

## Essential Health Care Provider Support RFAs

### OVERVIEW

The New York State Department of Health (DOH) has released two Requests for Applications (RFAs) for the Essential Health Care Provider Support (EHCPS) Program. The main grant (available [here](#)) will provide up to \$300 million to support the creation of financially sustainable health systems through hospital mergers, consolidations, and other restructuring activities. The secondary grant, the EHCPS Health Care Delivery System Innovators Fund (available [here](#)), will provide up to \$55 million with the same overall purpose, but with a particular emphasis on the preservation and expansion of innovative health care delivery models.

EHCPS funding may be used for debt retirement, capital projects, and non-capital projects. Funds will not be awarded under both RFAs for the same project. Services developed should be consistent with the principles of the Delivery System Reform Incentive Payment (DSRIP) program and incorporate a transition to value-based payment systems.

Note that, in accordance with Public Health Law Section 2825(c), all EHCPS funds may be awarded at DOH's discretion without a traditional competitive bid process.

### Eligible Expenses

Eligible expenses include:

- Debt retirement;
- Planning or design of the acquisition, construction, demolition, or other alterations to a fixed asset or assets;
- Construction costs;
- Renovation costs;
- Asset acquisitions;
- Equipment costs; and
- Consultant fees or other expenditures associated with required Certificate of Need (CON) applications related to original construction projects.

General operating expenses, including personnel costs, routine non-personal services costs, utilities, and lease payments, are not eligible expenses.

For the main \$300 million grant, funds will be awarded in two rounds, with Round 1 awarding up to \$150 million and Round 2 awarding the remainder, including any funds that went unallocated in Round 1.

### Eligible Applicants

Eligible applicants for either grant should be Article 28 general hospitals that meet one of these two criteria:

- Operating unsustainably, defined as having had for each of the last three consecutive years, as evidenced by audited financial statements:

- An operating loss;
- A negative fund balance or equity position; and
- A current ratio of less than 1:1.
- Being deemed by DOH to be a provider that fulfills or will fulfill an unmet need for acute inpatient, outpatient, primary, or residential health care services within a defined geographic region that would otherwise lack such services. To make this determination, DOH will consider criteria such as whether the applicant:
  - Is a federally-designated Critical Access Hospital (CAH);
  - Is a federally-designated Sole Community Hospital;
  - Is a state-designated rural hospital;
  - Is in a location that presents a risk to safe and timely patient transfer or service coordination; or
  - Provides specialized services that would otherwise be unavailable in its region.

Innovators Fund applicants must also have demonstrated a commitment to establishing innovative care models, such as managing population health or reducing readmissions for chronic conditions.

## Transformation Plan

Each application must include a Plan detailing the applicant’s overall approach to transformation, demonstrating how its proposal will directly contribute to its long-term financial sustainability or the preservation of essential health care services in its community. For the main EHCPS program RFA, the Plan should include:

- A strategy to improve the applicant’s financial position;
- A strategy to create a sustainable care system through a partnership with another hospital or hospital system, including mergers, consolidations, or other restructuring activities;
- The nature of the relationship between the applicant and the hospital partner;
- A strategy to ensure that essential services are still available in the applicant’s community until restructuring is complete;
- An estimate of the costs of carrying out this Plan (other than the project being applied for) and the sources of funding for these costs; and
- A strategy to engage the community in development of the Plan.

For the Innovators Fund RFA, the Plan should include:

- The applicant’s current and future vision for providing innovative health care services to a region that would otherwise lack such services;
- A description of current and future services that are or will be provided, including program features and locations;
- A strategy to improve the applicant’s financial position;
- Additional actions to create a sustainable care system through mergers, consolidation, or restructuring;
- An estimate of the costs of carrying out this Plan (other than the project being applied for) and the sources of funding for these costs; and
- A strategy to engage the community in development of the Plan.

## Application Timeline

For the main grant, applications for Round 1 are due by November 20<sup>th</sup> and applications for Round 2 are due by December 18<sup>th</sup>. For the Innovators Fund grant, all applications are due by November 20<sup>th</sup>. Contracts for both grants are expected to start in February 2016.

The deadline for questions is October 26<sup>th</sup>. Questions concerning the main grant may be submitted to [essentialhealthcareprovider@health.ny.gov](mailto:essentialhealthcareprovider@health.ny.gov). Questions concerning the Innovators Fund grant may be submitted to [EHCPS.Innovators@health.ny.gov](mailto:EHCPS.Innovators@health.ny.gov). Responses will be posted on or about November 12<sup>th</sup>.