Building Partnerships to Leverage Available USDA Resources for Rural Providers

Thursday, March 22, 2012
Health Services Advisory Group
Phoenix, Arizona

SUMMARY REPORT

Prepared by: Joyce Hospodar, Neil MacKinnon, John Packham, Don Wood

Sponsored by
U.S. Department of Health and Human Services, Health Resources and Services Administration, Office of Rural Health Policy
USDA Rural Development, AZ, NV, UT State Offices

In Partnership with
- Center for Rural Health, The University of Arizona Mel and Enid Zuckerman College of Public Health
- Nevada Office of Rural Health, University of Nevada School of Medicine
- Utah Department of Health, Office of Primary Care and Rural Health
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I. **Arizona | Nevada | Utah Meeting Background and Purpose**

The purpose of the meeting, *Building Partnerships to Leverage Available Resources for Rural Providers*, was to bring together key players from three southwestern states (Arizona, Nevada, and Utah) to enable them to leverage USDA resources so that Critical Access Hospitals (CAHs), other small rural hospitals, and rural health clinics can rebuild/modernize their facilities. This includes the development of electronic health record systems and other health information technology improvements.

The following five core objectives were established for participants:

- Identify the agencies, personnel, and processes for securing available resources from USDA
- Address potential process challenges to securing funds and suggest potential solutions
- Establish new partnerships and leverage available USDA resources
- Identify strategies to enlist CAH/clinic participation in securing USDA funds
- Use a strategy developed at the meeting to communicate information and steps for securing funds to health providers in their respective states.

Twenty seven people attended the meeting: 17 from Arizona, 6 from Nevada, and 4 from Utah. Table 1 below profiles the participants’ organization types and numbers of people attending by state.

**Table 1: Number of State Participants by Organization Type**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Arizona</th>
<th>Nevada</th>
<th>Utah</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USDA</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Hospital CEO/CFO</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>SORH Staff</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>REC/HIT Coordinator</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>State Hospital Assoc.</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>QIO</td>
<td>2</td>
<td>1</td>
<td>1*</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17</td>
<td>6</td>
<td>4</td>
<td>27</td>
</tr>
</tbody>
</table>

*NV and UT share the same Quality Improvement Organization (QIO) and thus the same individual represented both states.

The agenda for the day can be found in Appendix A. The meeting started with a welcome and introductions of each person attending the meeting. The State Office of Rural Health staff from the three participating states set the context and provided an overview of the expected meeting outcomes. The meeting continued with three panels:

- **Panel 1:** USDA representatives from each of the three states reviewed the different funding streams available to rural health providers;
- **Panel 2:** Hospital/Regional Extension Center (REC)/Quality Improvement Organization (QIO) representatives’ provided their perspective on hospital financing needs; and,
- **Panel 3:** Case studies from two hospital CEOs who went through the application process with USDA and were successful in receiving funds.
The afternoon focused on having each state’s representatives work together focusing on building partnerships and leveraging resources. Appendix E contains the talking points that were suggested to cover during the breakout session/report out by each state. Table 2 below summarizes the report out of next steps identified by each state.

### Table 2: Summary of Breakout Reports by State

<table>
<thead>
<tr>
<th><strong>Arizona</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Include in future meetings other financing types, i.e., HUD, financial consultants.</td>
</tr>
<tr>
<td>Write/create case studies and publish.</td>
</tr>
<tr>
<td>Develop policy document, financing plan.</td>
</tr>
<tr>
<td>Develop ongoing resource like holding teleconference calls monthly.</td>
</tr>
<tr>
<td>Get physician champions.</td>
</tr>
<tr>
<td>Get organizations to work together on messaging; need to streamline/consolidate.</td>
</tr>
<tr>
<td>Identify what the role the HENs will play.</td>
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<tr>
<td>USDA needs to have clear definitions as to what dollars can be used for.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Nevada</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Create grid showing USDA Program options (A to Z) by AZ, NY, UT with contact information by Health Education, Public Safety, and Public Services and $ amount received by the organization or agency.</td>
</tr>
<tr>
<td>Pursue any follow ups during an adjunct meeting at the Western Region Flex Conference in June 2012 in Park City.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Utah</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Health to send information out by email, distribute at meetings throughout Utah.</td>
</tr>
<tr>
<td>Hold regional meetings (some already occurring).</td>
</tr>
<tr>
<td>Identify other sources of funds (:e., banks) besides Rural Development.</td>
</tr>
<tr>
<td>Present USDA information and CP Director contact information at Utah Hospital Association Rural Hospital Council.</td>
</tr>
<tr>
<td>USDA CP Director preset programs, options, and processes at OPCRH Rural Hospital Administrators Summit.</td>
</tr>
<tr>
<td>Provide USDA information to Flex Advisory Committee.</td>
</tr>
<tr>
<td>Provide USDA 2011 Utah Progress report to all rural hospital CEOs.</td>
</tr>
</tbody>
</table>
II. Evaluation Results

There were 27 people who attended the meeting. It was only appropriate, though, for 24 attendees to actually complete the meeting evaluation. Of these 24, only 15 completed the survey evaluation form, yielding a 63% response rate. (Note: two Center for Rural Health staff and one participant who only came for lunch were not counted.)

Almost 75% of those responding to the evaluation survey indicated that new knowledge was gained. The majority of those responding felt that the first two meeting objectives were met but fell short in fully meeting Objectives 3, 4 and 5. Table 3 below provides the detailed distribution of the responses.

