

Request for Grant Applications

HEAL NY

Phase 1:

Health Information Technology (HIT) Grants

RG Number 0508190240

Issued by the
New York State Department of Health
and the
Dormitory Authority of the State of New York

Questions Due: October 18, 2005

Applicant Conference: October 25, 2005

Applications Due: November 30, 2005

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SECTION 1: INTRODUCTION

1.1 Background

Medical technology has advanced rapidly in the past ten years, from robotic and laparoscopic surgery to drug-coated stents. In general, however, the health care industry lags well behind other industries in its investment and use of information technology. Industries such as financial services have invested 10% or more of their revenues into information systems, while the health care industry is estimated to have invested less than 4% of its revenues.

Health Information Technology (“HIT”) is a key element necessary to meet the challenges of steeply increasing health care costs and shortfalls in health care quality. HIT can provide better and more timely access to information and can enhance information sharing throughout the continuum of care. Within the last few years, the federal government and leadership of the private sector have made progress in setting the stage for transforming health care through improved HIT.

For example, in 2004 the federal government established a National Coordinator for HIT, charged with the development, maintenance, and oversight of a strategic plan for nationwide adoption of HIT. *A Framework for Strategic Action* has been developed and outlines four goals and twelve strategies for adoption of HIT. These goals are: assist improved clinical practice; interconnect clinicians; personalize care; and improve population health.

The delivery of health care in New York State occurs in many different settings, from physicians’ offices to hospitals, and from Manhattan to rural upstate towns. There is a crucial need for timeliness and standardization of data to transmit relevant information to healthcare providers in a clinically useful form. Reconfiguration of the healthcare system places higher demands on information sharing as patients are cared for in different settings based on their changing clinical needs. This diversity of settings, along with the increased mobility of the patient population, requires that standards be put in place so those providers can easily and securely access healthcare information.

In addition, the ability of public health entities to monitor potential epidemics, bio-terrorism and general health trends can be significantly improved by the ready availability of timely, standardized information. As information becomes more accessible to medical professionals, researchers will be able to study the effectiveness of various interventions in a real-world setting. This will lead to better interventions, and will help clinicians more effectively tailor their interventions to individual patient needs.

Improving the State’s own data infrastructure will be critical to the development of effective HIT in New York. Monitoring quality and outcomes will require broad databases that will allow individual institutions, as well as the State, to monitor their performance against state and national benchmarks. Data integrity, confidentiality and

availability must be assured, and State and HIPAA-compliant privacy considerations must be adhered to.

As New York develops its HIT infrastructure, it must ensure that the systems used by providers are able to communicate easily with one another, using open architecture and embracing the principle of interoperability among various stakeholders. Stakeholders in the health care delivery system include the patient, physician, hospitals, nursing homes, insurers, pharmacies, public health entities, and the entities set forth in Section 3.2 of this RGA.

To date, many providers, especially large providers, have embraced HIT within their sphere of operations. Information flows freely when authorized between physicians' offices and hospitals for the sake of efficiency and quality of care improvements. There is, however, little or no incentive to assure that the information is available outside of their network. Successful applicants must demonstrate that their Project will assist in building an infrastructure in New York State to share clinical information among stakeholders.

1.2 The HEAL NY Program

In order to effectively reform and reconfigure New York State's health care delivery system and encourage improvements and efficiency in operations, the New York State Department of Health ("DOH") and the Dormitory Authority of the State of New York ("DASNY") announce the availability of funds under the Health Care Efficiency and Affordability Law for New Yorkers Capital Grant Program (the "HEAL NY Program"), as established pursuant to Section 2818 of the Public Health Law ("PHL"). The HEAL NY Program is anticipated to be a multi-year, multi-phased program with two primary objectives:

- To identify and support development and investment in HIT initiatives on a regional level; and
- To identify and support the funding of restructuring plans undertaken in regional health care service delivery areas that result in improved stability, efficiency, and quality of the health care services in the region.

It is anticipated that the HEAL NY Program will be administered in phases, and that there may be multiple Requests for Grant Applications ("RGAs") issued over the next four years, targeted at both restructuring and further investments in HIT initiatives.

1.3 Phase I: HEAL NY HIT Initiative

DOH and DASNY are currently requesting applications from Eligible Applicants (as defined in Section 3) for grants to support development and investment in HIT initiatives within the State. Successful applicants must demonstrate that their Project will:

1. Assist in building an infrastructure in New York State to share clinical

- information among patients, providers, payers and public health entities;
2. Support the statewide adoption of systems compatible with the Strategic HIT Plan that is being developed at the federal level; and
 3. Be able to be a part of the planned national network for sharing patient data.

1.4 Phase I: HEAL NY HIT Initiative Categories

This RGA is seeking applications for HIT Projects in the following three categories:

1. Projects designed specifically to develop community-wide clinical data-sharing, by developing Clinical Information Data Exchange projects;
2. Projects supporting the creation of ePrescription (“eRx”) capabilities; and
3. Projects to further the use of electronic medical records (“EMRs”).

