Small Rural Hospital Improvement Program (SHIP)

FY 2027 Allowable and Unallowable Investment Activity Examples

Clarification of Allowable and Unallowable Investments

The Small Rural Hospital Improvement Program (SHIP) supports eligible hospitals in meeting value-based payment and care goals for their respective organizations, through purchases of hardware, software subscription services, and training. SHIP also enables small rural hospitals: to become or join accountable care organizations (ACOs); to participate in shared savings programs; and to purchase health information technology (hardware and software) including subscriptions, equipment, and/or training to comply with quality improvement activities such as advancing patient care information, promoting interoperability, and payment bundling.

Unallowable investments include, but are not limited to, hospital patient care services, hospital staff travel costs, hospital staff salaries, or general medical and office supplies. The **FY 2027 Allowable Investment Table** below outlines examples and suggested topic areas by category to assist eligible SHIP hospitals in planning and selecting activities. Hospitals should contact their State Office of Rural Health (SORH) with questions regarding the appropriateness of a certain activity, training, or hardware/software purchase.

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FY 2027 SHIP Funding Priorities

Critical Access Hospitals must first meet the SHIP funding priority before using resources to support investments in other areas. SHIP funding priority areas include:

SHIP funds should be prioritized by participating Critical Access Hospitals (CAH) in the following manner:

1) Hospitals must meet MBQIP (see https://www.telligen.com/rqita; https://www.hrsa.gov/rural-health/grants/rural-hospitals/medicare-beneficiary-quality-improvement) participation requirements in order to improve hospital quality outcomes. Non-federal tribal hospitals may use another culturally sensitive federally managed measure of hospital quality outcomes.

If a CAH meets MBQIP requirements and funds remain, then that hospital may select a different activity listed on the SHIP Allowable Investments (https://www.ruralcenter.org/ship/allowable-investments), contained within the hospital application.

If a CAH or non-CAH (PPS hospital) is currently using all hardware, software, equipment, and/or trainings listed on the SHIP Allowable Investments (https://www.ruralcenter.org/resources/ship-allowable-investments-spending-categories), the hospital may select an alternative hardware, software, equipment, and/or training provided:

1) The purchase will optimally affect the hospital's ability to transform its practice and participate in a Medicare Shared Savings Program or an ACO, increase value-based purchasing objectives, aid in the adoption of ICD-11, and/or support care transitions/coordination1; and

2) The hospital receives permission from both its SORH SHIP Program Coordinator and the state's FORHP Project Officer.

The **FY 2027 Allowable Investment table** below is not a complete list and is only intended to provide examples of allowable SHIP activities. For additional clarification, refer to the SHIP Allowable Investments Search Tool and Frequently Asked Questions (FAQs) available on the SHIP extranet.

Examples of Value-Based Purchasing (VBP) Investment Activities

VBP Investment Activities	Examples of Allowable Activities
A. Quality reporting data collection/related training or software	CAHs must participate in the Medicare Beneficiary Quality Improvement Project (MBQIP). MBQIP Resources: • Data Reporting and Use • MBQIP State Flex Program Key Resources • Core Competency: Strengthening Quality Reporting and Improvement • MBQIP Data Reporting • MBQIP Core Measures Set Guide • Emergency Department Transfer Communications Any activity to support process improvements that result in improved quality reporting and/or inpatient and outpatient measures for PPS acute care hospitals. • Quality Net • Hospital Outpatient Quality Reporting Program
B. MBQIP data collection process/related training	Activities to improve MBQIP patient engagement data collection and reporting for MBQIP measures including provider communications and patient and family engagement that directly impacts patient satisfaction scores. Hospitals may use funds to support an HCAHPS vendor to assist them in fully

VBP Investment Activities	Examples of Allowable Activities
	implementing MBQIP patient engagement measures through HCAHPS and improved reporting. • HCAHPS Online
C. Efficiency or quality improvement training in support of VBP related initiatives	To support MBQIP measures in patient safety and care transitions, consider adopting Six Sigma, Lean, Plan-Do-Study-Act or other such efficiency or quality improvement processes to address performance issues related to VBP initiatives, such as the following: • Value Based Care in Action • Discharge planning • Patient safety • Reducing readmissions • Antibiotic stewardship • Immunization • Hospital Safety Training & Emergency Preparedness
D. Provider-Based Clinic (Rural Health Clinic) quality measures education	Any activity that supports educational training for provider-based clinic quality improvement reporting and scores, including patient satisfaction survey scores. • Rural Health Clinic Quality Reporting Initiatives
E. Alternative Payment Model and Quality Payment Program training/education	Software or training to prepare staff and physicians for the Quality Payment Program (QPP), which determines payment based on quality, resource use, clinical practice improvement,

VBP Investment Activities	Examples of Allowable Activities
	and meaningful use of certified electronic health record (EHR) technology. • Quality Payment Program: Small Practices • Physician and Provider Engagement and Alignment • Population Health Management • MACRA/MIPS Overview and Eligibility • Value-Based Payment Models and Data

