

**Fiscal Year 2016 Delivery System Health Information Investment (DSHII)
Supplemental Funding Opportunity
HRSA-16-191
CFDA #: 93.527**

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Purpose

This announcement details the fiscal year (FY) 2016 Delivery System Health Information Investment (DSHII) one-time supplemental funding opportunity for existing Health Center Program award recipients (hereafter referred to as health centers).^{1,2} DSHII funding will provide one-time support for strategic investments in health information technology (health IT) enhancements to accelerate health centers' transition to value-based models of care, improve efforts to share and use information to support better decisions, and increase engagement in delivery system transformation. This funding opportunity is authorized by Section 330 of the Public Health Service Act (42 U.S.C. 254b, as amended).

Overview

The Department of Health and Human Services (HHS) has established a department-wide effort to reform the health care delivery system to achieve better care, smarter spending, and healthier people by: (1) improving the way providers are paid; (2) improving and innovating care delivery; and (3) improving shared decision making through better information exchange between providers, patients, caregivers, and other health care delivery stakeholders.³

These delivery system reforms rely heavily on a foundation of high quality primary care and preventive services.⁴ As one of the largest primary care provider systems in the United States and its territories, providing care to almost 23 million in 2014, it is essential that health centers are positioned to respond to, promote and lead system reforms. To that end, the Health Resources and Services Administration (HRSA) has invested resources and provided training, technical assistance and other support to facilitate health center adoption of electronic health records (EHRs), transition to patient-centered care, and improve health outcomes and overall value of care provided by health centers. As a result, in 2014, 92 percent of health centers had adopted an EHR at one or more sites, 65 percent had one or more sites which had received patient-centered medical home recognition, 93 percent demonstrated improvement on one or more HRSA clinical quality measures, and 89 percent met or exceeded Healthy People 2020 goals on at least one clinical quality measure.

To maintain this progress in an environment of rapid change, health centers must make strategic investments to upgrade, enhance or purchase new hardware and software. In addition, health centers must strategically invest resources to support health information exchange with other unaffiliated providers and organizations, better engage the patients in their care, coordinate care and enabling services with other providers and community partners,

¹ See [Eligibility](#) section for additional details.

² For the purposes of this funding opportunity announcement, the term "health center" means organizations funded under Section 330(e), (g), (h), and/or (i) of the Public Health Service Act, as amended (Health Center Program award recipients).

³ For more information, see the National Strategy for Quality Improvement in Health Care available at <http://www.ahrq.gov/workingforquality/nqs/nqs2012annlrpt.pdf>.

⁴ For more information about HHS's goals for shifting Medicare reimbursements from volume to value, see <http://www.hhs.gov/about/news/2015/01/26/better-smarter-healthier-in-historic-announcement-hhs-sets-clear-goals-and-timeline-for-shifting-medicare-reimbursements-from-volume-to-value.html>.

and participate in integrated systems of care. Health centers must also enhance telehealth services as appropriate to provide two-way, real-time interactive communication between health center patients and providers at distant sites, ensuring that patients, especially those in rural areas, have access to needed care.

This one-time supplemental funding opportunity will help health centers make these strategic investments to enhance their health IT, implement new clinical and administrative workflows, develop new health center specific reports, and better prepare providers and staff to use health IT and data. In so doing, it will advance health center progress towards a range of outcomes necessary for their effective engagement in transforming delivery systems. This would include improving operational efficiency, improving clinical decision making, engaging patients more actively in and improving their experience of care, more effectively managing patients within the health center and across the health care system, and ultimately improving patient and population health outcomes.

Summary of Funding

HRSA will award approximately \$90 million through one-time, formula-based supplements to support health centers' health IT enhancements. HRSA will communicate to each eligible health center the maximum amount of supplemental funds it may request via a HRSA Electronic Handbooks (EHB) email.

