

# 2026 Small Rural Hospital Improvement Program (SHIP) Frequently Asked Questions

DECEMBER 22, 2025

## When is the application/follow-up report due?

Applications, both for new and returning grantees, are due on January 9, 2026 at 11:59pm CT.

## Do hospitals need to fill out a new application?

If a hospital has a current 2023-2028 SHIP contract they should not submit a new application, they should only fill out the “Year 3: 2025-2026 Application Report” follow-up that has been assigned to them in the ORHPC grants portal. If a hospital does not currently have a 2023-2028 SHIP contract then a new application is needed.

## Should we use HRSA’s Rural Health Grants Eligibility Analyzer to verify rural eligibility?

Yes. Use [HRSA’s Rural Health Grants Eligibility Analyzer](#) to verify hospital rurality. As there are other possible rural definitions, see also, “How do hospitals qualify as rural?” for additional information on rural eligibility.

## Can hospitals be eligible for SHIP if they have more than 49 beds on their hospital cost report but actually staff 49 beds or less?

Yes, if a hospital reports a licensed bed count greater than 49 but staffs 49 beds or fewer, eligibility may be certified by submitting a written statement to MDH in their application that includes: 1) the number of staffed beds at the time of the most recent cost report submission; 2) the cost reporting period of the most recently filed cost report and; 3) the signature of the certifying official of the hospital.

## Can SHIP hospitals affiliated with a large health system and who no longer file cost reports attest that they are still operating with 49 beds or less?

Yes, the hospital administrator can attest to the number of beds by submitting a written statement to their SORH. The hospital must be independently licensed and not under the same tax ID such that the combined bed count for the tax ID would be over 49.

## How should we fill out the activity description in the application/follow-up report?

Best practice is to keep the activity description brief. Include language like "Software, Training, etc." and a brief description of the expense and how it relates to SHIP initiatives. Include the vendor name, if applicable.

For example:

- "HCHAPS survey vendor fees from [Vendor] to meet CAH MBQIP requirements"
- "[Vendor] Subscription fees for Cybersecurity Software"
- "Revenue cycle management training with [Vendor]"

## **What is the best way to determine whether a hospital has fully implemented HCAHPS and is reporting to Care Compare?**

"Fully implemented" means hospitals are reporting to Care Compare for at least one quarter during the most recent SHIP project period.

## **What if a hospital has completed the necessary steps to ensure their HCHAPS data appears on Care Compare, but due to low volumes, the data is suppressed? Is the hospital allowed to choose an additional investment activity from the SHIP Purchasing Menu?**

If the hospital has taken all of the necessary steps to ensure HCAHPS data appears on Care Compare and is otherwise MBQIP compliant, if funds remain, the hospital may select an additional investment from the SHIP Purchasing Menu.

## **Are surveys and assessments allowed?**

No- Excluding HCAHPS, costs associated with conducting surveys and assessments are not allowable. This includes: Community Health Needs Assessments, Outpatient Surveys, EDCAHPS, Hospital Finance Assessments, and Mock Audits (including RHCs).

## **What supporting documentation is needed for HCAHPS expenses?**

Detailed invoices should include vendor name, date, per item cost and invoice total billed to the hospital. If the hospital is part of a system or has a partnership to share expenses for HCAHPS vendor fees a breakdown by hospital or site is needed.

## **Our vendor for patient experience surveys is all-inclusive, so it's for inpatients and outpatients (allows for disaggregation of the survey types). Is this an allowable expenses?**

Please reach out to [health.ruralSHIPgrant@state.mn.us](mailto:health.ruralSHIPgrant@state.mn.us) to determine what supporting documentation is required in this situation.

### **We are not an ACO but can use cyber security for an allowable expense, correct?**

Yes- even if a hospital is not a part of an Accountable Care Organization (ACO) they can still spend their SHIP awards in the ACO allowable investment categories such as cybersecurity software or training.

### **Are Electronic Health Record subscription expenses an eligible expense?**

Yes- subscription fees for Electronic Health Record software and/or Electronic Medical Record software is an allowable expense for SHIP.

### **What should we do if we are not planning to spend the entire SHIP award?**

Hospitals that encounter challenges in spending down their entire grant award should reach out to the MN SHIP program at [health.ruralSHIPgrant@state.mn.us](mailto:health.ruralSHIPgrant@state.mn.us) to determine other allowable expenses to fully spend down their award.

### **Is Cybersecurity insurance an eligible expense?**

No, insurance fees are not an allowable expense for the SHIP grant. Allowable expenses for cybersecurity activities are software fees, cybersecurity training, or cybersecurity risk assessments.

### **If we are slightly underbudget on the Year 3 SHIP grant project, may we utilize staff time spent towards the Year 3 project to make up that grant amount shortage?**

No, staff time, salary, and payroll are not allowable expenses for the SHIP grant.

### **Are telehealth hardware/software replacements allowable? The search tool does not specify if equipment has to be new; do replacement telehealth costs fit under this program?**

Yes, hardware and software expenses for telehealth can be new or replacement purchases as long as the investment activities are allowable under SHIP.

**In the progress report, when stating progress as started/in progress or complete. If you mark complete, it does not mean you are done with the project; it just means you have implemented the project and are spending the award down, correct?**

Marking an activity as “in-progress” indicates that the activity is not complete/not fully implemented but will be completed by 5/31, and/or that the SHIP award has not been fully spent down in this activity but will be. Marking an activity as “complete” indicates that the activity has been fully implemented, and the award has been spent.

Minnesota Department of Health  
Office of Rural Health and Primary Care  
PO Box 64975  
St. Paul, MN 55164-0975  
[health.ruralSHIPgrant@state.mn.us](mailto:health.ruralSHIPgrant@state.mn.us)  
[www.health.state.mn.us](http://www.health.state.mn.us)

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