregularities or request additional information to further clarify or validate information submitted in the application, provided the application, as submitted, substantially complies with the requirements of this RFP. There is, however, no guarantee MDH will look for information or clarification outside of the submitted written application. Therefore, it is important that all applicants ensure that all sections of their application are complete to avoid the possibility of failing an evaluation phase or having their score reduced for lack of information.

Selection Criteria and Weight

The review committee will review each application on a 100-point scale. A standardized scoring system will be used to determine the extent to which the applicant meets the selection criteria.

The criteria according to which applications will be reviewed and scored are detailed in **Attachment A: Application Evaluation Criteria.**

Grantee Past Performance and Due Diligence Review Process

- It is the policy of the State of Minnesota to consider a grant applicant's past performance before awarding subsequent grants to them.

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

- State policy requires states to conduct a pre-award risk assessment prior to a grant award. Additional information may be required for proposed budgets of \$50,000 and higher to a potential applicant in order to comply with [Policy 08-06 on Pre-Award Risk Assessment for Potential Grantees \(PDF\)](#).

Notification

MDH anticipates notifying all applicants via email of funding decisions by early March 2025.

RFP Part 3: Application and Submission Instructions

3.1 Application Deadline

All applications **must** be received by MDH no later than 4:30 p.m. Central Time on December 12, 2025.

Late applications will not be accepted. It is the applicant's sole responsibility to allow sufficient time to address all potential delays caused by any reason whatsoever. MDH will not be responsible for delays caused by mail, delivery, computer, or technology problems.

Acknowledgement of application receipt. The [ORHPC Online Grants Portal](#) will send an automated email to the user that submitted the application to confirm the submission of your application. Additionally, the application status will change from "Draft" to "Submitted" on the Applicant Dashboard and record the date the application was submitted. If the application is still in draft status by the application deadline, you will no longer be able to edit or submit the application.

If you do not receive an automated email confirming submission, or encounter any other issues with the online application, please contact Melanie Innes promptly at health.ruralhospitalgrants@state.mn.us. We encourage you to submit in advance of the deadline to allow time to address any technical issues.

3.2 Application Submission Instructions

ORHPC requires application submissions to be made through the [ORHPC Online Grants Portal](#). Please reference the [ORHPC Grant Guide](#) for information on account creation, password recovery, application creation, and collaboration.

Read **RFP Part 4: Application Guidance** within this request for proposals for further instructions on how to address the application questions in the Grants Portal.

If you have any questions, please contact us at: health.ruralhospitalgrants@state.mn.us.

3.3 Application Instructions

You must complete all required fields in the online application form and submit all required attachments for your application to be considered complete.

Incomplete applications will be rejected and not evaluated.

Applications must include all required application materials, including attachments. Do not provide any materials that are not requested in this RFP, as such materials will not be considered nor evaluated. **MDH reserves the right to reject any application that does not meet these requirements.**

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

By submitting an application, each applicant warrants that the information provided is true, correct, and reliable for purposes of evaluation for potential grant award. The submission of inaccurate or misleading information may be grounds for disqualification from the award, as well as subject the applicant to suspension or debarment proceedings and other remedies available by law.

All costs incurred in responding to this RFP will be borne by the applicant.

RFP Part 4: Application Guidance

Section 1. Organization and Applicant Information

Basic information about the applicant entity is requested, including legal and business name, address, and tax identification. This information will be used for contracting purposes.

Section 2. Project Information

This section requests contact information for the organization, including the Authorized Organization Representative (AOR). This person is often the CEO of the organization and must have the authority to enter a contract with the State. An additional program contact is also advised.

Section 3. Organization Background and Capacity

Hospital Location

Indicate whether your hospital is located in 1) a rural area as defined in federal Medicare regulations, and/or 2) a community with a population of less than 15,000 according to U.S. Census Bureau statistics, outside the 7-county metropolitan area.

Number of Beds

Indicate the number of beds your hospital has. Note that this is the overall number of beds, **not** the number of beds for which you are currently staffed.

Not for Profit and Non-federal

Confirm that your hospital is not for profit and non-federal.

Hospital Overview

Give a brief overview of your hospital, including its ownership, the services it provides, the population it serves, and the hospital's service area. Indicate the age of the hospital and the number of patients served. Provide any other relevant information.

