



NATIONAL  
RURAL HEALTH  
RESOURCE CENTER

## SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM (SHIP) FY 2023|

### ALLOWABLE AND UNALLOWABLE INVESTMENT ACTIVITY EXAMPLES

#### Clarification of Allowable and Unallowable Investments

The Small Rural Hospital Improvement Grant Program (SHIP) supports eligible hospitals in meeting value-based payment and care goals for their respective organizations, through purchases of hardware, software, 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), 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, travel costs, hospital patient care services, hospital staff salaries, or general medical and office supplies. Additionally, SHIP funds may not be applied to support coronavirus-related (COVID-19) activities or be used to supplement program activities under the COVID-SHIP grant. The **FY 2023 Allowable Investment Menu** below outlines examples and suggested topic areas for trainings 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 or fit of a certain activity, training, or hardware/software purchase.

---

This project is supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under grant number UB1RH24206, Information Services to Rural Hospital Flexibility Program Grantees, \$1,560,000 (0% financed with nongovernmental sources). This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by HRSA, HHS or the U.S. Government.

## FY 2023 SHIP Funding Priorities

Hospitals must first meet SHIP funding priorities 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, one or both, in no particular order:*
  - 1) Hospitals must meet MBQIP (see <https://www.hrsa.gov/rural-health/rural-hospitals/mbqip> and <https://www.ruralcenter.org/resource-library/mbqip-fundamentals-guide-for-state-flex-programs><https://www.ruralcenter.org/resource-library/mbqip-measures>) 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.
  - 2) ICD-11<sup>1</sup> coding readiness and/or implementation activities.

If a CAH has implemented both MBQIP and ICD-11 activities, 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.

*SHIP funds for non-CAHs should be prioritized in the following manner:*

- 1) ICD-11 coding readiness and/or implementation activities

If a Prospective Payment System hospital has implemented ICD-11 activities then that hospital may select a different activity on the SHIP Allowable Investments (<https://www.ruralcenter.org/ship/allowable-investments>).

*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/ship/allowable-investments>), 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/coordination. Hospitals are

---

<sup>1</sup> See <https://www.who.int/standards/classifications/classification-of-diseases> and <https://icd.who.int/en>

encouraged to align SHIP purchases in ways that ensure the consistent and systematic fair, just, and impartial treatment<sup>2</sup> of all patients by addressing Social Determinants of Health<sup>3</sup> (SDOH) to improve the quality of healthcare provided; and

2) The hospital receives permission from both its SORH SHIP Director if in a state and the state/territory’s SHIP Director’s FORHP Project Officer.

The **FY 2023 Allowable Investment Menu** 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 TA](#) website.

\* New or expanded activities and examples

## Examples of Value-Based Purchasing (VBP) Investment Activities

VBP Investment Activities	Examples of Allowable Activities
A. Quality reporting data collection/related training or software	<p>CAHs should participate in the <a href="#">Medicare Beneficiary Quality Improvement Project (MBQIP)</a>.</p> <p>MBQIP Resources:</p> <ul style="list-style-type: none"> <li>• <a href="#">Data Reporting and Use</a></li> <li>• <a href="#">MBQIP Quality Reporting Guide</a></li> <li>• <a href="#">Online MBQIP Data Abstraction Training Series</a></li> <li>• <a href="#">Promoting Quality Reporting and Improvement</a></li> <li>• <a href="#">Emergency Department Transfer Communications</a></li> </ul> <p>Any activity to support process improvements that result in <a href="#">improved quality</a> reporting and/or inpatient and outpatient measures for PPS acute care hospitals.</p> <ul style="list-style-type: none"> <li>• <a href="#">Quality Net</a></li> <li>• <a href="#">Hospital Outpatient Quality Reporting Program*</a></li> </ul>

<sup>2</sup> As defined by Executive Order 13985:

<https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government>

<sup>3</sup> Social determinants of health (SDOH) are the conditions in the environments where people are born, live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks.