Table 3: Assessment of Reaching the Meeting’s Objectives

<table>
<thead>
<tr>
<th>MEETING OBJECTIVES</th>
<th>COMPLETELY MET</th>
<th>PARTIALLY MET</th>
<th>NOT MET</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify the agencies, personnel, and processes for securing available resources from USDA.</td>
<td>13/87%</td>
<td>2/13%</td>
<td>0/0</td>
</tr>
<tr>
<td>2. Address potential process challenges to securing funds and suggest potential solutions.</td>
<td>9/60%</td>
<td>6/40%</td>
<td>0/0</td>
</tr>
<tr>
<td>3. Establish new partnerships and leverage available USDA resources.</td>
<td>7/47%</td>
<td>8/53%</td>
<td>0/0</td>
</tr>
<tr>
<td>4. Identify strategies to enlist CAH/clinic participation in securing USDA funds.</td>
<td>4/27%</td>
<td>10/67%</td>
<td>0/0 (1 no response, 6%)</td>
</tr>
<tr>
<td>5. Use a strategy developed at the meeting to communicate information and steps for securing funds to health providers in their respective states.</td>
<td>6/40%</td>
<td>9/60%</td>
<td>0/0</td>
</tr>
</tbody>
</table>

There were three open-ended questions on the evaluation form asking what plan there was for using the information gained, overall opinion of the meeting, and what kind of follow-up would be beneficial.

- Regarding plans for using the information provided, comments ranged from “gather information and become an advocate for USDA programs” to “incorporate into REC offerings” to “create tools and resources to take to rural providers to secure dollars.”
- Regarding the opinion of the meeting, comments ranged from “worth attending” to “good interaction” to “very educational.”
- Regarding the types of follow-up to occur after this meeting, comments ranged from “change policy at the federal level to help get through USDA loans easier” to “proposed matrix of organizations that met USDA programs” to “see a follow-up meeting scheduled to continue the dialogue.”

Appendix F contains the entire evaluation summary and lists out each comment provided.
III. Suggestions for Office of Rural Health Policy and USDA

Below are several suggestions to consider by ORHP and USDA staff:

▪ Renewed effort by USDA to advertise specifically to rural hospitals and give very detailed information and contact information regarding the direct loan program and the RED LG Program.
▪ Even though the USDA program is the “lender of last resort”, the issue of taking two years to get through the application process must be looked at to see why it is so cumbersome.
▪ Utilize and build on the roles already played by state hospital associations and state rural health offices in assisting CAHs and small rural hospitals with the assessment of capital financing options and opportunities.
▪ Ask USDA to produce a document or fact sheet with very specific information identifying HIT programs, products, or systems that would be considered or eligible for USDA funding.
▪ Ask USDA to identify or quantify “normal lifespan” of HIT technology products or equipment.

IV. Conclusion

In summary, the meeting generated some frank, open and yes, at times, heated discussion, but also left State Office staff and partners with a better understanding of USDA resources and some of the impediments facilities continue to face if rural hospitals and communities are to take advantage of USDA loans, loan guarantee, and grant programs (e.g., there continues to be significant problems with the process of applying for and securing USDA resources.) It is also clear that USDA funding is an under utilized resource – resources that are extremely valuable to those who do utilize USDA programs along with other sources of capital financing.
V. Appendices

A. Meeting Agenda
B. Mark Your Calendar
C. Attendee List
D. Suggested Discussion Points for USDA Panel
E. Points to Cover in Each State’s Breakout Session/Report Out
F. Evaluation Results
G. List of Handouts Provided by Attendees

Handout 1: USDA Rural Development, Business & Industry Guaranteed Loans, Quick Reference Guide
Handout 2: USDA Rural Development, Rural Economic Development Loan (REDL) Program
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Handout 4: USDA Rural Development, Rural Housing and Community Programs, Community Facilities Loans and Grants
Handout 6: Arizona Department of Administration, Arizona Strategic Enterprise Technology (ASET) Office – Background, ASET’s Role in the ONC HIE Cooperative Agreement Program, Summary of Health Information Exchange Priorities for Arizona, March 20, 2012
10:00 AM  **Welcome**
Neil MacKinnon, PhD, Director, Center for Rural Health, The University of Arizona
Enid Zuckerman College of Public Health

10:15 AM  **Setting Context/Meeting Outcomes**
Joyce Hospodar, Manager, Health Systems Development, Center for Rural Health
UA Mel & Enid Zuckerman College of Public Health
John Packham, Flex Program Director, Nevada Office of Rural Health
Don Wood, Director, Utah Office of Primary Care and Rural Health

10:30 AM  **Panel: State USDA Representatives**
Alan Stephens, State Director, Arizona USDA Rural Development
Debra Meyer, Program Director, Rural Utilities and Community Facilities, Utah USDA
Herb Shedd, Business Program Director, Nevada USDA Rural Development Office

11:00 AM  **Hospital Capital Financing Needs**
CAH/hospital perspectives
State hospital association/rural hospital association perspectives
REC/QIO perspectives

11:30 AM  **Working Lunch: Hospital case studies**
Jeff Hamblen, CEO, Little Colorado Medical Center, Winslow, AZ
CEO from Utah

12:30 PM  **Breakout by States to Build Partnerships and Leverage Resources**

1:30 PM  **Break**

1:45 PM  **Report-Out by State**
Utah
Nevada
Arizona

2:45 PM  **Wrap-Up and Next Steps**
State strategies
Regional strategies, e.g., Western Region Flex Conference

3:00 PM  **Adjourn**
Building Partnerships to Leverage Available USDA Resources for Rural Providers

Date & Time: 
Thursday, March 22, 2012
10:00 am - 3:00 pm

Location: 
Health Services Advisory Group
3133 E. Camelback Road, Suite 300
Phoenix, Arizona
Phone: 602.264.6382

The purpose of this meeting is to bring key players together from three southwestern states to enable them to leverage USDA resources so that Critical Access Hospitals, other small rural hospitals, and rural clinics can rebuild/modernize their facilities, including the development of electronic health record systems and other health information technology improvements.