1.5 Funding Sources and Allocation

It is currently anticipated that the State of New York will invest up to \$1 billion in the HEAL NY Program through appropriations and bonding authorization over four State Fiscal Years, beginning with the 2005 – 2006 Fiscal Year. Pursuant to Section 1680-j of the Public Authorities Law (PAL), New York State has authorized DASNY to issue up to \$740 million of state-supported bonds or notes for the purposes of financing the HEAL NY Program, described herein.

Pursuant to Chapter 54 of the Laws of 2005, the sum of \$65 million was appropriated for the 2005 – 2006 State Fiscal Year to the DOH for payments and grants in accordance with Section 2818 of the PHL. It is expected that \$52.875 million will be available to fund Phase I of the HEAL NY HIT Program (“Phase I”).

Grants made in Phase I will be allocated across the six regions of the State, as set forth more specifically in Section 2.1.4 of this RGA.

Phase 1 Grants will range from a minimum of \$50,000 up to a maximum of \$10 million. The size of individual grants may be determined based upon an evaluation of the scope of work presented, the need for the Project within the community, and the degree to which the Project meets the goals and priorities of the HEAL NY program, as more specifically set forth in Section 2 below. Grants will be considered for up to 50 percent of the cost of an eligible Project, except as described in Section 2.2.3. The Eligible Applicant and stakeholders are expected to meet all regulatory requirements relating to Certificate of Need (“CON”) and federal and state standards of care.

SECTION 2: GRANT REQUIREMENTS

2.1 Eligible Projects

DOH and DASNY are requesting applications from Eligible Applicants (as defined in Section 3) for grants to support development and investment in HIT initiatives within the State. Successful applicants must demonstrate that their Project will assist in building an infrastructure in New York State to share clinical information among patients, providers, payers and public health entities, and will support the statewide adoption of systems compatible with the federal Strategic HIT Plan that is being developed at the federal level, and be able to be a part of the planned national network for sharing patient data. Accordingly, Phase I grants will be limited to HIT Projects in the following three categories:

1. Projects designed specifically to develop community-wide clinical data-sharing and developing Clinical Information Data Exchanges. These Projects will be designed to share clinical information among a group of health care stakeholders in a community, large or small. An example of this would be where a group of hospitals, physicians, government and payers are working together to share specific clinical and financial data.
2. Projects supporting the creation of ePrescription (“eRx”) capabilities. eRx involves the electronic communication of prescriptions among physician, pharmacy and payer. eRx is one of the first information-sharing Projects being considered in many parts of the State and country, as it has more advanced standards and clearer returns in both quality and efficiency than other HIT Projects.
3. Projects to further the use of electronic medical records (“EMRs”). The sharing of EMRs across health care systems and the nation is the ultimate goal of the federal HIT initiative. For example, the sharing of medical records electronically among the hospitals, physicians and nursing homes in a given community would fit this category.

2.1.1 Requirements of the Phase I Grants include the following:

1. The Eligible Applicant and all stakeholders must meet the eligibility criteria set forth in Section 3.
2. Unless the Eligible Applicant meets the criteria set forth in Section 2.2.3, Phase 1 grants are available to fund up to 50% of the total Project costs. The other 50% must be provided either by the Eligible Applicant, the Project stakeholders, or other financing sources.
3. Grant funds must be utilized for capital purposes and eligible Project costs, as defined by the requirements of State law. Grants will not be provided for planning purposes, but rather to implement capital Projects.

4. Grant Disbursement Agreements (“GDAs”) in connection with the HIT Projects shall (A) provide that the work covered by such contract shall be deemed “public work” subject to and in accordance with Articles 8, 9 and 10 of the Labor Law, if applicable; and (B) shall provide that the contractors performing work under all such contracts shall be deemed to be “state agencies” for the purposes of Article 15-A of the Executive Law.
5. The Project must be consistent with the goals and recommendations, when available, of the Commission on Health Care Facilities in the Twenty-First Century, as established pursuant to Section 31 of Part E of Chapter 63 of the Laws of 2005;
6. Projects must involve multiple stakeholders, and include different categories of stakeholders (e.g. hospitals and physicians or physicians and payers), as defined in Section 3. The Eligible Applicant must provide evidence of the Project stakeholders' commitments to work together in the form of an agreement among the Eligible Applicant and the stakeholders, as further described in Section 3. Projects must also be easily open to new membership of all appropriate stakeholders within the community. Eligible project related costs may be incurred by either the Eligible Applicant or the Project stakeholders.

2.1.2 In the grant application, the Eligible Applicant must describe in detail how their project is consistent with program goals by demonstrating how the project will:

1. Reduce costs and/or utilization over time associated with duplicate services by promoting the sharing of clinical data;
2. Meet the specific priorities and goals of the HEAL NY Program;
3. Improve the quality of health care delivery including better clinical outcomes and a reduction in the rate of medical errors;
4. Promote HIT interoperability (the ability to access vital medical information immediately and efficiently) among all components of the health care delivery system, which will improve satisfaction among patients and physicians. Projects and Eligible Applicants will be required to commit to being interoperable and adhering to the national standards for their type of Project as they are developed. Projects and Eligible Applicants must commit to achieving compliance with and certification in interoperability, privacy and security standards within six months of such standards and certification becoming available; and
5. Demonstrate the financial viability and the sustainability of the business model for the Project itself. Ongoing payment commitments and involvement from payers, or other user fees, will be considered favorably in this regard. In addition, each application must propose a methodology for measuring the benefits of the Project in terms of both quality and overall community health care costs over the three years following funding of their grant.