Examples of Accountable Care Organization (ACO) or Shared Savings Investment Activities

ACO or Shared Savings Investment Activities	**Examples of Allowable Activities**
A. Computerized provider order entry implementation (CPOE) and/or training	Any educational trainings that support use and implementation. • Pharmacist Computerized Provider Order Entry
B. Pharmacy services training, hardware/software, and machines (not pharmacists; services or medications)	• Telepharmacy training, hardware, software
C. Population health or disease registry training and/or software/hardware	Educational training, or hardware/software to support the development and implementation of a disease registry for care coordination. • Project ECHO • Computerized Disease Registries Software and training for analysis of population health needs by chronic disease or geographic location for care management programs. • Population Health Management Technology • Software for Population Health Management

ACO or Shared Savings Investment Activities	Examples of Allowable Activities
D. Social drivers/determinants of health (SDOH) screening software/training	Software and training for analysis of social determinants of health (SDOH) for improving health outcomes and care management programs. • Social Drivers of Health and Health-Related Social Needs • County Health Rankings
E. Efficiency or quality improvement training or software in support of ACO or shared savings related initiatives	Quality Improvement trainings such as the following: • IHI Plan-Do-Study-Act (PDSA) • Root Cause Analysis (RCA) • TeamSTEPPS and Lean Process planning • CMS Abstraction & Reporting Tool Consider other efficiency or quality improvement trainings or software to address performance issues related to the following: • Medicare spending per beneficiary • Non-clinical operations • Swing-bed utilization and quality measures • Population health • Health Information Exchange (with traditional and/or non-traditional partners)

ACO or Shared Savings Investment Activities	Examples of Allowable Activities
F. Systems performance training in support of ACO or shared savings related initiatives	Hospitals interested in systems performance training should consider adopting a framework approach in transitioning to value-based system planning such as one of the following: • Strategy Map and Balanced Scorecard development
G. Telehealth and mobile health hardware/software (not telecommunications)	Training hardware/software that supports the application and implementation of telehealth and/or telemedicine. Tablets and hardware/software investments are allowed if they are used by staff to improve operational efficiencies and telehealth services. • Rural Telehealth Toolkit • Telehealth Resource Collection • Telehealth Resource Centers
H. Community paramedicine hardware/software and training	Community Paramedic Program (CPP) training. If the hospital and/or hospital-owned ambulance units has a formal CPP, then hardware/software can be purchased to support the CPP to reduce inappropriate Emergency Department Use and emergency department and readmissions. However, use of SHIP funding for general EMS equipment is not allowable. • Rural EMS • Rural Community Ambulance Agency Transformation Toolkit

ACO or Shared Savings Investment Activities	Examples of Allowable Activities
I. Health Information Technology (HIT) training for value and ACOs including training, software, and risk assessments associated with cybersecurity.	SHIP supports HIT hardware/software and training, including risk assessments for cybersecurity. • Guidelines for Managing Threats and Protecting Patients • Cybersecurity & Risk Advisory Service • Security Risk Assessment Tool • HHS Cyber Gateway • Cybersecurity for Rural Healthcare Facilities

Examples of Payment Bundling (PB) or Prospective Payment System (PPS) Investment Activities

PB or PPS Investment Activities	Examples of Allowable Activities
A. ICD-10/11 software	Hospitals may use funds to support an ICD-10 vendor to assist them in fully implementing and/or updating ICD-10-CM and related software/hardware to prepare for ICD-11. Hospitals may also use funds for: • Trainings that update and computerize hospital policies and procedures to support ICD-10-CM and prepare to implement ICD-11 • Hardware/software investments that improve quality, efficiencies, and coding
B. ICD-10/11 training	Hospitals may use funds to support an ICD-10 vendor, facilitate ICD-10-CM trainings, and/or ICD-11 preparedness trainings. This may include: • Training to support coding and reimbursement to prepare for and implement ICD -11 • Training to support Revenue Cycle Management documentation improvements that result in increased coding compliance • Training for collecting and reporting on Z-Codes (SDOH)

PB or PPS Investment Activities	Examples of Allowable Activities
C. Efficiency or quality improvement training in support of PB or PPS related initiatives	Training that improves processes through adoption of best practices and the transition to value-based payment strategies such as the following: • Financial and operational strategies • 340B training
D. S-10 Cost Reporting training	• Debt and charity care training • Training to improve charity care processes and develop policy guidelines for S-10 Cost Reporting
E. Price transparency training	Software and training to support hospital compliance with price transparency rule. SHIP funds may be used to support a consultant or vendor to build price transparency software and/or for website development, as well as maintenance or updates to the software or website. SHIP funds can support staff training by a consultant. • Price Transparency: Making the Most of the 2021 Requirement Training on revenue cycle management to improve processes that provide clear information about charges and cost to Medicare beneficiaries. Training examples: • Chargemaster Review • Charge Capture Improvement and Best Practices