Funding allocations will be determined based on each Health Center Program award recipient's 2015 Uniform Data System (UDS) report.⁵ The maximum amount of funding that can be requested through the DSHII supplemental funding opportunity will be derived from the following formula:

- A base amount of \$40,000, plus
- An additional \$1.00 per health center patient, plus
- An additional \$2.00 per health center uninsured patient.

Depending on the number of approvable applications, HRSA may adjust award amounts consistent with funds available for this supplemental funding opportunity. Cost sharing or matching is not required. DSHII funding must be requested by, and, if approved, will be provided to each award recipient in the same sub-program funding proportions as the existing operational grant funding.⁶

DSHII funds must be expended within 12 months of award. Award recipients may request to carry over a portion of these funds to use in the upcoming budget period as needed.

⁵ For eligible health centers that have not submitted 2015 UDS data, the maximum amount that can be requested is the base amount.

⁶ Section 330 of the PHS Act authorizes the following programs: Community Health Centers (section 330(e)), Migratory and Seasonal Agricultural Workers (section 330(g)), People Experiencing Homelessness (section 330(h)), and Residents of Public Housing (section 330(i)).

Eligibility

Organizations receiving Health Center Program operational grant funding at the time of this funding opportunity release are eligible to apply for DSHII supplemental funding.

Health IT Decision Support

Given the rapid pace of delivery system transformation and the one-time nature of this funding opportunity, it is important that health centers identify uses for DSHII funding that will best position their organizations to independently, and in partnership with other providers, achieve the outcomes associated with delivery system transformation. Applicants are encouraged to utilize the following resources when making critical purchasing decisions:

- The Health IT Resources and Tools List, available at <http://bphc.hrsa.gov/programopportunities/fundingopportunities/DSHII/index.html>
- National Association of Community Health Center's (NACHC) HCCN Guide (known as 'The Network Guide'), available at <http://www.hrsa.gov/healthit/networkguide/networkguide.pdf>

Health Centers are also encouraged to reach out to the following HRSA quality improvement strategic partners for assistance with selecting the most appropriate analytic support and health IT resources to purchase with this funding in order to reach the health center's long-term goals: State Primary Care Associations (PCAs), National Training and Technical Assistance Cooperative Agreements (NCAs), and Health Center Controlled Networks (HCCNs).⁷

Health Center Controlled Networks, in particular, have health IT expertise and purchasing power and provide technical assistance to health centers in the form of: health IT vendor management, EHR access and use optimization, meaningful use attestation and reimbursement, and clinical quality improvement.

Activity Categories

Allowable uses of Health Center Program operational grant funds will generally apply to DSHII one-time funding, unless specifically excluded in this funding announcement. Applicants must propose to use these supplemental funds on activities from one or more of the following Activity Categories:

1. Equipment and Supplies Purchase (required if the health center does not have a certified EHR in use at any site; see note below for details)
2. Health Information System Enhancements
3. Training
4. Data Aggregation, Analytics, and Data Quality Improvement Activities

⁷ For more information on Health Center Controlled Networks, see <http://www.hrsa.gov/healthit/networkguide/>. For the list of current National Training and Technical Assistance Cooperative Agreements and their areas of focus, see <http://bphc.hrsa.gov/qualityimprovement/supportnetworks/ncapca/natlagreement.html>. For the list of current Primary Care Associations and their States/regions, see <http://bphc.hrsa.gov/qualityimprovement/supportnetworks/ncapca/associations.html>.

Note: Health centers that do not have a certified EHR in use at any site as indicated by calendar year 2015 UDS reporting, must propose to use all or a majority of DSHII funds to install a certified EHR by selecting Activity Category 1 on the Project Overview Form and requesting appropriate funding in the Budget Justification Narrative. Applicants that do not have a certified EHR installed at all sites and in use by all providers are encouraged to consider the use of DSHII funds for expanding EHR adoption across their clinical sites. Health centers that implemented a certified EHR after December 2015 should include details about this update in the Project Narrative. HRSA will note the change in EHR implementation status as compared to the 2015 UDS data, allowing the health center to elect to use their funding in other Activity Categories, as desired.