2.1.3 In assessing whether the Project described in the grant application will achieve the goals set forth herein, DOH and DASNY will consider the following factors:

1. Demonstration of reduction in excess health system cost or usage;
2. Demonstration that public health care need continues to be met and is improved after implementation of the Project, including access to health care for the uninsured and underinsured populations, and the rapid transmission of clinical information on reportable conditions to public health officials;
3. Demonstration of the ability of the Project and Eligible Applicant and participating stakeholders to meet applicable regulatory requirements;
4. Demonstration of the qualifications, competence and ability of the Eligible Applicant and participating stakeholders, vendors and others involved in the Project to achieve Project goals;
5. The improvement of patient access to personal medical data;
6. The improvement of satisfaction among patients and physicians;
7. Projects will be expected to support automated, bi-directional, standards-based reporting of critical public health information to state public health entities unless such information is already being supplied by Eligible Applicant and participating stakeholders;
8. Ability of the Eligible Applicant to fund the Project from multiple funding sources, including the HEAL NY Program;
9. Assessment of the return on investment to the regional and statewide health care delivery systems;
10. Demonstration of the commitment and support by a significant number of clinicians to use the technology; and
11. Responsiveness and completeness of the Grant Application.

2.1.4 Phase 1 grant funds have been allocated across the following regions of the State on the basis of the 2000 census population and other appropriate considerations:

1. New York City;
2. Long Island, consisting of Nassau and Suffolk counties;
3. Hudson Valley, consisting of Delaware, Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester counties;
4. Northern, consisting of Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Warren, Washington counties;
5. Central, consisting of Broome, Cayuga, Chemung, Chenango, Cortland, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Oneida, Onondaga, Ontario, Oswego, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Wayne, Yates counties; and
6. Western, consisting of Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, Wyoming counties.

2.1.5 Consideration will be given to Projects that will be implemented in one or more of the regions set forth above.

2.1.6 In the event that there are unallocated funds in a region, DOH and DASNY may reallocate the remaining funds to one or more regions set forth above.

2.2 Financial Requirements

2.2.1 Grants may range from \$50,000 to \$10,000,000 per project. The amount of individual grants will be determined based on the nature of the Project, including an analysis of cost effectiveness and the breadth of functionality and clinical data exchange envisioned by each Project.

2.2.2 All Phase I funds must be utilized for capital costs, as defined by State law and incurred subsequent to the date of the award letter. Costs incurred after February 1, 2005, which are clearly related to the Project, including planning costs, may count as matching funds. The Eligible Applicant must demonstrate that the Project is fully funded prior to the execution of the GDA.

2.2.3 Grants will be awarded for up to 50% of a Project's total costs. However, applicants that include one or more financially distressed entities as defined in accordance with Section 3.5 herein, which have a significant role in the Project, may be awarded grants covering up to 70% of a Project's total costs. Matching funds will be required to come from a combination of the Eligible Applicant and stakeholder resources, as well as from other funding sources, including but not limited to other non-State grants or commercial loans. The following criteria will be utilized to determine whether particular costs may be considered matching funds:

1. Only direct costs will be counted toward the match. No indirect costs, such as administrative costs, will be counted. In-kind contributions are allowable as long as they are direct costs.
2. Costs financed by program income during the term described in Section 4.16 may count towards satisfying a match.
3. Costs and third party in-kind contributions must be verifiable from the records from grantees and subgrantees.
4. Only the non-State share of matching funds and/or services may be counted toward the match requirement.
5. Valuation of donated services. Unpaid services provided to a grantee will be valued at a rate consistent with those ordinarily paid for similar work.
6. Supplies, equipment and space donated by or loaned by third parties will be valued at the fair market value or rental rate for such supplies, equipment and space.

2.2.4 Upon the award of a HIT grant, DOH and DASNY will issue an award letter to the awardees. The award letter is not a commitment to provide funds, but may assist awardees in obtaining other sources of financing as required to secure the full Project cost. See Section 4 for additional information.

SECTION 3: WHO MAY APPLY

3.1 An Eligible Applicant is the entity that will enter into a GDA with DOH and DASNY. The Eligible Applicant will be responsible for ensuring that grant funds are distributed in accordance with the GDA to further the goals of the HEAL NY Program. Phase I Grant funds may be spent on eligible Project related costs that are incurred by either the Eligible Applicant or the Project stakeholders. As described below, the application must identify at least two parties: the Eligible Applicant and the required stakeholder. There must be a stakeholder in a different category from the Eligible Applicant. The stakeholder and the Eligible Applicant must not be under common control or have the authority to appoint board members of the other entity.