<https://health.gov/healthypeople/priority-areas/social-determinants-health>

<b>VBP Investment Activities</b>	<b>Examples of Allowable Activities</b>
B. MBQIP data collection process/related training	<p>Activities to improve MBQIP patient engagement data collection, and reporting for MBQIP measures including provider communications and patient and family engagement that directly impacts <a href="#">patient satisfaction scores</a>. Hospitals may use funds to support an HCAHPS vendor to assist them in fully implementing MBQIP patient engagement measures through HCAHPS and improved reporting.</p> <ul style="list-style-type: none"> <li>• <a href="#">HCAHPS Overview: Vendor Directory</a></li> <li>• <a href="#">HCAHPS Online*</a></li> </ul>
C. Efficiency or quality improvement training in support of VBP related initiatives	<p>To support MBQIP measures in patient safety and care transitions, consider adopting Six Sigma, Lean, Plan-Do-Study-Act, or other such efficiency or <a href="#">quality improvement</a> processes to address performance issues related to VBP initiatives, such as the following:</p> <ul style="list-style-type: none"> <li>• <a href="#">Patient experience of care</a></li> <li>• <a href="#">Discharge planning</a></li> <li>• <a href="#">Patient safety</a></li> <li>• <a href="#">Reducing readmissions</a></li> <li>• <a href="#">Antibiotic stewardship</a></li> <li>• <a href="#">Immunization</a></li> <li>• <a href="#">Hospital Safety Training &amp; Emergency Preparedness</a></li> <li>• <a href="#">Reducing Disparities in Readmissions*</a></li> </ul>
D. Provider-Based Clinic (Rural Health Clinic) quality measures education	<p>Any activity that supports educational training for provider-based clinic quality improvement reporting and scores, including patient satisfaction survey scores.</p> <ul style="list-style-type: none"> <li>• SHIP State Learning Collaborative Part I: <a href="#">Learning Collaborative: Improving Quality Reporting in Provider-Based Rural Health Clinics</a> Part II: <a href="#">Learning Collaborative: Improving Quality Reporting in Provider-Based Rural Health Clinics</a></li> <li>• <a href="#">Rural Health Clinic Quality Reporting Initiatives</a></li> </ul>
E. Alternative Payment Model and Quality Payment Program training/education	<p>Software or training to prepare staff and physicians for the <a href="#">Quality Payment Program (QPP)</a>, which determines payment based on quality, resource use, clinical practice improvement, health equity, and meaningful use of certified electronic health record (EHR) technology.</p> <ul style="list-style-type: none"> <li>• <a href="#">Quality Payment Program: Small, Rural, and Underserved Practices</a></li> </ul>

VBP Investment Activities	Examples of Allowable Activities
	<ul style="list-style-type: none"> <li>• <a href="#">Physician and Provider Engagement and Alignment</a></li> <li>• <a href="#">Population Health Management</a></li> <li>• <a href="#">MACRA/MIPS Overview and Eligibility</a></li> <li>• <a href="#">Value-Based Payment Models and Data</a></li> <li>• <a href="#">Culturally and Linguistically Appropriate Services (CLAS)*</a></li> <li>• <a href="#">CMS Framework for Health Equity*</a></li> </ul>

### 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 and/or training	<p>Any educational trainings that support use and implementation.</p> <ul style="list-style-type: none"> <li>• <a href="#">Pharmacist Computerized Provider Order Entry (CPOE) / Verification of Medication Orders within 24 Hours Guide</a></li> </ul>
B. Pharmacy services training, hardware/ software, and machines (not pharmacists; services or medications)	<ul style="list-style-type: none"> <li>• <a href="#">Telepharmacy training, hardware, software*</a></li> </ul>
C. Population health or disease registry training and/or software/hardware	<p>Educational training, or hardware/software to support the development and implementation of a disease registry for <a href="#">care coordination</a>.</p> <ul style="list-style-type: none"> <li>• <a href="#">Project ECHO</a></li> <li>• <a href="#">SHIP training: Care Coordination</a></li> </ul> <p>Software and training for analysis of <a href="#">population health needs</a> by chronic disease or geographic location for care management programs.</p> <ul style="list-style-type: none"> <li>• <a href="#">Population Health Toolkit</a></li> <li>• <a href="#">Population Health Management Technology</a></li> <li>• <a href="#">Software for Population Health Management*</a></li> </ul>
D. Social determinants of health (SDOH) screening software/training	<p>Software and training for analysis of <a href="#">social determinants of health</a> (SDOH) for improving health outcomes and care management programs.</p> <ul style="list-style-type: none"> <li>• <a href="#">County Health Rankings</a></li> <li>• <a href="#">CDC Tools for SDOH</a></li> <li>• <a href="#">Social Determinants of Health*</a></li> </ul>

<b>ACO or Shared Savings Investment Activities</b>	<b>Examples of Allowable Activities</b>
E. Efficiency or quality improvement training or software in support of ACO or shared savings related initiatives	<p><a href="#">Quality Improvement</a> trainings such as the following:</p> <ul style="list-style-type: none"> <li>• <a href="#">IHI Plan Do Study Act (PDSA)</a></li> <li>• <a href="#">Root Cause Analysis (RCA)</a></li> <li>• <a href="#">TeamSTEPPS</a> and <a href="#">Lean Process planning</a></li> <li>• <a href="#">CMS Abstraction &amp; Reporting Tool</a></li> </ul> <p>Consider other efficiency or quality improvement trainings or software to address performance issues related to the following:</p> <ul style="list-style-type: none"> <li>• Medicare spending per beneficiary</li> <li>• Non-clinical operations</li> <li>• <a href="#">Health Information Exchange</a> (with traditional and/or non-traditional partners)</li> <li>• <a href="#">Swing-bed utilization</a> and <a href="#">quality measures</a></li> <li>• <a href="#">Care coordination</a></li> <li>• <a href="#">Population health</a></li> <li>• <a href="#">Social determinants of health</a></li> </ul>
F. Systems performance training in support of ACO or shared savings related initiatives	<p>Hospitals interested in systems <a href="#">performance training</a> should consider adopting a framework approach in transitioning to value-based system planning such as one of the following:</p> <ul style="list-style-type: none"> <li>• <a href="#">Performance Excellence (PE) Blueprint</a> for small rural hospitals based on the Baldrige Framework</li> <li>• <a href="#">Strategy Map and Balanced Scorecard development</a></li> </ul>
G. Telehealth and mobile health hardware/software (not telecommunications)	<p>Training hardware/software that supports the application and implementation of <a href="#">telehealth</a> and/or telemedicine. Tablets and hardware/software investments are allowed if they are used by staff to improve operational efficiencies and telehealth services.</p> <ul style="list-style-type: none"> <li>• Rural Telehealth <a href="#">Toolkit</a></li> <li>• <a href="#">Telehealth Resource Collection*</a></li> <li>• <a href="#">Telehealth Resource Centers</a></li> <li>• <a href="#">CAH Telehealth Guide*</a></li> </ul>
H. Community paramedicine hardware/software and training	<p><a href="#">Community Paramedic Program (CPP)</a> 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 <a href="#">reduce inappropriate Emergency Department Use</a> and <a href="#">emergency department and readmissions</a>. However, use of SHIP funding for general EMS equipment is not allowable.</p> <ul style="list-style-type: none"> <li>• <a href="#">Rural EMS</a></li> </ul>