Hospital Financial and Census Data

Please provide the following data specific to the hospital for which the grant is requested (not for the entire system):

- Current days cash on hand.
- Current operating margin.
- Current total margin.
- Average daily census in last 12 months.
- Percent of hospital's revenue from outpatient services in last 12 months.

Hospital Financial and Census Data Narrative

Provide a brief narrative that gives context to and explains the financial and census data provided.

Health Care in Region

Provide information about other health care entities and resources in the hospital's geographic region. How far away are other hospitals and care centers, and which entities have equipment or services similar to what is proposed in your project?

Collaboration with Other Health Care Entities

How has your hospital worked with other health care entities to identify needs and existing resources in your region? How is your hospital partnering with other entities to promote sustainability, efficiency, and accessibility with respect to resources across the region? How does your project relate and respond to the findings and plans resulting from your collaboration with other health care entities in your region?

Section 4. Project Narrative

Type of Project

Indicate which type of project you are proposing:

- Purchase and installation of new hospital equipment. (including establishing an electronic health records system).
- Construction work on new or existing hospital spaces.

Problem Statement

Clearly describe the problem(s) that will be addressed by this project. Document the need to repair, replace, or reconfigure facilities and/or equipment in response to current and anticipated changes in the hospital's services and operational environment. Provide data to illustrate the problem(s) when possible.

Project Description

Describe your proposed activities to purchase and install new hospital equipment or to undertake construction work on new or existing hospital spaces. What will be done, how will it be done, and who will do it?

Identify contractors and suppliers who have been selected to work on the project after a competitive bidding process. If the selection process is ongoing, identify the contractors and suppliers who submitted bids. Later in the application, you will attach the bids.

How Project Addresses Problem

Explain how your project will address the problem(s) you described in the problem statement.

Alignment with Strategic or Capital Improvement Plan

Discuss how your project aligns with the hospital's strategic plan or capital improvement plan. Document the priority of the proposed project within the current strategic or capital improvement plan. If the proposed project is not a high priority in the strategic or capital improvement plan, please explain why the project needs to be implemented now.

Needs Assessment/Patient Satisfaction Survey Results

Briefly summarize the findings of your community health needs assessment and/or the results of your patient satisfaction surveys. How will your project address those findings?

Collaborating Partners

Provide a brief overview of each entity and group collaborating with your organization on this project and their role in the project. If there is not a collaborating partner for this project, please describe how that has been explored and the feasibility of collaboration on this project.

Health Equity and Social Drivers of Health

How will your project advance health equity and address social drivers of health?

Project Outcomes

How will your project achieve the following grant program outcomes:

- Hospitals will update, remodel, or replace aging facilities and equipment necessary to maintain operations.
- Access to hospital services will be preserved and improved for rural Minnesota communities.

What are the other measurable short- and long-term outcomes of your project?

Project Evaluation

Describe how you plan to track, evaluate, and report the outcomes of your project.

Plan to Maintain Facility/Equipment

Describe the steps you are taking to ensure proper and efficient operation of the facility, and maintenance of any project-related equipment, in the years after the project is completed. Include administrative, technical, and/or staffing plans, as well as information about any ongoing partnerships or collaborative agreements.

Hospital's Financial Stability

Describe your hospital's plan to maintain or improve financial stability over the next several years. Discuss and provide data to show how the project will support your hospital's financial stability. What is your business plan to generate sufficient revenue for ongoing hospital operations?

Funding Sources for Project

What other sources of funding have you explored for your project? If your hospital is part of a larger system or parent organization, explain the role of that entity in supporting this project. In your budget, you will identify the non-state sources for the 25% required match.

Key Personnel Biographical Sketches

For each key project staff person, provide the person's name, title, overall role in the project, and a brief summary of relevant education and experience.

Work Plan

List key project activities. For each activity, indicate the title/position of each person who will be involved, the expected outcome(s), and the expected timeline. Your work plan should include evaluation and reporting activities.

Section 5: Budget & Budget Narrative

Provide a detailed justification for each of the estimated expenses to successfully meet the goals of the proposed project.

Identify and describe the non-state funding sources for the required match of at least 25% of the grant amount.

Budget Line Items

Provide the amount of grant funds requested, as well as the amounts and sources of other funding, in the appropriate fields for each budget area.