3.2 In addition, an Eligible Applicant shall be a legally existing organization that is, or is licensed to operate, one or more entities in the following organizational categories in the State of New York:

1. A general hospital as defined by subdivision 10 of Section 2801 of the PHL;
2. A nursing home as defined by Section 2801 (2) and (3) of the PHL;
3. A certified home health care agency as defined by Article 36 of the PHL;
4. A diagnostic and treatment center or an ambulatory surgery center licensed under Article 28 of the PHL;
5. A group of physicians such as a limited liability corporation or professional corporation;
6. A County or municipal Public Health Department;
7. A non-governmental community organization that exists to plan and coordinate health care delivery in a region;
8. A public benefit corporation authorized to operate an entity licensed under Article 28 of the PHL; or
9. An entity organized as a Clinical Information Data Exchange whose members include any combination of the above.

3.3 The Eligible Applicant has, (or will, prior to the time that DOH and DASNY forward a GDA to the Eligible Applicant), entered into an agreement with one or more stakeholders to further the goals set forth in Section 2 above. Eligible Applicants with multiple appropriate stakeholders within the community are preferred. The Eligible Applicant must enter into an agreement with one or more entities in the following organizational categories:

1. Another organization of the type set forth in Section 3.2. above;
2. Payers, including governmental entities, employers, and commercial insurance companies;
3. Pharmacies;
4. A hospice as defined in Article 40 of the Public Health Law; or
5. An adult care facility with an Assisted Living Program as defined in Social Services Law Section 461-l;

3.4 In order to satisfy the goals of interoperability and information sharing among stakeholders, at least one of the entities that have entered into an agreement with an Eligible Applicant must not be under common control or have the authority to appoint board members of the other entity. In addition, at least one of the independent stakeholders must be from a separate category of organization, except for an Eligible Applicant under Section 3.2 (9) above that also meets all of the requirements of this section. For example, a hospital and a physicians' group (who are not employees of the hospital) would meet the multi-stakeholder test whereas two hospitals would not.

3.5 Preference may be given to applications that include at least one financially distressed entity in the group of stakeholders entering into an agreement. Such distressed status must be demonstrated by the submission of a certification from the Eligible Applicant and/or each of the stakeholders claiming such hardship. The certification must demonstrate all of the following:

1. A loss from operations in each of the three consecutive preceding years as evidenced by independently certified audited financial statements; and
2. A negative fund balance or negative equity position in each of the three consecutive preceding years as evidenced by independently certified audited financial statements; and
3. A current ratio of less than 1:1 for each of the three consecutive preceding years.

3.6 The agreement between the Eligible Applicant and any stakeholders shall set forth, at a minimum:

1. Clearly measurable goals of the group and the Project;
2. The rights and responsibilities, including financial obligations, of each party to the agreement;
3. The extent to which each party shall utilize HEAL NY Program Grant funds; and
4. The manner in which the Eligible Applicant shall ensure that the grant proceeds are appropriately spent.

SECTION 4: ADMINISTRATIVE PROCESS AND REQUIREMENTS

4.1 Question and Answer Phase:

4.1.1 All substantive questions must be submitted in writing to:
Fred Genier, Director, Grants and Procurement Section
New York State Department of Health
Room 1325 Corning Tower
Albany, NY 12237-0016
e-mail: healnyhit@health.state.ny.us

4.1.2 To the degree possible, each inquiry should cite the RGA section and paragraph to which it refers. Written questions will be accepted through **October 18, 2005**.

4.1.3 Questions of a technical nature can be addressed in writing or via telephone by calling Fred Genier at (518) 474-7896. Questions are of a technical nature if they are limited to how to prepare the application (e.g., formatting) rather than relating to the substance of the application.

4.1.4 Prospective applicants should note that all clarifications and exceptions, including those relating to the terms and conditions of the GDA, are to be raised prior to or on **October 25, 2005**.

4.1.5 By **October 31, 2005**, written answers to all questions raised will be posted on the DOH website at <http://www.health.state.ny.us/> Applicants wishing to receive an e-mail notification of the posting should submit a request, including the applicant's e-mail address, to healnyhit@health.state.ny.us.

4.2 Applicant Conference

4.2.1 An applicant conference will be held **October 25, 2005, at the Empire State Plaza Conference Room 5, from 10:00am to 1:00pm**. DOH requests that potential applicants register for this conference by sending an email to healnyhit@health.state.ny.us to insure that adequate accommodations be made for the number of prospective attendees. Please provide a list of individuals expected to attend. A maximum of three representatives from each prospective applicant will be permitted to attend the applicant conference. Failure to attend the applicant conference will not preclude the submission of an application.

