

FY 2021 American Rescue Plan Funding for SHIP COVID-19 Testing and Mitigation (H3L) Award Submission Requirement Guidance

Purpose

The American Rescue Plan Act of 2021 (P.L. 117-2) provides one-time funding for awards that will be carried out under Section 711 of the Social Security Act (42 U.S.C. 912(b)(5)). Small Rural Hospital Improvement Program (SHIP) state grantees will improve health care in rural areas by using the funding to provide support to all eligible rural hospitals, up to \$258,376 per hospital, to increase COVID-19 testing efforts, expand access to testing in rural communities, and expand the range of mitigation activities.

Funded activities include testing education, establishment of alternate testing sites, test result processing, arranging for the processing of test results, and engaging in other activities within the [CDC Community Mitigation Framework](#) to address COVID-19 in rural communities.

The program will provide increased COVID-19 testing to rural populations ensuring an equitable distribution across the country. Long-standing systemic health and social inequities have put some rural residents at increased risk of getting COVID-19 or having severe illness. This includes the 10 million rural residents who identify as Black, Hispanic, American Indian/Alaska Native (AI/AN), Asian American/Pacific Islander (AA/PI), or mixed race. One in five rural residents belongs to one or more of these groups.¹

Targeted support is necessary for rural communities to overcome barriers towards achieving and maintaining high COVID-19 testing rates. From the provider perspective, these barriers include limited financial and personnel resources to support ongoing testing efforts. Providers have limited staff and physical resources and COVID-19 testing activities must be balanced against COVID-19 vaccinations and other health care services. From the patient perspective, these barriers include hesitancy and challenges with health care access.

Funding Summary

The Health Resources and Services Administration (HRSA) is awarding \$398 million to existing grantees of the SHIP to work with approximately 1,540 small rural hospitals – those with fewer than 50 beds – and Critical Access Hospitals on COVID-19 testing and mitigation.

Funding is being made available for an 18 month period of performance. This is one-time funding, with no expectation of continued funding beyond the 18 month period of performance. The date of release of the NoA will be the official start date of the program. We anticipate that states will work quickly to allocate funds to hospitals. The awards are for 18 months (July 1, 2021- December 31, 2022), though we anticipate many will spend the funds in less time.

Your award amount is based on the formula of \$258,376 times the total number of participating hospitals and is inclusive of any indirect charges, so the amount to each hospital in your state may be smaller than the amount HRSA awards per hospital.

¹ <https://www.ruralhealthresearch.org/assets/3974-16603/rural-ethnic-racial-disparities-inequities-recap.pdf>
HRSA-21-141

Allowable Activities

The list below includes examples of activities. While this list is not exhaustive any activity not included on this list must be directly related to improving health care in rural areas through COVID-19 testing and community mitigation. The hospital must demonstrate that the related expense is directly and reasonably related to the provision of COVID-19 testing or COVID-19 mitigation activities. The related expense must be appropriate given relevant clinical and public health guidance. For additional examples, you can visit the [CDC Community Mitigation Framework](#) website. **Funding may not be used for any activity related to vaccine purchase or distribution.**

COVID-19 Testing

Purchase and administer COVID-19 tests, using the following guidelines:

- Viral tests to diagnose active COVID-19 infections, antibody tests to diagnose past COVID-19 infections, and other tests that the [Secretary](#) and/or [Centers for Disease Control and Prevention](#) determines appropriate in guidance.
- COVID-19 screening testing and testing supports to ensure diagnostic testing of symptomatic and exposed individuals and asymptomatic individuals;
- Offsite/third party administration of tests and/or laboratory services with active involvement by the hospital;
- COVID-19 rapid tests; or
- COVID-19 at-home test distribution.

Develop and implement strategies to address patient hesitancy around testing.

Ensure testing access for specific community populations to address long-standing systemic health and social inequities that have put some rural residents at increased risk of getting COVID-19 or having severe illness.

Installing temporary structures, leasing of properties, and retrofitting facilities as necessary to support COVID-19 testing and COVID-19 mitigation.

Other activities to support COVID-19 testing including planning for implementation of a COVID-19 testing program, hiring staff, procuring supplies to provide testing, training providers and staff on COVID-19 testing procedures, and reporting data to HHS on COVID-19 testing activities.

Community Mitigation

The goal of community mitigation in areas with local COVID-19 transmission is to slow its spread and to protect all individuals, especially those at [increased risk for severe illness](#), while minimizing the negative impacts of these strategies. These strategies are used to minimize morbidity and mortality of COVID-19 in and that will reduce the burden of COVID on healthcare organizations. Allowable mitigation activities include, but are not limited to:

- Developing and implementing policies and procedures that keep hospital staff and patients healthy during periods of high rates of infectious diseases. Implementing strategies to ensure the hospital building is a healthy environment and reduces the

- spread of infectious disease. Maintain health operations for staff, including building measures to cope with employee stress and burnout.
- Investigate COVID-19 cases; the process of working with a person (patient) who has been diagnosed with COVID-19 and includes, but is not limited to:
 - Discuss patient test result or diagnosis;
 - Assess patient symptom history and health status;
 - Provide instructions and support for self-isolation and symptom monitoring; and
 - Identification of people (contacts) who may have been exposed to COVID-19;
 - Conduct contact tracing; the process of notifying people (contacts) of their potential exposure to SARS-CoV-2, the virus that causes COVID-19 and includes, but is not limited to:
 - Provide information about the virus;
 - Discuss their symptom history and other relevant health information; and
 - Instructions for self-quarantine and monitoring for symptoms.
 - Use digital technologies to strengthen the hospital's core capacity to support the public-health response to COVID-19 including, but not limited to, population surveillance, case identification, contact tracing, and evaluation of interventions on the basis of mobility data and communication with the public.
 - Support and referrals to testing, clinical services, and other essential support services; and Implementation of Mitigation Strategies for Communities with Local COVID-19 Transmission in the [CDC Community Mitigation Framework](#).
 - Other activities to support COVID-19 mitigation including planning for implementation of a COVID-19 mitigation program and training providers and staff on COVID-19 mitigation procedures.