OBJECTIVES

As a result of attending the meeting, participants will be able to:

- Identify the agencies, personnel, and processes for securing available resources from USDA
- Address potential process challenges to securing funds and suggest potential solutions
- Establish new partnerships and leverage available USDA resources
- Identify strategies to enlist CAH/clinic participation in securing USDA funds
- Use a strategy developed at the meeting to communicate information and steps for securing funds to health providers in their respective states

AGENDA

10:00 AM  Welcome and Introductions
10:15 AM  Setting Context/Meeting Outcomes
10:30 AM  Panel: State USDA Representatives
11:00 AM  Panel – Representatives from RECs, QIOs, and state hospital associations
11:30 AM  Working Lunch: Hospital needs and case study
12:30 PM  Breakout by States
1:30 PM  Break
1:45 PM  Report-Out by State
2:45 PM  Wrap-Up
3:00 PM  Adjourn

CONTACT:

Joyce Hospodar
Manager, Health Systems Development
Center for Rural Health, The University of Arizona Mel and Enid Zuckerman College of Public Health
Phone: 520.626-2432
hospodar@email.arizona.edu

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- Nevada Office of Rural Health, University of Nevada School of Medicine
- Utah Department of Health, Office of Primary Care and Rural Health
Appendix C—Attendee List

Building Partnerships to Leverage Available USDA Resources for Rural Providers
ARIZONA | UTAH | NEVADA
March 22, 2012 – Phoenix, Arizona

Blaine Bandi
Executive Director
Arizona Health Facilities Authority
11024 N. 28th Drive, Ste. 200
Phoenix AZ 85027
602.375.2770
bbandi@azfha.com

Roy Barraclough
Administrator/CEO
Moab Regional Hospital
450 W. Williams Way
Moab UT 84532
435.719.3500
royb@mrhmoab.org

Jill Bullock
Rural Health Service Coordinator
Center for Rural Health, The University of Arizona
Mel and Enid Zuckerman College of Public Health
1295 N. Martin
Tucson AZ 85724
520.626.3722
bullock1@email.arizona.edu

Keith Clark
Outreach Administrator
Nevada Office of Rural Health
3050 East Flamingo Road
Las Vegas NV 89121
775-934-1717
kclark@medicine.nevada.edu

Eileen Colen
Project Coordinator - HIT
HealthInsight
6830 W Oquendo Rd / Ste 102
Las Vegas NV 89118
775-335-9088
EColen@healthinsight.org

Kim Crandell
CEO/Administrator
South Lyon Medical Center
213 South Whitacre Ave
Yerington NV 89447
775-463-6401
kim@southlyonmedicalcenter.org

Craig Davidson
Administrator/CEO
Beaver and Milford Hospitals
1059 N. 100 West
Beaver UT 84713
cvd@beaverhospital.net

Paula Dunn
Partner
InTech Health Ventures
4003 E. Speedway #103
Tucson AZ 85712
Pdunn@intechhv.com

Leonard Gradillas
Community Programs Director
Rural Development, U.S. Department of Agriculture
230 N. First Avenue, Ste. 206
Phoenix, AZ  85003-1706
602.280.8747
Leonard.gradillas@az.usda.gov

Jeff Hamblen
CEO
Little Colorado Medical Center
1501 N. Williamson Avenue
Winslow AZ 86047
928.289.4691
jhamblen@lcmcwmh.com

Holly Hansen
Chief Operating Officer
Nevada Rural Hospital Partners
4600 Kietzke Lane / Ste I-209
Reno NV 89502
775-827-4770
holly@nrhp.org

Joyce Hospodar
Manager, Health Systems Development
Center for Rural Health, The University of Arizona
Mel and Enid Zuckerman College of Public Health
1295 N. Martin
Tucson AZ 85724
520.626.2432
hospodar@email.arizona.edu

John Hoyt
Partner
InTech Health Ventures
4003 E. Speedway #103
Tucson AZ 85712
520.867.8530
JHoyt@intechhv.com

Connie Ihde
Director, REC
AZ Health-e Connection
3877 N. 7th Street, Ste. 130
Phoenix AZ 85004
602.688.7200
connie.ihde@azhec.org
Appendix C—Attendee List continued

Gary S. Mack
Business & Cooperatives Program Director
Rural Development
U.S. Department of Agriculture
230 N. First Avenue, Ste. 206
Phoenix, AZ 85003-1706
602.280.8717
Gary.mack@az.usda.gov

Neil MacKinnon
Director
Center for Rural Health, The University of Arizona
Mel and Enid Zuckerman College of Public Health
1295 N. Martin
Tucson AZ 85724
520.626.6258
neilmackinnon@email.arizona.edu

Terry Magden
Health Informatics Specialist
HSAG
3133 E. Camelback Road, Ste. 300
Phoenix AZ 85016
602.801.6798
tmagden@hsag.com

Lorie Mayer
State HIT Coordinator,
Arizona Strategic Enterprise Technology, AHCCCS
801 E. Jefferson, MD 4100
Phoenix AZ 85034
602.417.4420
lorie.mayer@azahcccs.gov

Debra Meyer
Rural Utilities and Community Facilities Program Director
Utah USDA
350 N. Redwood Road
Salt Lake City UT
debra.meyer@ut.usda.gov

John Packham
Flex Program Director
Nevada Office of Rural Health
411 W 2nd Street
Reno NV 89503
775-784-1235
jpacham@medicine.nevada.edu

Rebecca Ruiz
Sr. Program Coordinator
Center for Rural Health, The University of Arizona
Mel and Enid Zuckerman College of Public Health
1295 N. Martin
Tucson AZ 85724
520.626.2243
raruiz@email.arizona.edu

Melissa Rutala
CEO
AZ Health-e Connection
3877 N. 7th Street, Ste. 130
Phoenix AZ 85004
602.688-7201
melissa.rutala@azhec.org

Herb Shedd
Business Programs Director
Nevada USDA Rural Development Office
1390 South Curry Street
Carson City NV 89703
775-887-1222
herb.shedd@nv.usda.gov

