

**144.1475 RURAL HOSPITAL DEMONSTRATION PROJECT.**

Subdivision 1. **Establishment.** The commissioner of health, for the biennium ending June 30, 1999, shall establish at least three demonstration projects per fiscal year to assist rural hospitals in the planning and implementation process to either consolidate or cooperate with another existing hospital in its service area to provide better quality health care to its community. A demonstration project must include at least two eligible hospitals. For purposes of this section, an "eligible hospital" means a hospital that:

- (1) is located outside the seven-county metropolitan area;
- (2) has 50 or fewer licensed beds; and
- (3) is located within a 25-mile radius of another hospital.

At least one of the eligible hospitals in a demonstration project must have had a negative operating margin during one of the two years prior to application.

Subd. 2. **Application.** (a) An eligible hospital seeking to be a participant in a demonstration project must submit an application to the commissioner of health detailing the hospital's efforts to consolidate health care delivery in its service area, cooperate with another hospital in the delivery of health care, or both consolidate and cooperate. Applications must be submitted by October 15 of each fiscal year for grants awarded for that fiscal year.

(b) Applications must:

(1) describe the problem that the proposed consolidation or cooperation will address, the consolidation or cooperation project, how the grant funds will be used, what will be accomplished, and the results expected;

(2) describe achievable objectives, a timetable, and the roles and capabilities of responsible individuals and organizations;

(3) include written commitments from the applicant hospital and at least one other hospital that will participate in the consolidation or cooperation demonstration project, that specify the activities the organization will undertake during the project, the resources the organization will contribute to the demonstration project, and the expected role and nature of the organization's involvement in proposed consolidation or cooperation activities; and

(4) provide evidence of support for the proposed project from other local health service providers and from local community and government leaders.

Subd. 3. **Grants.** The commissioner of health shall allocate a grant of up to \$100,000 to the highest scoring applicants each year until available funding is expended. Grants may be used by eligible hospitals to:

- (1) conduct consolidation or cooperation negotiations;
- (2) develop consolidation or cooperation plans, including financial plans and architectural designs;
- (3) seek community input and conduct community education on proposed or planned consolidations or cooperative activities; and
- (4) implement consolidation or cooperation plans.

Subd. 4. **Consideration of grants.** In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning: a maximum of 40 points for an applicant's understanding of the problem, description of the project, and likelihood of successful outcome of the project; a maximum of 30 points for explicit and unequivocal written commitments from organizations participating in the project; a maximum of 20 points for matching funds or in-kind services committed by the applicant or others to the project; and a maximum of ten points for the extent of community support for the project. The commissioner shall consider the comments, if any, resulting from a review of the application by the community health board in whose community health service area the applicant is located. The commissioner may also take into account other relevant factors.

Subd. 5. **Evaluation.** The commissioner of health shall evaluate the overall effectiveness of the demonstration projects and report to the legislature by September 1, 2000. The commissioner may collect, from the hospitals receiving grants, any information necessary to evaluate the demonstration project.

**History:** 1997 c 225 art 2 s 52