4.3 Completing the Application

1. Applications should be concise, single spaced, using 12 point type, including references, timeline and budget.

2. Submitted applications must include all sections described below. Be complete and specific when responding. A panel, convened by the DOH and DASNY, will review and score applications from Eligible Applicants.
3. Cover Page: Provide a cover page, signed by an individual that would be authorized to bind the Eligible Applicant to any GDA that would result from the application. The cover page must include:
 - a. Eligible Applicant Name
 - b. Address
 - c. Project Name
 - d. HEAL NY HIT Project Category
 - e. Contact information for Eligible Applicant
 - f. Listing of Project Stakeholders

Important: The application cover page must not contain any information regarding the Project cost. Information relative to Project cost can only be included in the Financial Section of the application described below. Eligible Applicants failing to comply with these criteria may be eliminated from further review.

4. Executive Summary: At a minimum, the executive summary should include:
 - a. Overall Project description
 - b. A notation of which category (described in Section 2.1 of this RGA) the Project falls
 - c. A description of how the Project meets HEAL NY HIT Initiative criteria and goals as described in Section 2 of this RGA
 - d. A description of how the Eligible Applicant meets eligibility criteria described in Section 3 of this RGA
 - e. A listing of participating Project stakeholders and a brief discussion of how each stakeholder will contribute to the Project.
 - f. A description of how these stakeholders meet the eligibility criteria described in Section 3 of this RGA
 - g. A description of the relationship and agreements entered into among the Eligible Applicant and each stakeholder.

4.4. Eligible Applicant

In this section of the application, provide basic organizational information relative to the Eligible Applicant. This should include information such as the Eligible Applicant's history, its mission, board composition, ownership and affiliations, staffing, services provided, and any other relevant information. Also provide information that will allow DOH and DASNY to understand how the Eligible Applicant is prepared to proceed with the Project. Provide any experience the Eligible Applicant has with Projects of this

type, how the Eligible Applicant fits within the public health community, and evidence that the Eligible Applicant will be able to implement the Project, etc.

4.5 Stakeholders

For each stakeholder, provide information to describe how the relationship among the Eligible Applicant and the stakeholders satisfies the provisions of Sections 3.1, 3.2, 3.3 and 3.4. Provide information similar to that described in Section 4.4 for the Eligible Applicant. Include information on the stakeholder's expected role in the Project and provide a letter from the stakeholder outlining their understanding of that role and a copy of the agreement between the Eligible Applicant and the stakeholders.

4.6 Project Description Overview

Provide an overview of the Project, Project goals and objectives, and the timetable for Project implementation. Describe how the goals and objectives of the Project are consistent with those outlined by the federal government's National Coordinator of Health Information Technology and the impact on the community and region, as well as the goals and criteria set forth in this RGA and HEAL NY.

4.7 Quality Component

Describe how the Project will impact the community, including the estimated number of patients served, improvement in the quality of health care delivery and clinical outcomes, and the potential for reducing medical errors. Describe how the public health need will be served, including the impact of access to health care for underserved populations. Demonstrate how the Project will lead to improvement of patient access to personal medical data and increased satisfaction among patients and physicians. Describe how the Project will increase collaborative partnerships across various components of the health care delivery system, including health care providers, community based organizations, educational institutions, payers, not for profit and for profit entities, and how it will increase the opportunity for clinical information data exchange on a broader basis. The applicant must describe the impact on the community relating to quality of care and cost savings and must specifically address each of the criteria set forth in Section 2.1.2.

4.8 Technology

Discuss how the Project will achieve interoperability for clinical information sharing and reduction in costs and/or utilization over time. Describe the commitment to implementing an interoperable system that adheres to the national standards as they are developed. Describe the commitment to achieving compliance with and certification in interoperability, privacy and security standards within six months of such standards and certification becoming available. Provide resumes and references for each key staff member of the Project team, including staff of stakeholders and key vendors, if known. Describe how this team has the experience and competence necessary to successfully

complete the Project within the timeframes outlined and achieve the goals and objectives set forth in the application. Describe the specific technology to be utilized. This description should include, if applicable and available, specific vendors, hardware and software. Describe how the Eligible Applicant and Stakeholder organizations have leveraged their existing infrastructure, are utilizing existing national standards and are providing for the privacy and data security of participants. Discuss the ability of the system utilized for the project to allow for future growth, such as an eRx system that can evolve into a system to accommodate EMRs or how new participants can be integrated into the Project. Demonstrate support for automated, bi-directional standards based on reporting of critical public health information to State Public Health. If such information is already being provided by Project participants, please describe the current information and process.

4.9 Community Commitment/Buy-in

Describe the expected roles of the Eligible Applicant and Stakeholder(s) in the Project. Demonstrate how the Project will achieve the commitment and support of a significant number of clinicians to use the technology. Provide the percentage of clinical support within the stakeholder community, as well as the number and percentage of stakeholders within the community/region that are involved. Describe how other stakeholders will be integrated in the Project over time.

4.10 Project Monitoring and Evaluation

Describe the evaluation methodology to be utilized to determine the overall success of the Project, including any quality assurance testing that will be performed. Provide a timeline for the proposal up through the date of implementation, including identification of major milestones and the person/entity accountable for each milestone. Describe how the monitoring plan will include identification of barriers and strategies to resolve issues. Outline specific mechanisms to ensure long term sustainability beyond the grant period, including a proposed program to measure, analyze, and report on the Project's impact on patient care and safety. Describe the methodology for measuring the benefits of the Project in terms of both quality and overall community health care cost over the three years following the funding of the grant.