Tanie Sherman
Director, Regulatory Advocacy
AzHHA
2800 N. Central Avenue, Ste. 1450
Phoenix AZ 0
602/445-4300 ext. 4303
tsherman@azhha.org

Ron Smith
CFO
Wickenbrug Community Hospital
520 Rose Lane
Wickenburg AZ 85390
928.684.5421
Ron.Smith@wickhosp.com

Alan Stephens
State Director, Rural Development
Arizona USDA
230 N. 1st Avenue, Ste. 206
Phoenix AZ 85003
602.280.8701
alan.stephens@az.usda.gov

Emilie Sundie
Director, Health IT Services
HSAG
3133 E. Camelback Road, Ste. 300
Phoenix AZ 85016
602.264.6382
esundie@hsag.com

Don Wood
Director
Utah Office of Primary Care and Rural Health
P.O. Box 142005
Salt Lake City UT 0
801.273.6619
donwood@utah.gov
Building Partnerships to Leverage Available USDA Resources for Rural Providers
ARIZONA I UTAH I NEVADA
March 22, 2012 – Phoenix, Arizona

**SUGGESTED DISCUSSION POINTS FOR USDA PANEL**

1. Process for applications
   - How can it be made easier?

2. Obstacles - Other choices might make USDA less desirable, e.g., HUD 242, lower local interest rates

3. "Not just HIT"
   Identify specific things the money can also be used for - ICD-10, software, training, EHR---vendors.

4. How does USDA currently do marketing to Hospital Administrators and Rural Clinics?
   - Who takes the lead USDA?
   - PCRH?

5. Discuss specifically construction vs. HIT vs. a combination in the use of the funding

6. Generate suggestions from state attendees to make the program more attractive
Building Partnerships to Leverage Available USDA Resources for Rural Providers

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March 22, 2012 – Phoenix, Arizona

POINTS TO COVER IN EACH STATE’S BREAKOUT SESSION / REPORT OUT

1. How can State Offices of Rural Health serve as a reliable, timely source of information and expertise on USDA financing available to rural hospitals and clinics?

2. Identify strategies to build partnerships that can be shared with other states.
   • What tips/direct learnings can we take away and share with others around the country for them to organize a similar type of meeting.

3. Identify challenges to access funds to support getting HIT equipment as well as work towards meeting Meaningful Use.

4. Each state to track over the course of the year which hospitals/clinics we each have worked with to access funding, summarizing the results of accessing funds, etc.

5. Keep track of the specific questions that come up in the meeting.

6. AZ, NV, and UT will develop a report summarizing the meeting.
Appendix F—Evaluation Results

Building Partnerships to Leverage Available USDA Resources for Rural Providers
ARIZONA | UTAH | NEVADA
March 22, 2012 – Phoenix, Arizona

Evaluation Results
(15 out of 24 attendees completed the evaluation, a 63% response)

1. At what level do you feel the meeting objectives were met:
   a. Identify the agencies, personnel, and processes for securing available resources from USDA
      Completely Met, 13/87%  Partially Met, 2/13%  Not Met
   b. Address potential process challenges to securing funds and suggest potential solutions
      Completely Met, 9/60%  Partially Met, 6/40%  Not Met
   c. Establish new partnerships and leverage available USDA resources
      Completely Met, 7/47%  Partially Met, 8/53%  Not Met
   d. Identify strategies to enlist CAH/clinic participation in securing USDA funds
      Completely Met, 4/27%  Partially Met, 10/67%  Not Met  NR, 1/6%
   e. Use a strategy developed at the meeting to communicate information and steps for securing
      funds to health providers in their respective states
      Completely Met, 6/40%  Partially Met, 9/60%  Not Met

Comments:
Strategy in process – will be completely met once implemented

2. How much new knowledge did you gain from the meeting?
   Great Deal, 11/73%  Some, 4/27%  None

Comments:
Best idea – no powerpoints!!

3. What do you plan to do with the information gained?
   • Share with customers
   • Be a better service provider to Arizona CAHs, rural hospitals
   • Recalculate priorities
   • Access program immediately for assistance with EMR acquisitions
   • Incorporate into REC offerings
   • Gather information and become an advocate for USDA programs
   • Help educate hospitals
   • Look for ways to fund new programs to support hospitals
   • Use it as a resource to support accounts
   • Consider the information as we consider new projects
   • Take back to AzHHA leadership
   • Communicate info to small rural hospital group
   • Consider strategies to get more info to advocate for regulatory relief/for securing funds for hospitals
   • Create tools and resources to take to rural providers to secure dollars
4. **What was your overall opinion of the Meeting?**
   - Great! Good timing.
   - Everyone was engaged – great sharing
   - Very helpful
   - Worth attending!
   - Positive
   - Good interaction
   - Good, I would like to have had a better understanding of what information you would have liked to have presented.
   - Very educational
   - Positive – good discussion throughout
   - Well done
   - Good meeting
   - Good small group – thank you much for putting this together!! Turned out better than I expected. Started out being HIT focus, was eventually brought up about problems – general applicants’ process
   - Excellent done Joyce!