ACO or Shared Savings Investment Activities	Examples of Allowable Activities
	<ul style="list-style-type: none"> <li>• <a href="#">Rural Community Ambulance Agency Transformation Toolkit*</a></li> </ul>
<p>I. Health Information Technology (HIT) training for value and ACOs including training, software, and risk assessments associated with cybersecurity</p>	<p>SHIP supports HIT hardware/software and training, including <a href="#">cybersecurity and health equity</a>.</p> <ul style="list-style-type: none"> <li>• <a href="#">Health Industry Cybersecurity Practices: Managing Threats and Protecting Patients (HICP) Guide</a></li> <li>• <a href="#">Healthcare and Public Health Sector Coordinating Councils guidelines for small, medium and large health care organizations to cost-effectively reduce cybersecurity risks*</a></li> <li>• <a href="#">Security Risk Assessment Tool</a></li> <li>• <a href="#">Collecting Sexual Orientation and Gender Identity Information</a> and other expanded demographic data*</li> </ul>

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

PB or PPS Investment Activities	Examples of Allowable Activities
<p>A. ICD-11 software</p>	<ul style="list-style-type: none"> <li>• Training that updates and computerizes hospital policies and procedures to <a href="#">implement ICD-11</a></li> <li>• Hardware/software investments that improve quality, efficiencies, and coding</li> </ul>
<p>B. ICD-11 training</p>	<ul style="list-style-type: none"> <li>• Training to support coding and reimbursement to prepare for and implement <a href="#">ICD -11</a></li> <li>• Training to support <a href="#">Revenue Cycle Management</a> documentation improvements that result in increased coding <a href="#">compliance</a></li> <li>• <a href="#">Revenue Cycle Bootcamp Part I</a></li> <li>• <a href="#">Revenue Cycle Bootcamp Part II</a></li> <li>• <a href="#">Training for collecting and reporting on Z-Codes (SDOH)*</a></li> </ul>
<p>C. Efficiency or quality improvement training in support of PB or PPS related initiatives</p>	<p>Training that improves processes through adoption of best practices and the transition to value-based payment strategies such as the following:</p> <ul style="list-style-type: none"> <li>• <a href="#">Financial and operational strategies</a></li> </ul>

PB or PPS Investment Activities	Examples of Allowable Activities
	<ul style="list-style-type: none"> <li>• <a href="#">340B Training</a></li> </ul>
D. S-10 Cost Reporting training	<ul style="list-style-type: none"> <li>• Debt and charity care training</li> <li>• Training to improve charity care processes and develop policy guidelines for <a href="#">S-10 Cost Reporting</a></li> <li>• Training examples: <ul style="list-style-type: none"> <li>• <a href="#">Understanding the S-10 Worksheet: Determining Charity Care and Bad Debt (Part 1)</a></li> <li>• <a href="#">Understanding the S-10 Worksheet: Determining Charity Care and Bad Debt (Part 2)</a></li> </ul> </li> </ul>
E. Price transparency training	<p>Training to support hospital compliance with price transparency rule. Funding cannot support consultant or vendor to build a price transparency software or website development time. SHIP funds can support staff training by a consultant.</p> <ul style="list-style-type: none"> <li>• <a href="#">SHIP Price Transparency Guide*</a></li> <li>• <a href="#">Price Transparency</a>: Making the Most of the 2021 Requirement</li> </ul> <p>Training on <a href="#">revenue cycle management*</a> to improve processes that provide clear information about charges and cost to Medicare beneficiaries. Training examples:</p> <ul style="list-style-type: none"> <li>• <a href="#">Chargemaster, Pricing Transparency, Charges</a></li> <li>• <a href="#">Chargemaster Review</a></li> </ul>