4.11 Project Finances

All information relative to the Project budget must be provided in a separately sealed package.

4.11.1 Project Budget: Provide a Project budget that includes all the components of the application, including those that will be funded with sources other than HIT grant funds. Show the amount of each budget line that will be funded with HEAL NY grant funds. Provide a detailed discussion of the reasonableness of each budgeted item. These budget justifications should be

specific enough to show what the Eligible Applicant means by each request and how the request supports the overall Project.

4.11.2 Funding Sources: The budget must identify and describe all private or other sources of funding sources for the Project, including governmental agencies or other grant funds and evidence of the commitment from or availability of these funding sources and evidence of in-kind contributions. At least 50% of the Project's budget must come from non-State sources, unless the Eligible Applicant meets the criteria set forth in Section 2.3.3. Applicants must provide evidence that this other funding will be forthcoming, including providing written documentation of commitments from each funding source. A commitment that is contingent upon receipt of the HIT grant is acceptable as long as the contingency is removed after notification of award.

4.11.3 Project Financial Viability: Include a business plan, including pro-forma statements of operations, balance sheets and cash flows for project planning and start up through the first three years following Project implementation.

4.11.4 Eligible Applicant and Stakeholder Financial Stability: Provide evidence of the financial stability of the Eligible Applicant and each stakeholder. This would include a copy of the prior two annual audited financial statements, a copy of the current Dun and Bradstreet report, and any other evidence of this stability. Entities that are not publicly held and whose financial statements have not been subjected to private audit must include any additional information available to satisfy this test and appropriate certifications.

4.12 How to file an application

4.12.1 Applications must be **received** at the following address by **November 30, 2005 at 3:00pm**. Late applications will not be accepted.

Mr. Fred Genier
Director, Grants and Procurement Section
New York State Department of Health
Room 1325 Corning Tower
Albany, NY 12237-0016

4.12.2 Eligible Applicants shall submit two original, signed applications and eight copies. Application packages should be clearly labeled with the name and number of the RGA as listed on the cover of this RGA document. Applications **WILL NOT** be accepted via fax or e-mail.

4.12.3 It is the Eligible Applicant's responsibility to see that applications are delivered to Room 1325 prior to the date and time specified above. Late applications due to delay by the courier or not received in the Department's mailroom in time for timely transmission to Room 1325 will not be considered.

4.13 Review Process

Applications received in response to the HEAL NY HIT RGA will be evaluated as follows:

4.13.1 Stage 1: Each application will be reviewed for completeness. Applications missing material elements may be eliminated from further review.

4.13.2 Stage 2: Each application will be reviewed to confirm that the provisions of Section 2.1.1 are satisfied, to confirm the intent to enter into an agreement among the Eligible Applicant and the stakeholders, and to confirm the viability of all identified stakeholders. Applications not meeting these criteria will be eliminated from further review.

4.13.3 Stage 3: Applications passing the first two stages will be forwarded to technical and financial review teams for scoring. Technical scoring will be based on the following components and will be valued at 80 percent:

1. The extent to which the Project meets all of the requirements outlined in Section 2.1.2 of this RGA;
2. Ability of Eligible Applicant to complete the Project;
3. Ability of stakeholders to fulfill their Project role;
4. Technical viability of the Project; and
5. The Application is in the format described in this RGA.

Financial scores will be valued at 20 percent, will be based on the overall cost, reasonableness of the Project's budget and other factors.

4.14 THE DEPARTMENT OF HEALTH AND THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK RESERVE THE RIGHT TO:

1. Reject any or all applications received in response to this RGA.
2. Award more than one GDA resulting from this RGA.
3. Waive or modify minor irregularities in applications received after prior notification to the applicant.
4. Adjust or correct cost figures with the concurrence of the applicant if errors exist and can be documented to the satisfaction of DOH, DASNY and the State Comptroller.
5. Negotiate with awardees within the requirements of the HEAL NY Program to serve the best interests of the State.
6. Modify the detail specifications should an insufficient number of applications be received that meet all these requirements.
7. If DOH and DASNY are unsuccessful in negotiating a GDA with one or more awardees within an acceptable time frame, they may award the funds to the next most qualified applicant(s) in order to serve and realize the best interests of the State.

8. DOH and DASNY reserve the right to award grants based on geographic or regional considerations to serve the best interests of the State.
9. Reject any application submitted by an Eligible Applicant which is not in compliance with all state and federal requirements.

4.15 Award Letter

After DOH and DASNY have selected awardees, DOH and DASNY will issue an award letter to the awardees. The award letter is not a commitment to provide funds, but may assist awardees in finalizing other sources of financing as required to secure the full Project cost. The award letter will expire 90 days after issuance, and upon the termination of the award letter, DOH and DASNY may reallocate the funds to one or more other Eligible Applicants.