H3L Required Award Submission

As stated on your notice of award, you must complete and submit the following components via the HRSA Electronic Handbooks (EHBs). Your notice of award will generate a reporting requirement task in your folder. You must respond to that reporting requirement with the documents below within 30 days of the award release date.

1. COVID-19 Response Workplan and Overview

Submit a work plan to provide information on the timeframe to get money to the hospitals and a list of all the hospitals receiving funding in your state for COVID-19 testing and mitigation activities.

Please note in your workplan if have confirmation that hospitals will be using funds to support minor alteration and renovation projects, and a reporting requirement will be added to your NoA (see more details below) for submission of those required forms. If you do not have confirmation now, please notify your Project Officer and Grants Management Specialist at the time you do learn.

2. COVID-19 Response Budget and Budget Justification

The award recipient must submit a 424A budget form and a budget justification capturing all expenses, including costs for administration at the state level and the award amount per hospital, and subsequent reasons for the expenses in narrative format.

State SHIP award recipients may allocate reasonable funds for the contract management of these sub-awards to hospitals. HRSA's goals include supporting the maximum support to hospitals possible under the SHIP COVID-19 Testing and Mitigation Program. Toward that goal, recipients are encouraged to award a minimum of 85% of funding to state hospitals.

This funding may be used by hospitals to cover allowable expenses dating back to January 1, 2021.

The following are ineligible costs for the purposes of this funding:

- Costs already paid for by other federal or state programs, other COVID-19, prior COVID-19 supplemental funding.
- Any activity related to purchasing, disseminating, or administering COVID-19 vaccines.
- Construction projects.
- Support of lobbying/advocacy efforts.
- Facility or land purchases.
- Any other cost not reasonably related to improving health care in rural areas.

Given the nature of SHIP funds through state grantees to hospitals, the following information is not required with the information due by SHIP grantees at the initial 30 day award submission, but will be required at the time indicated below.

Equipment List (as applicable): Any equipment purchased by the hospital must be reported to HRSA. Include all moveable equipment that has a useful life of more than one year and a per-unit acquisition cost of at least \$5,000, including information technology systems. Moveable equipment can be readily shifted from place to place without requiring a change in the utilities or structural characteristics of the space. Any equipment purchased with COVID SHIP Testing funds must be procured, maintained, tracked, and disposed of in accordance with [45 CFR part 75](#). State grantees should submit a final equipment list as part of the project close out. Program will share template spreadsheet that includes the following fields for each item on the Equipment List form:

- **Type** – Select clinical or non-clinical.
- **Item Description** – Provide a description of each item.
- **Unit Price** – Enter the price of each item.
- **Quantity** – Enter of the number of each item to be purchased.
- **Total Price** – Multiply the unit price by the quantity entered.

The selection of equipment should be based on a preference for recycled content, non-hazardous substances, non-ozone depleting substances, energy and water efficiency, and consideration of final disposal (disposed in a manner that is safe, protective of the environment, and compliant with all applicable regulations), unless there are conflicting health, safety, and performance considerations. You are strongly encouraged to employ the standards established by either the Electronic Product Environmental Assessment Tool (EPEAT) or ENERGY STAR®, where practicable, in the procurement of equipment. Following these standards will mitigate the negative effects on human health and the environment. Additional information for these standards can be found at <http://www.epeat.net> and <http://www.energystar.gov>.

Minor Alterations and Renovations

Minor alterations and renovations (minor A/R) are allowed for under this funding for activities that **specifically and directly** support COVID-19 testing and mitigation. Minor A/R involves changes the interior arrangements or other physical characteristics of an existing facility or installed equipment so that it can be used more effectively to support COVID-19 testing and mitigation activities. Alteration and renovation may include work referred to as improvements, conversion, rehabilitation, or remodeling, but is distinguished from new facility construction, facility expansion, or major alteration and renovation where the total Federal and non-Federal costs, excluding moveable equipment, exceeds \$500,000. If the proposed project is part of a larger overall project that exceeds \$500,000, it may not be artificially segmented to achieve the cost threshold. **COVID SHIP Testing may not be used to support the construction, expansion or major alternation and renovation of facilities. For the SHIP COVID Testing program hospitals requesting to spend more than 50% of their award on minor A/R must receive approval from the HRSA Project Officer.**

Any hospitals opting to spend federal funds on minor A/R will be required to submit additional paperwork. States should collect the information from hospitals (Project Implementation Certification and Itemized budget within 90 days of A/R start date) and Project Completion Certification (within 90 days of A/R activity end date) but consolidate the information into a combined PDF on a quarterly basis. For those with approved A/R expenses, an additional reporting requirement will be placed on your Notice of Award.

[HRSA's Standard Terms](#) will be applied to this program. Please see section 5.1 of [HRSA's SF-424 Two Tier Application Guide](#) for additional information.

[H3L Progress Reporting](#)

Hospitals participating in the SHIP COVID Testing and Mitigation Program will be required to report on the number of tests provided and categories in which funding is spent. More details will come. State grantees will follow up with hospitals, as needed, to ensure reporting.

As stated on your notice of award, a final report is due in EHBs within 90 days after the period of performance. The final report will collect information about your dissemination of funds to the hospitals and the hospital equipment purchase list among other information. Additional guidance for your final report will be provided prior to the end of the period of performance.