



**USDA Rural Development and Health IT
Case Studies from Iowa**

August 9, 2012

Health Reform Implementation

This is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.



*Winston Churchill, November 10, 1942
in response to the Allied victory at the Second Battle of El Alamein.*

Iowa Rural HIT Collaborative Partners

- Iowa's Office of Rural Health – leader/convener
- USDA – Community Facilities program
- Iowa's FLEX Program – FLEX funding and education
- Iowa's HIT Regional Extension Center – technical assistance
- State Health Information Network - data exchange
- Iowa Hospital Association – hospital relationships and support
- Iowa Medicaid Enterprise – state incentive and resources



Why We Came Together

- *Expanding Health Information Technology (IT) in Rural America* Cabinet Secretaries Sebelius and Vilsack agreed to a MOU between HHS and USDA to increase rural health care opportunities. One of the areas is enhancing HIT capabilities.
- Federal Office of Rural Health Policy requested State Offices of Rural Health to contact partners to initiate a state level project

For Iowa the opportunity "seemed like the thing to do". We agreed

- Federal regulations and new standards require information technology that has heretofore not been part of rural provider landscape

What We Decided To Do

Aggressive timeline, Highly interactive, Goal driven

- Target hospitals and providers in need of and receptive to extra HIT TA and other assistance
- Combine and leverage our resources to benefit our state

Results

- 3 hospitals began or expanded working agreement with Telligent/REC
- Conversations with hospitals about funding/loans for equipment were initiated
- Rural Health Clinics are stepping forward to EHR/MU
- Hospitals & providers were informed and directed to attain State Medicaid incentive (\$)

Rural Development Programs for HIT

- **Community Facilities Loan/Grant (CF)**
- **Rural Economic Development Loan/Grant (REDLG)**
- **Business & Industry Loan Guarantees (B&I)**
- **Distance Learning-Telemedicine (DLT)**

Community Facilities (CF)

- \$1.3 billion in direct loans available in FY '12
- very limited grant funding
- rural areas and towns of up to 20,000
- applicant must be non-profit, government or tribe
- fund essential community facilities, including construction of a hospital, nursing home, outpatient facility or physician clinic.

CF Investments 2009-2011

- Invested in over **6,250** critical community facilities,
- Serving nearly **29** million rural residents,
- Including **736** education facilities, **433** libraries, **581** health care facilities, and **2,800** public safety facilities.



Dr. Julee Kingsley, dentist, returned to her hometown to start a practice out of a building in Elgin, Minn., financed with a USDA Rural Development Community Facilities loan.

CF and Equipment

Rural health care providers may apply for funding support for the purchase of equipment, such as a new CT scanner or mammography equipment. Health information technology hardware and related software costs are also eligible

Rural Economic Development Loan/Grant (REDLG)

The **Rural Economic Development Loan and Grant (REDLG)** program provides loan and grant funds to rural projects through local utility organizations (such as Rural Electric Cooperatives and Telecos)

- **REDLoan Program** - provides zero interest loans to local utilities which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipients repay the lending utility directly. The utility is responsible for repayment to the Agency.
- **REDGrant Program** - provides grant funds to local utility organizations which use the funding to establish Revolving Loan Funds (RLF). Loans are then made from the RLF for projects that will create or retain rural jobs.

REDLG: 2009-2011

- Worked with rural electric and telephone cooperatives in **21** states to spur development projects.
- Invested **\$112 million** in rural communities: revolving loan funds for small businesses, industrial site development and key community infrastructure

Country Maid, Inc
West Bend, IA:
\$500,000 loan via
Northwest Telephone
Cooperative Assoc.



REDLG Funds (FY '12)

- \$89 million available in FY '12 (\$10 m grant)
- Coops and approved municipal utilities eligible. Population up to 50,000
- Max loan: \$1 million. Max grant: \$300,000

Distance Learning-Telemedicine (DLT)

- DLT Grant and Loan Programs provide rural communities with opportunities to obtain educational and medical services from distant locations utilizing communications technologies.
- \$465 million in DLT grants and loans have been awarded total.
- Last year, USDA awarded \$35 million in DLT projects across 39 states.
- Maximum award was \$500k per application.