4.16 Term of GDA

Any GDA resulting from this RGA will be effective only upon approval by the New York State Office of the Comptroller. It is expected that GDAs resulting from this RGA will begin on or about **March 1, 2006**, and will have duration of up to two years.

4.17 Payment & Reporting Requirements

4.17.1 Payments under the resulting GDAs will be processed by DOH. The Grantee shall submit information of the type set forth below pursuant to the requirements to be set forth in the GDA.

1. Payment of such invoices by the State (NYS DOH) shall be made in accordance with Article XI-A of the New York State Finance Law. Payment terms will be based on completion of specific milestones to be outlined in the Project work plan and must be within the specific GDA budget.
2. Prior to the disbursement of HIT grant funds, the Grantee must provide DOH with documentation evidencing that a segregated account has been established by the Grantee into which Grant funds will be deposited. Eligible expenses incurred in connection with the Project to be financed with Grant funds will be paid out of this account. The funds in such account shall not be used for any other purpose.
3. DOH shall make payment to the Grantee, no more frequently than quarterly, based upon eligible expenses actually incurred by the Grantee, upon presentation to DOH of a Standard Voucher Form, together with such supporting documentation as DOH may require, in the forms to be set forth in the GDA or as otherwise determined by DOH.
4. The Grantee must provide proof of disbursement of Grant funds, in a form acceptable to DOH, within sixty (60) days of the date that Grant

funds are disbursed to the Grantee to pay for such costs. In the event acceptable proof of payment is not provided within that time frame, then DOH will not make any additional disbursements from Grant funds until such time as such proof of payment is provided.

5. In no event will DOH make any payment which would cause the aggregate disbursements to exceed the Grant amount.
6. All costs for which reimbursement is sought must have been incurred by the Grantee as set forth on the cover page of the GDA or one of the Project stakeholders.

4.17.2 Reporting Requirements: During the development and implementation phase, the grantee shall submit a quarterly report to DOH, which at a minimum includes:

1. Discussion of milestones achieved and evaluation of Project status;
2. Discussion of any delays or other issues encountered;
3. Plan of action for addressing any delays or other issues encountered;
4. Objectives for the next reporting period;
5. Objectives for the remaining Project period;
6. Discussion of any quality control monitoring performed;
7. Financial report of Project expenses and revenues;
8. Collaborating with other grant recipients in their region and with the DOH on the development of statewide standards; and
9. Post implementation reports are also required annually for three years.

4.18 General Specifications

4.18.1 By signing the "Application Form" each signatory attests to its express authority to sign on behalf of the Eligible Applicant.

4.18.2 The Eligible Applicant, stakeholders and vendors will possess, at no cost to the State, all qualifications, licenses and permits to engage in the required business as may be required within the jurisdiction where the work specified is to be performed. Workers to be employed in the performance of this GDA will possess the qualifications, training, licenses and permits as may be required within such jurisdiction.

4.18.3 Submission of an application indicates the Eligible Applicant's acceptance of all conditions and terms contained in this RGA. If an Eligible Applicant does not accept a certain condition or term, this must be clearly noted in a cover letter to the application.

4.18.4 An Eligible Applicant may be disqualified from receiving awards if such Eligible Applicant or any subsidiary, affiliate, partner, officer, agent or principal thereof, or anyone in its employ, has previously failed to perform satisfactorily in connection with public bidding or other State contracts, or has failed to meet all

regulatory requirements relating to CON and federal and State standards of care.

4.19 Provisions Upon Default

4.19.1 The services to be performed by the Applicant shall be at all times subject to the direction and control of the State as to all matters arising in connection with or relating to the GDA resulting from this RGA.

4.19.2 In the event that the Eligible Applicant, through any cause, fails to perform any of the terms, covenants or promises of any GDA resulting from this RGA, DOH and DASNY, acting for and on behalf of the State, shall thereupon have the right to terminate the GDA by giving notice in writing of the fact and date of such termination to the Applicant.

4.19.3 If, in the judgment of DOH and DASNY, the Applicant acts in such a way which is likely to or does impair or prejudice the interests of the State, DOH and DASNY, acting on behalf of the State, shall thereupon have the right to terminate any GDA resulting from this RGA by giving notice in writing of the fact and date of such termination to the Contractor. In such case the Contractor shall receive equitable compensation for such services as shall, in the judgment of the State Comptroller, have been satisfactorily performed by the Contractor up to the date of the termination of this agreement, which such compensation shall not exceed the total cost incurred for the work which the Contractor was engaged in at the time of such termination, subject to audit by the State Comptroller.