5. **What kind of follow up would you like to see after this Meeting?**
   - Love to see policy document & tools to share w/customers
   - Need the U of A Rural Health Center to take a leadership role over the short term, so that this effort continues
   - Notes and evaluations – out to participants
   - Written summary of proceedings – follow up by USDA reps
   - Have a follow-up meeting with others than USDA present
   - Detail report from breakout groups
   - The proposed matrix of organizations that met the USDA programs
   - I would like to see a follow up meeting scheduled to continue the dialogue
   - Greater detail on financing options
   - I think this was a good start & communications was great
   - See follow-up report
   - Work on increasing coordination with Rural Health Office on this issue and others
   - Change policy at the Federal level to help get through USDA loans easier
## Business & Industry Guaranteed Loans

### Quick Reference Guide

**Rural Development invested more than $14 million in Business & Industry (B&I) guaranteed loans in FY-2011. B&I loans provide loan guarantees up to 80% for businesses to use for working capital, equipment, buildings and real estate.**

### General
- The B&I Guaranteed Loan Program guarantees loans made by eligible lenders to rural businesses
- The primary purpose of this program is to create and maintain employment and improve the economic and environmental climate in rural communities
- Expands the existing private credit structure to make and service quality loans that provide lasting community benefits

### Benefits to Businesses
- Higher loan amounts, lower interest rates, and longer repayment terms
- Assists a business in providing stability, growth, expansion, and rural employment

### Benefits to Lenders
- Provides another tool to expand loan portfolio
- Enables lenders to increase earnings through participation in the secondary market
- Allows lenders to make loans above their legal lending limits

### Eligible Borrowers
- Individuals, corporations, cooperatives, partnerships and other legal entities
- Public and private, organized and operated on a profit or nonprofit basis
- Federally recognized Indian tribal groups

### Eligible Areas
Rural cities and towns with a population less than 50,000.

### Eligible Loan Purposes
- Business and industrial acquisitions, construction, conversion, expansion, repair, modernization, or development costs
- Purchase of equipment, machinery, or supplies
- Start-up costs and working capital
- Processing and marketing facilities
- Pollution control and abatement
- Refinancing for viable projects, under certain conditions

### Ineligible Loan Purposes
- Line of credit
- Agricultural production which is not part of an integrated business
- Any project likely to result in the transfer of greater than 50 employees from one area to another
- Payment to owners, partners, shareholders, or others who retain any ownership in the business
- Corporations and businesses not at least 51 percent owned and controlled by U. S. Citizens
- Charitable institutions, religious organizations and affiliated entities, and fraternal organizations
- Loans for golf courses, gambling establishments, and race tracks

### Maximum Loan Amount
- Limited to a maximum of $10 million per borrower
- Some circumstances allow up to $25 million

### Loan Guarantee Limits
- Maximum percentage applies to entire loan
- 80% for loans of $5 million or less
- 70% for loans over $5 million and up to and including $10 million
- 60% for loans exceeding $10 million and up to and including $25 million

Visit [www.rurdev.usda.gov/ut](http://www.rurdev.usda.gov/ut)
Collateral - Appraisals
- All collateral must secure the entire loan
- Repayment must be reasonably assured
- Personal and corporate guarantees are required
- Appraisal reports prepared by qualified individuals are required on property that will serve as collateral

Loan-to-Appraised Market Value
- Lenders will discount collateral consistent with sound loan-to-value policy
- Discounted collateral value must be equal to loan amount

Maximum Repayment Terms
- Working capital - 7 years
- Machinery and equipment - 15 years (or useful life)
- Real estate - 30 years

Fees and Costs
- One-time guarantee fee of 3 percent of the guaranteed principle amount paid by lender
- May be passed on to the borrower
- Other typical lender costs may also be incurred
- Annual renewal fee determined each fiscal year

Borrower Equity Requirements
- Minimum of 10 percent tangible balance sheet equity required for existing businesses
- 20 percent tangible balance sheet equity is required for start-up businesses
- Equity is calculated from financial statements prepared in accordance with GAAP
- Feasibility studies may be required

Interest Rate
- Interest rates for loans may be fixed or variable
- The rate is negotiated between the lender and borrower
- Variable rates may not be adjusted more often than quarterly

Credit Quality
Lender addresses the business adequacy of equity, cash flow, collateral, history, management, and repayment ability in a written credit analysis

Servicing/Liquidation
- Annual financial statements prepared in accordance with GAAP are required
- Lenders will service and, if necessary, liquidate the loans (with USDA Rural Development concurrence)

CONTACTS
Area Offices in Utah:
Area I
Provo - 801-377-5980 x6
North Logan - 435-753-5480 x6
Vernal - 435-789-2100 x5

Area II
Richfield - 435-896-8250 x4
Cedar City - 435-586-7274 x6
Mars - 435-456-4111 x4
Monticello - 435-587-2473 x4
State Office (Salt Lake City)
801-524-4392

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).
Rural Economic Development Loan (REDL) Program

PURPOSE
➢ To provide financing to eligible Rural Utilities Service (RUS) electric or telecommunications borrowers (intermediaries) to promote rural economic development and job creation projects.

APPLICANT ELIGIBILITY
➢ RUS (Rural Utility Service) Electric and Telephone utility borrower (and some former RUS Borrowers)
➢ Non-profit utilities eligible for RUS loans may be eligible from year to year (call for details)
   ➢ Corporations, states, territories, and subdivisions and agencies thereof, municipalities, people’s utility districts, and cooperative, nonprofit, limited-dividend or mutual association that provide retail or power supply or telephone service needs in rural areas.
➢ Financially sound organization
➢ Current on all Federal debts

USE OF LOAN FUNDS
➢ Start up venture costs, including but not limited to financing fixed assets such as real estate, buildings (new or existing), equipment, or working capital;
➢ Business expansions
➢ Business incubator projects
➢ Technical assistance
➢ Project feasibility studies
➢ Advanced telecommunications and computer networks for medical, educational, and job training services,
➢ Community facilities projects
➢ Other projects eligible under 4280.21 –
   ➢ Facilities and equipment to provide education and training to residents of Rural Areas that will facilitate economic development;
   ➢ Facilities and equipment to provide medical care to residents of Rural Areas;

MAXIMUM AND MINIMUM LOAN AMOUNTS (maximum amount published annually in Federal Register)
➢ Maximum $740,000
➢ Minimum $10,000

LOAN TERMS AND REPAYMENT
➢ Zero-interest loan provided to the Intermediary on a pass-through basis to the ultimate recipient (project owner) – Payments are required to be made monthly.
➢ Maximum 10 year repayment period
➢ Payments may be deferred up to one year for projects involving an established operation, or up to two years for projects involving a start-up venture or a community facilities project.
➢ Repayment by the ultimate recipient may not be more restrictive than the repayment schedule of the Intermediary.
➢ Minimum 20% supplemental financing required, either by ultimate recipient or intermediary