Applicants must indicate if the proposed activities will enhance telehealth services in the Project Overview Form.

Examples of Eligible Activities

Examples of eligible activities by Activity Category are provided in the list below. This list is not exhaustive.

1. Equipment and Supplies Purchase

- Servers or expanded server capacity to provide necessary data storage
- Fiber optics lines to support connectivity to external data recovery sites that host health centers' health IT systems (e.g., health information exchange)
- Increased Internet bandwidth speed and purchase of new routers
- Health IT hardware and software systems (e.g., ONC-certified EHR⁸ or upgrades to achieve a certified system)
- Communication hardware and software used with telehealth (e.g., webcams, videoconferencing equipment, speakers)
- Laptop computers or portable devices (e.g., tablets, smartphones) and modular workstation adaptations to support their use

2. Health Information System Enhancements

- Develop or modify clinical and operational workflows
- Integrate clinical decision support tools into EHRs
- EHR enhancements to support integration of data from multiple clinical services or documentation of telehealth patient encounters
- Support interoperability and health information exchange with clinical, operational, and public health partners

3. Training

- Train providers and staff to implement and optimize use of health IT improvements

⁸ For the purposes of this funding opportunity announcement, "certified EHR" refers to health IT products certified by the Office of the National Coordinator (ONC) for Health IT Authorized Testing and Certification Body. For further information about ONC certified health IT products, see <http://onc-chpl.force.com/ehrcert>.

4. Data Aggregation, Analytics, and Data Quality Improvement Activities

- EHR modifications or implementation of data aggregation tools to improve data quality, aggregation, and analytic capacity
- Reporting software and/or modification of health IT to generate performance reports to guide quality improvement and population health management
- Data warehousing capabilities to link clinical data with financial and human resources data

Ineligible Costs

The following uses of funds are not permitted:

- Direct hire personnel costs, i.e., salary and fringe benefits (note that support for contracted staff for up to 12 months is allowable);
- Costs associated with the provision of required or additional services;
- Purchase or upgrade of an EHR that is not ONC-certified;
- Construction, including minor alterations and renovation;⁹
- Costs associated with the installation of equipment purchased with one-time DSHII funds (e.g., installation of a fiber optics line); and/or
- Facility, land, or vehicle purchases.

Pursuant to existing law and consistent with Executive Order 13535 (75 FR 15599), health centers are prohibited from using federal funds to provide abortion services (except in cases of rape or incest, or when the life of the woman would be endangered). This includes all grants awarded under this announcement and is consistent with past practice and long-standing requirements applicable to grant awards to health centers.

Note: Health centers may not use one-time DSHII funding to supplant other resources (federal, state, local, or private).

Application Requirements

Proposals must demonstrate how the supplemental funding request will support health IT enhancements. Health centers should describe how they will use resources to strategically build capabilities and align systems with the broad HHS goals of better care, smarter spending, and healthier people; and, with specific transformations taking place in the health center and in the local, state or other health systems within which the health center operates (e.g., EHR enhancements that support health information exchange with local unaffiliated providers to improve diagnoses and decrease duplicate testing). The proposed activities must fall under one or more of the [Activity Categories](#). See [Appendix A: Application Instructions](#) for a detailed description of the content and form of the application requirements. Refer to [Appendix B: Budget Narrative Instructions](#) for detailed Budget Justification Narrative instructions.

⁹ All minor alteration/renovation activities to modernize, improve, and/or reconfigure the interior or exterior arrangements or other physical characteristics of the facility are unallowable.

Application Deadline and Award Notice

Applications are due in EHB by **5:00 PM ET on July 20, 2016**. HRSA anticipates that awards will be made in September 2016.

Application Reviews

HRSA will conduct internal reviews for completeness, eligibility, and allowable costs. HRSA reserves the right to request budget modifications and/or narrative revisions if an application is not fully responsive to the DSHII supplemental funding opportunity instructions, or if ineligible activities are proposed.