Budget categories include:

- **Salaries:** Salaries should include the costs of personnel who work directly for the applicant and are paid a salary or wage directly from the applicant organization. Salaries can be calculated and described in the Budget Narrative as an hourly wage with total hours estimated to be spent on the project, or an annual salary with the estimated percentage of the total FTE.
- **Fringe:** This category includes share of payroll tax, health insurance costs, Medicare/Medicaid, etc. for employees billed to this grant under the Salaries category. If the applicant has expenses in this category, they should explain how they were calculated in the Budget Narrative. This is often calculated at a percentage of salary. Example: \$50,000 x 25% fringe = \$12,500.
- **Travel:** This category includes travel expenses necessary to complete the grant project.
- **Supplies:** This category includes supplies needed specifically for the grant project. It cannot include existing program expenses.
- **Contracted Services:** This category includes expenses for individuals or organizations the applicant contracts with to complete the project.
- **Equipment:** This category includes funding used to purchase equipment. Equipment has a value of \$10,000 or more. Items below \$10,000 are considered supplies.

- **Other expenses:** Whenever possible, include proposed expenditures in the categories listed above. If it is necessary to include expenditures in this general category, include a detailed description of the activities as they relate to the direct operation of the program. Note that indirect expenses are not allowed.

Section 6: Competitive Bidding

Evidence of Competitive Bidding

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

Please indicate which competitive bidding method your organization used to select contractors for the proposed project and attach documentation as indicated. Upload documentation showing that competitive bidding was used to select contractors for your 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.)

Attachment upload:

Please upload bids from all contractors/suppliers who submitted a bid, to show that competitive bidding was used to select contractors/suppliers for your project, as well as any relevant organization procurement policies.

Section 7: Required Attachments

Audited Financial Statements

Please upload a copy of the most recent independent audit into the online application. If the audit encompasses multiple entities within a system or umbrella organization, please provide additional financial information, such as an income statement, specific to the applicant hospital.

Construction, Remodeling, and Equipment Drawings or Specifications

Upload construction, remodeling, and/or equipment drawings or specifications as applicable to your project.

Due Diligence

Please complete the [Due Diligence Form \(PDF\)](#) and attach to the online application form. MDH conducts pre-award assessments of grant recipients prior to awarding funds in accordance with federal, state and agency policies. The Due Diligence review is an important part of this assessment. This review allows MDH to better understand the capacity of applicants and identify opportunities for technical assistance to those that receive grant funds.

Community Health Boards and Tribal Nations do not need to submit this form as part of their application. If the applicant entity is required to submit a Due Diligence form, a Section 6a or 6b will become available to allow submission of the form and any accompanying attachments such as audited financial statements.

Strategic or Capital Plans

Upload a copy of the most recent Strategic or Capital plan(s).

Section 8: Applicant Conflict of Interest Disclosure

Applicants will complete a Conflict of Interest Disclosure form in the online application. See a copy of the form on [MDH Grant Resources](#).

RFP Part 5: Attachments

- Attachment A: Application Evaluation Criteria

Attachment A: Application Evaluation Criteria

A numerical scoring system will be used to evaluate eligible applications. Scores will be used to develop final recommendations.

Applicants are encouraged to score their own application using the evaluation scoresheet before submitting their application. This step is not required but may help ensure applications address the criteria evaluators will use to score applications.

Among applications with similar scores and funding recommendations from the review committee, priority will be given to applicants that have not received a Rural Hospital Capital Improvement grant in recent years.

The review committee will review each applicant on a 100-point scale as follows:

ORGANIZATION BACKGROUND AND CAPACITY

Application Questions	Evaluation Criteria	Score
Hospital Overview: Give a brief overview of your hospital, including its ownership, the services it provides, the population it serves, and the hospital’s service area. Indicate the age of the hospital and the number of patients served. Provide any other relevant information.	Hospital overview provides a clear picture of the hospital’s ownership, age, services, population and number served, and service area.	/5
Hospital Financial and Census Data: Provide the following data specific to the hospital for which the grant is requested (not for the entire system): Current days cash on hand, Current operating margin, Current total margin, Average daily census in last 12 months, Percent of hospital’s revenue from outpatient services in last 12 months. Provide a brief narrative that gives context to and explains the financial and census data provided.	Hospital financial and census data and narrative indicate that hospital is in strong financial condition to undertake this project.	/5
Health Care in Region: Provide information about other health care entities and resources in the hospital’s geographic region. How far away are other hospitals and care centers, and which entities have equipment or services similar to what is proposed in your project?	Application provides a clear picture of other health care entities and resources in the region, identifying which entities have similar equipment or services and how far other hospitals and care centers are from applicant hospital.	/5