(Rev 07/2007)
APPLICATION PROCESS
- Applications are submitted to the USDA - Rural Development State Office for review and rating
- Applications are forwarded to the USDA - Rural Development National Office for selection on a national competitive basis
- Applications are selected quarterly

SELECTION FACTORS
- Nature of the project
- # of direct full time jobs created or saved within 3 years
- Supplemental funds
- Unemployment rates
- Per capita personal income
- Rural area location
- Decline in population
- Cushion of Credit payments
- Initial loan or grant for the intermediary
- If first REDLG to be financed in the county
- Business Plan
- The loss, removal, or closing of a major source of employment
- Location in a county that has experienced chronic or long term economic deterioration
- Location in a county designated a disaster area by the President of the U.S.
- Project consistency with Rural Development State Office’s strategic plan.

FOR MORE INFORMATION
Contact the USDA - Rural Development State Office in Phoenix at 602-280-8745.
TDD for hearing impaired (602) 280-8705.
www.rurdev.usda.gov/AZHome.html

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to USDA, Director, OCR, Washington, DC 20250-9410.
Rural Economic Development Grant (REDG) Program

PURPOSE
➢ To provide financing to eligible Rural Utilities Service (RUS) electric or telecommunications borrowers (intermediaries) to promote rural economic development and job creation projects.

APPLICANT ELIGIBILITY
➢ RUS (Rural Utility Service) Electric and Telephone utility borrower (and some former RUS Borrowers)
➢ Non-profit utilities eligible for RUS loans may be eligible from year to year (call for details)
   ➢ Corporations, states, territories, and subdivisions and agencies thereof, municipalities, people’s utility districts, and cooperative, nonprofit, limited-dividend or mutual association that provide retail or power supply or telephone service needs in rural areas.
➢ Financially sound organization
➢ Current on all Federal debts

USE OF GRANT FUNDS
➢ Establish and operate a Revolving Loan Fund to provide loans that foster rural economic development.

MAXIMUM AND MINIMUM GRANT AMOUNTS (maximum amount published annually in Federal Register)
➢ Maximum $300,000
➢ Minimum $10,000

INITIAL LOAN PURPOSE
➢ Community development or Community Facility projects that will create or save employment and are open to and serve all rural residents and are owned by the ultimate recipient.
➢ Business incubators
➢ Facilities and equipment to provide education and training to residents of rural areas that will facilitate economic development.
➢ Facilities and equipment to provide medical care to residents of rural areas. Equipment and facilities may be funded to enable eligible entities to provide medical training and related professional health care skills to rural health care providers
➢ Projects that utilize Advanced Telecommunications or computer networks to facilitate medical or educational services or job training
➢ Project feasibility studies and Technical Assistance.

REVERBLING LOAN FUND (RLF)
➢ Minimum 20% supplemental financing required of Intermediary and must be spent within 3 years.
➢ The RD portion of the initial expenditure of REDG funds to the ultimate recipient is at 0% up to a maximum of 10 years. The intermediary’s portion of the initial loan to the ultimate recipient may be greater than 0% but must be less than, or equal to, the prevailing prime rate. Maximum 10 year repayment period
➢ Payments may be deferred up to one year for projects involving an established operation, or up to two years for projects involving a start-up venture or a community facilities project.
➢ Once revolved, funds may be loaned at an interest rate, not to exceed the prevailing prime rate and for eligible purposes as stated in the Revolving Loan Fund Plan.
➢ All REDG loans must be made to rural ultimate recipients (population 50,000 or less).
➢ Loans made from revolved funds will not require RD prior approval and environmental clearance.
➢ The Revolving Loan Fund Plan is the vehicle that will guide the Intermediary in operating the Revolving Loan Fund once the fund loses its federal character.

(Rev 07/2007)
Up to 10% of RD grant funds may be applied toward operating expenses over the life of the fund. The 10% limitation is a one-time allowance applicable for the life of the fund.

REVOLVING LOAN FUND PLAN
The RLF will be administered in accordance with a Revolving Loan Fund Plan developed by the Intermediary and approved by USDA – Rural Development.

- Program objectives
- RLF policy statements
- Lending parameters
- Eligible applicants
- Types of projects eligible
- Types of projects ineligible
- Types of Financing available

- Loan Terms and Conditions
- Application Process
- Application Selection Process
- Closing and Disbursement Process
- Loan Monitoring
- File Retention
- Amendments

APPLICATION PROCESS
- Applications are submitted to the USDA – Rural Development State Office for review and rating
- Applications are forwarded to the USDA – Rural Development National Office for selection on a national competitive basis
- Applications are selected quarterly

SELECTION FACTORS
- Nature of the project
- # of direct full time jobs created or saved within 3 years
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Community Facilities Loans and Grants

Community facilities — such as health care clinics, police and fire stations, schools and child care centers — are essential to the quality of life in any rural community. Through its Community Facilities Loan Program, USDA Rural Development is striving to ensure that such facilities are readily available to all rural Americans. The commitment of USDA to this effort is at the core of its mission and its promise to help build stronger, more vibrant rural communities across the nation.

Rural Development can make and guarantee loans to develop essential community facilities in rural areas and towns of up to 20,000 in population. Rural Development can guarantee loans made and serviced by lenders such as banks, savings and loans, mortgage companies which are part of bank holding companies, members of the Farm Credit System, or insurance companies regulated by the National Association of Insurance Commissioners. Rural Development may guarantee up to 90 percent of any loss of interest or principal on the loan. Normally, guarantees will not exceed 80 percent. Direct loans from USDA can also be made to applicants who are unable to obtain commercial credit.