Health centers that do not have a certified EHR in use at any site as indicated by calendar year 2015 UDS reporting, must propose to use all or part of DSHII funds to install a certified EHR by selecting Activity Category 1 on the Project Overview Form and requesting appropriate funding in the Budget Justification Narrative. Applicants that do not have a certified EHR installed at all sites and in use by all providers, are encouraged to consider the use of DSHII funds for expanding EHR adoption across their clinical sites. Prior to award, HRSA will determine whether these applicants proposed to use DSHII funds in accordance with the required use of funds. Health centers will be required to modify the proposal if this requirement is not met.

Prior to award, HRSA will assess the status of all Health Center Program award recipients applying for DSHII supplemental funding. Applicants are not eligible to receive funding if they have any of the following on their current Health Center Program grant at the time of award:

- 5 or more 60-day Health Center Program Requirement progressive action conditions
- 1 or more 30-day Health Center Program Requirement progressive action conditions.

Reporting and Additional Requirements

Award recipients will be required to report progress on and impact of the health IT enhancements supported by the one-time DSHII award in future Budget Period Progress Report (BPR) Non-Competing Continuation (NCC) submissions.

Awards are subject to the provisions of Executive Order 12372, as implemented by Uniform Guidance 2 CFR part 200 (as codified by HHS at 45 CFR part 75),¹⁰ as well as all applicable administrative and national policy requirements, as established by existing award recipients' Health Center Program operational fund awards.

Award recipients must comply with applicable requirements of all other federal laws, executive orders, regulations, and policies governing the Health Center Program.

Every organization is required to have a valid Dun and Bradstreet Universal Numbering System (DUNS) number, also known as the Unique Entity Identifier, and to maintain an active System for Award Management (SAM) (<https://www.sam.gov/portal/SAM/#1>) registration at all times.

¹⁰ For details on 45 CFR Part 75, see <http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75>.

HRSA may not make an award to an applicant until the applicant has complied with all applicable DUNS and SAM requirements and, if an applicant has not fully complied with the requirements by the time HRSA is ready to make an award, HRSA may determine that the applicant is not qualified to receive an award.

Debarment, Suspension, Ineligibility, and Voluntary Exclusion Certification

1. The prospective recipient certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
2. Where the prospective recipient is unable to attest to any of the statements in this certification, such prospective recipient shall attach an explanation to this proposal.

Agency Contacts

For assistance with completing the DSHII supplemental funding application, contact the appropriate resource below.

Electronic submission issues:	Technical Assistance Resources:
BPHC Helpline 1-877-974-BPHC (2742) (select option 3) Send email through Web Request Form	A website has been established to provide sample forms, FAQs, and other resources
Program related questions:	Budget or other fiscal issues:
DSHII Supplemental Funding TA Team Bureau of Primary Health Care Office of Policy and Program Development bphcdshii@hrsa.gov	Mona D. Thompson Office of Federal Assistance Management Division of Grants Management Operations mthompson@hrsa.gov

Appendix A: Application Instructions

This chart outlines the one-time FY 2016 DSHII supplemental funding application components. A detailed User Guide with step-by-step instructions for completing each section will be available on the DSHII supplemental funding [technical assistance website](#).