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

<p>Collaboration with Other Health Care Entities: How has your hospital worked with other health care entities to identify needs and existing resources in your region? How is your hospital partnering with other entities to promote sustainability, efficiency, and accessibility with respect to resources across the region? How does your project relate and respond to the findings and plans resulting from your collaboration with other health care entities in your region?</p>	<p>Hospital has partnered with other health care entities to identify regional needs and share resources. Project responds to the findings and plans resulting from that collaboration.</p>	<p>/5</p>
	<p>Total points for this section</p>	<p>/20</p>

PROJECT NARRATIVE AND WORK PLAN

Application Questions	Evaluation Criteria	Score
<p>Problem Statement: Clearly describe the problem(s) that will be addressed by this project. Document the need to repair, replace, or reconfigure facilities and/or equipment in response to current and anticipated changes in the hospital’s services and operational environment. Provide data to illustrate the problem(s) when possible.</p>	<p>Applicant clearly and insightfully describes problem(s), including the need to repair, replace, or reconfigure facilities and/or equipment. Data are provided to illustrate the problem(s).</p>	<p>/5</p>
<p>Project Description: Describe your proposed activities to purchase and install new hospital equipment or to undertake construction work on new or existing hospital spaces. What will be done, how will it be done, and who will do it?</p> <p>Identify contractors and suppliers who have been selected to work on the project after a competitive bidding process. If the selection process is ongoing, identify the contractors and suppliers who submitted bids. Later in the application, you will attach the bids.</p>	<p>Project description is clear and thorough. Applicant identifies contractors and suppliers who were selected or submitted bids. Applicant provided documentation of competitive bidding later in application.</p>	<p>/5</p>
<p>How Project Addresses Problem: Explain how your project will address the problem(s) you described in the problem statement.</p>	<p>Explanation of how project will address identified problem(s) is clear and reasonable.</p>	<p>/5</p>

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

<p>Alignment with Strategic or Capital Improvement Plan: Discuss how your project aligns with the hospital’s strategic plan or capital improvement plan. Document the priority of the proposed project within the current strategic or capital improvement plan. If the proposed project is not a high priority in the strategic or capital improvement plan, please explain why the project needs to be implemented now.</p>	<p>Project aligns with and is a high priority in the hospital’s strategic plan or capital improvement plan. If not a high priority, applicant offers compelling justification of why project needs to be done now.</p>	<p>/5</p>
<p>Needs Assessment/Patient Satisfaction Survey Results: Briefly summarize the findings of your community health needs assessment and/or the results of your patient satisfaction surveys. How will your project address those findings?</p>	<p>Applicant clearly explains findings of community health needs assessment and/or patient satisfaction surveys and how project will address those findings.</p>	<p>/5</p>
<p>Collaborating Partners: If a collaborating partner has been identified for this project, provide a brief overview of each entity and group collaborating with your organization on this project and their role in the project. If there is not collaborating partner for this project, please describe how that has been explored and the feasibility of collaboration on this project.</p>	<p>Application includes strong collaborating partnerships with clearly defined roles. Note: If application includes a collaborating partnership with an external partner, score 5. If collaboration has been explored but is not feasible, score 3. If collaboration is possible, but has not been explored, score 1.</p>	<p>/5</p>
<p>Health Equity and Social Drivers of Health: How will your project advance health equity and address social drivers of health?</p>	<p>Project will advance health equity and meaningfully address social drivers of health.</p>	<p>/5</p>
<p>Project Outcomes: How will your project achieve the following grant program outcomes:</p> <ul style="list-style-type: none"> • Hospitals will update, remodel, or replace aging facilities and equipment necessary to maintain operations. • Access to hospital services will be preserved and improved for rural Minnesota communities. <p>What are the other measurable short- and long-term outcomes of your project?</p>	<p>Applicant describes how project will achieve broad grant program outcomes and identifies other measurable short-and long-term project outcomes.</p>	<p>/5</p>