How May Funds Be Used?

Loans may be used to construct, enlarge, or improve community facilities for health care, public safety, and public services. This can include costs to acquire land needed for a facility, pay necessary professional fees, and purchase equipment required for its operation.

Examples of Essential Community Facilities

Health Care
Clinics, ambulatory care centers, hospitals, rehabilitation centers, and nursing homes.

Education
Schools, school buses, Headstart centers, pre-schools, child care centers and college classrooms and dormitories.

Public Safety
Communications centers, police and fire stations, fire trucks, rescue vehicles, and jails.

Public Services
Adult day care centers, city halls, courthouses, community centers, homeless shelters, domestic abuse centers, food banks, airports, garages, off-street parking facilities, sidewalks, street improvements, libraries, museums, fairgrounds, and animal shelters.

Who May Apply?

Loans and guarantees are available to public entities such as municipalities, counties, and special-purpose districts, as well as to nonprofit corporations and tribal governments.

In addition, applicants must have the legal authority to borrow and repay loans, to pledge security for loans, and to construct, operate, and maintain the facilities. They must also be financially sound and able to organize and manage the facility effectively.
Repayment of the loan must be based on tax assessments, revenues, fees, or other sources of money sufficient for operation and maintenance, reserves, and debt retirement.

**What Are the Terms?**

The maximum term for all loans is 40 years. However, the repayment period is limited to the useful life of the facility or any statutory limitation on the applicant’s borrowing authority.

**What Is the Interest Rate?**

Interest rates for direct loans are based on current market yields for municipal obligations, although loans for facilities impacting prime or unique farmland may require a slightly higher rate. Certain other direct loans may qualify for a lower interest rate, depending upon the median household income of the residents of the community to be served. The interest rates for guaranteed loans may be fixed or variable and are determined by the lender and borrower, subject to USDA review and approval.

**What Security Is Required?**

Bonds or notes pledging taxes, assessments, or revenues will be accepted as security if they meet statutory requirements. Where State laws permit, a mortgage may be taken on real and personal property. Tax-exempt notes or bonds may be issued to secure direct loans, but cannot be used for guaranteed loans.

**How Are Applications Made?**

Applications are handled by USDA Rural Development field offices. Rural Development staff will be glad to discuss a community’s needs and the services available from USDA. Field staff can provide application materials and current program information, and assist in the preparation of an application.

**For More Information**

Rural Development field office locations are generally listed in local telephone directories under the heading U.S. Government, Department of Agriculture.

Interested applicants and lenders may also contact the Housing and Community Programs National Office staff at the following address:

USDA Rural Development
Community Programs Division
1400 Independence Avenue, SW.
Washington, D.C. 20250-0700

Telephone: (202) 720-1490
Fax: (202) 690-0471

PA 1557
Revised March 1997
Slightly revised December 2004

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.
# USDA Rural Development’s Business & Cooperative Programs

USDA Rural Development delivers a variety of assistance to rural businesses and communities. All of them work in financial partnership with local economic organizations – banks and lenders, economic development groups, local revolving loan funds, universities, cities, counties, tribes, and utility cooperatives. Several of the programs assist rural small businesses (including farmers & ranchers) directly.

<table>
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<tr>
<th>USDA Program</th>
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<th>Eligible Applicants (Who can apply?)</th>
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<th>Authorized Purposed (What can funds be used for?)</th>
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<th>Rates &amp; Terms (rates subject to change)</th>
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</tr>
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<tr>
<td>BAI Guarantee Business &amp; Industry Guaranteed Loan FY 2012</td>
<td>$871 MM ($12,225 M Arizona allocation)</td>
<td>Provide an incentive for business lending that will save and create jobs (typically for larger businesses)</td>
<td>USDA guarantees business loans made by banks</td>
<td>Banks and other business lenders who make loans to rural businesses</td>
<td>Cities &lt;50,000 population, except urbanized areas</td>
<td>The loans guaranteed can be used for real estate, equipment, working capital, and refinancing – for nonfarm businesses</td>
<td>$1 million - $10 million</td>
<td>Negotiated by business and lender. Fixed or variable rates typically near Prime (No balloons)</td>
<td>Lender-driven: there must be a bank willing to make the loan. (USDA only guarantees the loan.) Business with strong equity &amp; collateral.</td>
<td>Year round</td>
</tr>
<tr>
<td>IRP Intermediary Relending Program</td>
<td>$17.8 MM ($154,000 Arizona allocation)</td>
<td>Capitalize locally-run revolving loan programs for small businesses unable to qualify for bank financing</td>
<td>USDA loans money to a local revolving loan fund for relending to nonfarm businesses</td>
<td>Nonprofit economic development groups, tribes, and public bodies (e.g., cities or counties) who will make loans to rural businesses</td>
<td>Unincorporated areas and cities &lt;25,000 population</td>
<td>The loans must be used to set up a loan program to make business loans for real estate, equipment, working capital, and refinancing – for nonfarm businesses</td>
<td>$300,000 - $750,000 loans to re-lenders to make loans up to $150,000 to businesses</td>
<td>1%, 30 years to re-lender to make loans at Prime +1% or Prime +1% or Prime +2%</td>
<td>Year round. Quarterly competition at national level</td>
<td></td>
</tr>
<tr>
<td>RBEG Rural Business Enterprise Grant</td>
<td>$25.6 MM ($335,000 Arizona allocation)</td>
<td>Support economic development projects that will assist specific small &amp; emerging private businesses</td>
<td>USDA makes grants to support local economic development programs that will support businesses</td>
<td>Nonprofit economic development groups, tribes, and public bodies (e.g., cities or counties)</td>
<td>Cities &lt;50,000 population, except urbanized areas</td>
<td>The grant can be used to do a feasibility study, provide technical assistance to businesses, provide training, set up a revolving loan fund, or develop infrastructure</td>
<td>&lt;$100,000</td>
<td>Grant</td>
<td>Funding is limited, so these grants tend to go only to the neediest areas. Grant funds cannot be used for regional planning or business attraction projects.</td>
<td>Once-a-year. Annual competition at state level.</td>
</tr>
<tr>
<td>RBOG Rural Business Opportunity Grant</td>
<td>$2.5 MM (No separate Arizona allocation)</td>
<td>Support economic development planning</td>
<td>USDA makes grants to support general economic growth &amp; planning</td>
<td>Nonprofit economic development groups, tribes, and public bodies (e.g., cities or counties)</td>
<td>Unincorporated areas and cities &lt;50,000 population</td>
<td>The grant can be used to do regional planning, develop area economic strategies, provide technical assistance to businesses, and develop local leadership</td>
<td>&lt;$50,000</td>
<td>Grant</td>
<td>Funding is limited, so these grants tend to go only to the neediest areas.</td>
<td>Once-a-year. Annual competition at national level</td>
</tr>
<tr>
<td>RCDG Rural Cooperative Development Grant</td>
<td>$5.8 MM (No separate Arizona allocation)</td>
<td>Support centers to assist cooperatives</td>
<td>USDA makes grants to centers for rural cooperative development</td>
<td>Universities and nonprofit economic development groups</td>
<td>Cities &lt;50,000 population, except urbanized areas</td>
<td>Grants are used to operate centers that assist rural cooperatives.</td>
<td>$250,000 - $300,000</td>
<td>Grant</td>
<td>Funding is limited, so these grants tend to go only for projects helping the neediest areas.</td>
<td>Once-a-year. Annual competition at national level</td>
</tr>
<tr>
<td>VAPG Value-added Producer Grant</td>
<td>$14 MM (No separate Arizona allocation)</td>
<td>Support producers in ventures that will increase the return on their agricultural commodities</td>
<td>USDA provides matching grants to farmers for value-added ventures</td>
<td>Farmers, ranchers, foresters, and fishers – including some associations, cooperatives, and ventures</td>
<td>No rural area requirement</td>
<td>Grants for planning or working capital on value-added agricultural ventures, including renewable energy</td>
<td>&lt;$100,000 (planning); &lt;150,000 (working capital)</td>
<td>Grant</td>
<td>Application requirements are complex, so consult with USDA well in advance of application deadline.</td>
<td>Once-a-year. Annual competition at national level</td>
</tr>
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Committed to the future of rural communities.