4.20 Appendices

The following will be incorporated as appendices into any GDA(s) resulting from this Request for Application:

1. APPENDIX A: Standard Clauses for All New York State GDAs
2. APPENDIX A-1: Agency Specific Clauses
3. APPENDIX B: Budget
4. APPENDIX C : Payment and Reporting Schedule
5. APPENDIX D : Workplan
6. APPENDIX E : Unless the CONTRACTOR is a political sub-division of New York State, the CONTRACTOR shall provide proof, completed by the CONTRACTOR's insurance carrier and/or the Workers' Compensation Board, of coverage for:
 7. Workers' Compensation, for which one of the following is incorporated into this GDA as Appendix E-1:
 - **WC/DB-100**, Affidavit For New York Entities And Any Out-Of-State Entities With No Employees, That New York State Workers' Compensation And/Or Disability Benefits Insurance Coverage Is Not Required; OR

- **WC/DB-101**, Affidavit That An OUT-OF-STATE Or FOREIGN EMPLOYER Working In New York State Does Not Require Specific New York State Workers' Compensation And/Or Disability Benefits Insurance Coverage; OR
 - **C-105.2** – Certificate of Workers' Compensation Insurance. PLEASE NOTE: The State Insurance Fund provides its own version of this form, the **U-26.3**; OR
 - **SI-12** – Certificate of Workers' Compensation Self-Insurance, OR **GSI-105.2** – Certificate of Participation in Workers' Compensation Group Self-Insurance.
8. Disability Benefits coverage, for which one of the following is incorporated into this contract as **Appendix E-2**:

- **WC/DB-100**, Affidavit For New York Entities And Any Out-Of-State Entities With No Employees, That New York State Workers' Compensation And/Or Disability Benefits Insurance Coverage Is Not Required; OR
- **WC/DB-101**, Affidavit That An OUT-OF-STATE Or FOREIGN EMPLOYER Working In New York State Does Not Require Specific New York State Workers' Compensation And/Or Disability Benefits Insurance Coverage; OR
- **DB-120.1** – Certificate of Disability Benefits Insurance OR the **DB-820/829** Certificate/Cancellation of Insurance; OR
- **DB-155** – Certificate of Disability Benefits Self-Insurance

NOTE: Do not include the Workers' Compensation and Disability Benefits forms with your application. These documents will be requested as a part of the contracting process should you receive an award.

Attachment 1:
HEAL NY Legislation

§ 1680-j. Authorization for the issuance of bonds for the health care efficiency and affordability law for New Yorkers (HEAL NY) capital grant program. Notwithstanding any other provision of law to the contrary, the dormitory authority of the state of New York is hereby authorized to issue bonds or notes in one or more series in an aggregate principal amount not to exceed seven hundred fifty million dollars excluding bonds issued to fund one or more debt service reserve funds, to pay costs of issuance of such bonds, and bonds or notes issued to refund or otherwise repay such bonds or notes previously issued, for the purposes of financing project costs authorized under section twenty-eight hundred eighteen of the public health law. Of such seven hundred fifty million dollars, ten million dollars shall be made available to the community health centers capital program established pursuant to section twenty-eight hundred seventeen of the public health law.

1. Such bonds and notes of the dormitory authority shall not be a debt of the state and the state shall not be liable thereon, nor shall they be payable out of any funds other than those appropriated by the state to the authority for debt service and related expenses pursuant to any service contract executed pursuant to subdivision two of this section, and such bonds and notes shall contain on the face thereof a statement to such effect. Except for purposes of complying with the internal revenue code, any interest income earned on bond proceeds shall only be used to pay debt service on such bonds. All of the provisions of the dormitory authority act relating to bonds and notes which are not

inconsistent with the provisions of this section shall apply to obligations authorized by this section, including but not limited to the power to establish adequate reserves therefore and to issue renewal notes or refunding bonds thereof. The issuance of any bonds or notes hereunder shall further be subject to the approval of the director of the division of the budget, and any projects funded through the issuance of bonds or notes hereunder shall be approved by the New York state public authorities control board, as required under section fifty-one of this chapter.

2. Notwithstanding any other law, rule or regulation to the contrary, in order to assist the dormitory authority in undertaking the administration and financing of projects authorized under this section, the director of the budget is hereby authorized to enter into one or more service contracts with the dormitory authority, none of which shall exceed more than thirty years in duration, upon such terms and conditions as the director of the budget and the dormitory authority agree, so as to annually provide to the dormitory authority, in the aggregate, a sum not to exceed the annual debt service payments and related expenses required for the bonds and notes issued pursuant to this section. Any service contract entered into pursuant to this subdivision shall provide that the obligation of the state to pay the amount therein provided shall not constitute a debt of the state within the meaning of any constitutional or statutory provision and shall be deemed executory only to the extent of monies available and that no liability shall be incurred by the state beyond the monies available for such purposes, subject to annual appropriation by the legislature. Any such contract or any payments made or to be made thereunder may be

assigned or pledged by the dormitory authority as security for its bonds

and notes, as authorized by this section.

3. Notwithstanding any law in the contrary, and in accordance with

section four of the state finance law, the comptroller is hereby

authorized and directed to transfer from the health care reform act

(HCRA) resources fund (F04) to the general fund, upon the request of the

director of the budget, up to \$6,500,000 on or before March 31, 2006, up to \$16,250,000 for the period April 1, 2006 through March 31, 2007 and

up to \$32,500,000 for the period April 1, 2007 through March 31, 2008.