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

<p>Project Evaluation: Describe how you plan to track, evaluate, and report the outcomes of your project.</p>	<p>Applicant describes a clear plan for tracking, evaluating, and reporting project outcomes.</p>	<p>/5</p>
<p>Plan to Maintain Facility/Equipment: Describe the steps you are taking to ensure proper and efficient operation of the facility, and maintenance of any project-related equipment, in the years after the project is completed. Include administrative, technical, and/or staffing plans, as well as information about any ongoing partnerships or collaborative agreements.</p>	<p>Hospital has sound plans to maintain facility and any project-related equipment in the years after the project is completed. Details include administrative and technical plans as well as any ongoing partnerships or agreements, if applicable.</p>	<p>/5</p>
<p>Hospital's Financial Stability: Describe your hospital's plan to maintain or improve financial stability over the next several years. Discuss and provide data to show how the project will support your hospital's financial stability. What is your business plan to generate sufficient revenue for ongoing hospital operations?</p>	<p>Applicant demonstrates how project will support hospital's financial stability and presents strong plans to maintain or improve financial stability over several years, including a plan to generate sufficient revenue.</p>	<p>/5</p>
<p>Funding Sources for Project: What other sources of funding have you explored for your project? If your hospital is part of a larger system or parent organization, explain the role of that entity in supporting this project. In your budget, you will identify the non-state sources for the 25% required match.</p>	<p>Applicant has explored other funding sources and, if applicable, explains how the larger system will support the project or why it cannot.</p>	<p>/5</p>
<p>Work Plan: List key project activities. For each activity, indicate the title/position of each person who will be involved, the expected outcome(s), and the expected timeline. Your work plan should include evaluation and reporting activities.</p>	<p>Work plan is clear and feasible and seems likely to achieve intended outcomes.</p>	<p>/5</p>
<p>Based on an assessment of the overall application.</p>	<p>Project has a high likelihood of long-term success.</p>	<p>/5</p>
	<p>Total points for this section</p>	<p>/70</p>

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

BUDGET NARRATIVE

Application Questions	Evaluation Criteria	Score
<p>Budget and budget narrative: Provide a detailed justification for each of the estimated expenses to successfully meet the goals of the proposed project.</p> <p>Identify and describe the non-state funding sources for the required match of at least 25% of the grant amount.</p>	<p>Proposed costs in the budget are clear, with enough detail to understand why they are included. Funding sources for match requirements are clearly identified and feasible.</p>	/5
<p>Budget and budget narrative</p>	<p>Proposed expenses seem reasonable and align with the goals and requirements of this program. Costs are consistent with bids received.</p>	/5
	<p>Total points for this section</p>	/10
	<p>Total Score</p>	/100