SF-424 Basic Information and Budget Sections
Enter the required information on SF-424 Part 1 and Part 2. Fields that are not marked as required may be left blank. Enter the federal and non-federal costs for the 12 month funding period (9/1/2016 – 8/31/2017) for each currently funded sub-program, ¹¹ as applicable, in Section A of the SF-424 Budget Information form. DSHII funding must be requested by and will be provided to award recipients in the same sub-program funding proportions as the existing Health Center Program operational grant funding. HRSA will provide each eligible health center their maximum funding request values by sub-program funding proportions.
Project Description/Abstract (upload as attachment)
Briefly summarize the proposed health IT enhancements, specifically referencing the selected Activity Categories and proposed outcomes. The Project Description/Abstract must be single-spaced and limited to one page in length.
Budget Justification Narrative (upload as attachment)
Complete a 12 month Budget Justification Narrative that details one-time costs for all proposed activities. The Budget Justification Narrative must clearly detail the federal and non-federal costs (including program income, if any) of each line item within each object class category from the Federal Object Class Categories form, and explain how each cost contributes to meeting the intent of the DSHII supplemental funding opportunity. See Appendix B for additional instruction.
Federal Object Class Categories Form
Enter federal and non-federal expenses by object class category (e.g., equipment, supplies) for all proposed activities. The DSHII supplement is one-time funding that must be spent within 12 months of award.
Equipment List Form (as applicable)
Proposals that include equipment costs must include an Equipment List form. Federal equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000. See additional details in Appendix B .

¹¹ Sub-program funding streams include: Community Health Centers (CHC), Migrant Health Centers (MHC), Health Care for the Homeless (HCH), and/or Public Housing Primary Care (PHPC).

Project Overview Form

Proposal Development: Assess the most effective uses of DSHII funding to enhance the health center's health IT by consulting, as appropriate, with the State Primary Care Association (PCA), consulting with a Health Center Controlled Network (HCCN), and/or reviewing the Network Guide and Health IT Resources and Tools List available on the DSHII technical assistance website. The results of the assessment should guide decision-making when developing the proposed activities and determining an appropriate budget.

Completing the Application:

Step 1: Select one or more of the listed [Activity Categories](#) to be addressed by the DSHII funding proposal. Applicants may not modify or propose additional Activity Categories. Applicants that do not have a certified EHR in use at any site must select Activity Category 1 at a minimum. Indicate if the proposed activities will enhance telehealth services.

Step 2: Respond to the three required Project Narrative questions below.

Need (maximum 1,500 characters)

1. Describe the health center's need for health IT enhancements to support the transition to value-based models of care, improve efforts to share and use information to support better decisions, and/or increase engagement in delivery system transformation.

Response (maximum 1,500 characters each)

1. Describe the proposed health IT enhancements and how they will respond to described needs. Include details about how these enhancements will build the health center's capacity while leveraging resources available from partner organizations (including but not limited to PCAs, HCCNs, Regional Extension Centers, and state or local health information exchanges) to maximize impact.
2. Provide a realistic timeline that lists the implementation steps and expected outcomes of the proposed health IT enhancements detailed in Response Item 1. The timeline must show that all supplemental funding will be expended within 12 months of award.

Appendix B: Instructions for Completing the Budget Justification Narrative

Applicants for one-time FY 2016 DSHII supplemental funding must provide a 12 month budget justification narrative that explains the amounts requested for each line item in the Federal Object Class Categories Form. The Budget Justification Narrative must contain sufficient detail to enable HRSA to determine if costs are allowable¹² and must outline federal and non-federal (if any) costs for each line item. It is important to **ensure that the Budget Justification Narrative contains detailed calculations explaining how each line-item expense is derived** (e.g., cost per unit). DSHII supplemental funding may not be used to support costs incurred prior to award or to supplant existing funding sources.

Cost Category	Budget Presentation Description
Travel	The budget should reflect expenses associated with consultant travel and travel for staff or providers to attend trainings. List travel costs according to local and long distance travel. For local travel, include the mileage rate, number of miles, reason for travel, and staff traveling.
Equipment	List equipment costs and provide justification under the program's goals. Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000.
Supplies	List the items necessary for implementing the proposed project. Equipment that does not meet the \$5,000 threshold listed above should be included here.
Contractual	Provide a clear explanation as to the purpose of each contract, how the costs were estimated, and the specific contract deliverables. Each applicant is responsible for ensuring that its organization/institution has in place an established and adequate procurement system with fully developed written procedures for awarding and monitoring contracts.
Other	Include all costs that do not fit into any other category and provide an explanation of each cost.

¹² Refer to the cost principles embedded in 45 CFR Part 75, see <http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75> for details on allowable costs.