Distance Learning-Telemedicine (DLT)

Program Requirements

- Serving rural communities of 20,000 or less
- Min grant \$50,000, Max grant \$500,000
- 15% required matching contribution

DLT Grant Program – Eligibility and Purpose

- Deliver or propose to deliver distance learning or telemedicine services for the term of the grant.
- Purposes must meet the grant definition of distance learning and telemedicine. Focus on sustainability.
- No planning studies, research projects, or short-term demonstration projects.

DLT Grant Program – Definitions and Purpose

DLT Grants are not just a way to obtain medical equipment.

The focus is on using the unique capabilities of telecommunications to connect rural areas, thus overcoming the effects of remoteness and low population density.

- **Telemedicine** means the delivery of health care from medical professionals at one site to patients at other sites via telecommunications.
- Telemedicine equipment may also be used for Health IT solutions to improve access to advanced medical care in rural communities. Such solutions may include electronic, bandwidth intensive applications that rely on video teleconferencing equipment to improve the quality of care in remote communities and tribal areas.

DLT Grant Program – Project and Budget Eligibility

Eligible Equipment – this list is not exhaustive and does not convey automatic eligibility. To be eligible in full, items must be primarily for DLT eligible purposes.

- Computer hardware and software
- Computer network components
 - Terminal equipment
 - Data terminal equipment
 - OEM or OEM-authorized warranties on eligible equipment up to the 3-year life of the grant
 - Inside wiring

B&I Loan Guarantees

- Open to for-profits pop. of 50,000 or below
- Requires participating financial institution
- 80% guarantee for loans \$5 million or less
- 15-year term for machinery and equipment
- \$25 million max
- Guarantee fee 3% - Annual servicing fee is 1/4%

Iowa Case Studies



Belmond Hospital, Belmond, IA

- Project: Electronic Medical Records (EMR)
- RD Funding: \$100,000 (**CF Grant**)
- Total Project Cost: \$440,540
- Phase One - purchasing and integrating software modules. Additional costs associated with the installation and training as well as other hardware upgrade requirements.
- Unanticipated Phase Two: Additional hardware needs that were not anticipated when the project began. When the project was completed they had spent \$190,000 more than they originally planned. They could not have done it without our help.
- A very successful project. The hospital has met its meaningful use designation

Belmond Hospital, Belmond, IA



Kossuth Regional Health Center Algona, IA

- Project: Integrated technology will be facilitated through this construction project as an electronic health record system is installed in new rooms through an expanded computer network. Within each headwall unit, computer equipment will be installed including a computer workstation and bedside monitoring systems. The project will also improve patient safety by integrating these medical systems with an automated medication dispensing system.
- RD Funding: \$300,000 Grant to Corn Belt Power – **(REDLG)**
- Total Project Cost: \$360,000

Kossuth Regional Health Center Algona, IA



Pocahontas Community Hospital Pocahontas, IA

- Project: Implementing a full electronic medical record. This required some additional hardware components also along with a few new servers. Fully electronic by next fall.
- RD Funding: Pocahontas Municipal Utilities received a \$300,000 **REDGrant**. With their matching funds, the municipal utility will loan \$360,000 to the hospital.
- Total Project Cost: \$1 million
- Improvements will provide easier access to and sharing of patient information throughout System to which hospital belongs. From the hospital administrator: "This would not be possible without the financial support offered by your agency!"

Pocahontas Community Hospital Pocahontas, IA



Ringgold County Hospital Mt. Ayr, Iowa

- Project: Update medical records system
- RD Funding: \$50,000 Grant
- Total Project Cost: \$98,000
- The project is the purchase of IT equipment. The hospital itself was built in 2009. That original construction included a hospital-wide IT backbone which provides basic interconnectivity and basic fail-safe measures.
- The current project is the purchase and installation of a wireless network, and the addition of switches and other hardware to create redundancy in the system to ensure 100 % up-time. It is also intended to purchase 52 "thin-client" desktop units as alternatives to personal computers.

Ringgold County Hospital
Mt. Ayr, Iowa



Board Of

"Even if you are
on the right
track, you'll get
run over if you
just sit there."

- *Will Rogers*



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