Link References

- [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)
- [Minnesota Statutes, Section 144.148 \(https://www.revisor.mn.gov/statutes/cite/144.148\)](https://www.revisor.mn.gov/statutes/cite/144.148)
- [Join the Teams meeting \(https://teams.microsoft.com/l/meetup-join/19%3ameeting_ZWUxNjFmMmYtMzA2Yi00ZmlyLWE4M2EtZjhlZThkOGJmNmUw%40thread.v2/0?context=%7b%22id%22%3a%22eb14b046-24c4-4519-8f26-b89c2159828c%22%2c%22oid%22%3a%22d607d235-fc35-45d4-9d7d-6ff078d77953%22%7d\)](https://teams.microsoft.com/l/meetup-join/19%3ameeting_ZWUxNjFmMmYtMzA2Yi00ZmlyLWE4M2EtZjhlZThkOGJmNmUw%40thread.v2/0?context=%7b%22id%22%3a%22eb14b046-24c4-4519-8f26-b89c2159828c%22%2c%22oid%22%3a%22d607d235-fc35-45d4-9d7d-6ff078d77953%22%7d)
- [Minnesota Medicare Rural Hospital Flexibility Program \(Flex Program\) \(https://www.health.state.mn.us/facilities/ruralhealth/flex/index.html\)](https://www.health.state.mn.us/facilities/ruralhealth/flex/index.html)
- [Critical Access Hospitals \(https://www.cms.gov/medicare/health-safety-standards/certification-compliance/critical-access-hospitals\)](https://www.cms.gov/medicare/health-safety-standards/certification-compliance/critical-access-hospitals)
- [Small Rural Hospital Improvement Grant Program \(SHIP\) \(https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#ship\)](https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#ship)
- [Workplace Safety Grants for Health Care Entities program \(https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#hcwps\)](https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#hcwps)
- [2023 Session Law Chapter 70, Article 4, Section 109 \(https://www.revisor.mn.gov/laws/2023/0/70/\)](https://www.revisor.mn.gov/laws/2023/0/70/)
- [MDH Grant Resources \(https://www.health.mn.gov/about/grants/resources.html\)](https://www.health.mn.gov/about/grants/resources.html)
- [The Policy 08-02 on Rating Criteria for Competitive Grant Review \(PDF\) \(https://mn.gov/admin/assets/08-02%20Grants%20Policy%20Revision%20September%202017%20final_tcm36-312046.pdf\)](https://mn.gov/admin/assets/08-02%20Grants%20Policy%20Revision%20September%202017%20final_tcm36-312046.pdf)
- [Minn. Stat. § 16B.97 \(https://www.revisor.mn.gov/statutes/?id=16B.97\)](https://www.revisor.mn.gov/statutes/?id=16B.97)
- [Policy 08-10 on Grant Monitoring \(PDF\) \(https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf\)](https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf)
- [State Policy 08-08 on Grant Payments \(PDF\) \(https://mn.gov/admin/assets/08-08%20Policy%20on%20Grant%20Payments%20FY21%20_tcm36-438962.pdf\)](https://mn.gov/admin/assets/08-08%20Policy%20on%20Grant%20Payments%20FY21%20_tcm36-438962.pdf)
- [Minn. Stat. § 363A \(https://www.revisor.mn.gov/statutes/cite/363A\)](https://www.revisor.mn.gov/statutes/cite/363A)
- [Minn. Stat. § 363A.02 \(https://www.revisor.mn.gov/statutes/cite/363A.02\)](https://www.revisor.mn.gov/statutes/cite/363A.02)
- [Minnesota Department of Human Rights \(https://mn.gov/mdhr/\)](https://mn.gov/mdhr/)
- [Minn. Rules, part 5000.3550 \(https://www.revisor.mn.gov/rules/5000.3550/\)](https://www.revisor.mn.gov/rules/5000.3550/)
- [Minn. Stat. § 16B.98, subd. 8 \(https://www.revisor.mn.gov/statutes/?id=16B.98\)](https://www.revisor.mn.gov/statutes/?id=16B.98)
- [Policy 08-01, “Conflict of Interest Policy for State Grant-Making.” \(PDF\) \(https://mn.gov/admin/assets/OGM%20Policy%2008-01%20Conflict%20of%20Interest%20Policy%20for%20State%20Grant-Making_tcm36-707167.pdf\)](https://mn.gov/admin/assets/OGM%20Policy%2008-01%20Conflict%20of%20Interest%20Policy%20for%20State%20Grant-Making_tcm36-707167.pdf)
- [Minn. Stat. § 13.599 \(https://www.revisor.mn.gov/statutes/cite/13.599\)](https://www.revisor.mn.gov/statutes/cite/13.599)
- [Minn. Stat. § 13.37 \(https://www.revisor.mn.gov/statutes/cite/13.37\)](https://www.revisor.mn.gov/statutes/cite/13.37)
- [Ch. 13 MN Statutes \(https://www.revisor.mn.gov/statutes/cite/13/full\)](https://www.revisor.mn.gov/statutes/cite/13/full)

RURAL HOSPITAL CAPITAL IMPROVEMENT GRANTS FY 2026

- [Policy 08-06 on Pre-Award Risk Assessment for Potential Grantees \(PDF\)](https://mn.gov/admin/assets/Policy%2008-06%20Pre-Award%20Risk%20Assessment%20Revision%20Version%202.1%20-%20Effective%20Date%20July%201%202025_tcm36-695460.pdf)
(https://mn.gov/admin/assets/Policy%2008-06%20Pre-Award%20Risk%20Assessment%20Revision%20Version%202.1%20-%20Effective%20Date%20July%201%202025_tcm36-695460.pdf)
- [ORHPC Online Grants Portal](https://www.grantinterface.com/Home/Logon?urlkey=mdh)
(<https://www.grantinterface.com/Home/Logon?urlkey=mdh>)
- [ORHPC Grant Guide](https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/docs/2022grantguide.pdf)
(<https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/docs/2022grantguide.pdf>)
- [Due Diligence Form \(PDF\)](https://www.health.state.mn.us/about/grants/duediligence.pdf)
(<https://www.health.state.mn.us/about/grants/duediligence.pdf>)