(11/21/11)
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<td><strong>Section 9007</strong>&lt;br&gt;Renewable Energy Grant&lt;br&gt;Renewable Energy Systems Grant</td>
<td>$10.3 MM ($166,000 Arizona allocation)</td>
<td>Financing for renewable energy generation systems</td>
<td>USDA makes grants to small rural businesses and farmers</td>
<td>Rural small businesses and agricultural producers</td>
<td>Cities &lt;50,000 population, except urbanized areas bordering cities &gt;50,000 population</td>
<td>Grants for renewable energy systems (wind, biomass, bioenergy, anaerobic digesters, solar, geothermal, &amp; renewable hydrogen)</td>
<td>&lt;$500,000 (not to exceed 25% of project cost)</td>
<td>Grant</td>
<td>Application requirements can be complex, so consult with USDA well in advance of application deadline.</td>
<td>Once-a-year. Annual competition at national level</td>
</tr>
<tr>
<td><strong>Section 9007</strong>&lt;br&gt;Energy Efficiency Grant&lt;br&gt;Energy Efficiency Improvements Grant</td>
<td>Included in the above funding allocation</td>
<td>Financing for energy efficiency improvements</td>
<td>USDA makes grants to small rural businesses and farmers</td>
<td>Rural small businesses &amp; agricultural producers</td>
<td>Cities &lt;50,000 population, except urbanized areas bordering cities &gt;50,000 population</td>
<td>Grants for purchase and installation of business energy efficiency improvements</td>
<td>&lt;$250,000 (not to exceed 25% of project cost). Priority is given for grants &lt;$50,000</td>
<td>Grant</td>
<td>Application requirements can be complex, so consult with USDA well in advance of application deadline.</td>
<td>Once-a-year. Annual competition at national level</td>
</tr>
<tr>
<td><strong>Section 9007</strong>&lt;br&gt;Energy Guarantee Program&lt;br&gt;Renewable Energy Systems &amp; Energy Efficiency Improvements Guaranteed Loan</td>
<td>$42 MM ($614,748 Arizona allocation)</td>
<td>Provide an incentive for business lending that will finance renewable energy generation systems or energy efficiency improvements</td>
<td>USDA guarantees business loans made by banks to small businesses and agricultural producers</td>
<td>Banks and other business lenders who make loans to rural businesses</td>
<td>Cities &lt;50,000 population, except urbanized areas bordering cities &gt;50,000 population</td>
<td>The loans guaranteed can be used for the purchase and installation of renewable energy systems or for energy efficiency improvements</td>
<td>$50,000 ~ $5 million (May be combined with a 5007 grant, but total assistance cannot exceed 50% of the project cost.)</td>
<td>Negotiated by business and lender. Fixed or variable rates, typically near Prime (No balloons)</td>
<td>Lender-driven: there must be a bank willing to make the loan. (USDA only guarantees the loan; business with strong equity &amp; collateral.)</td>
<td>Year round</td>
</tr>
<tr>
<td>RED Loan&lt;br&gt;Rural Economic Development Loan</td>
<td>$79.3 MM (No separate Arizona allocation)</td>
<td>Promote specific community or business development projects that will improve the local economy</td>
<td>USDA makes loans to certain utilities who in turn re-tend for local community or business projects</td>
<td>Electric &amp; telephone utilities financed by USDA’s Rural Utilities Service</td>
<td>Unincorporated areas and cities &lt;2,500 population</td>
<td>Loans are passed through to nonfarm businesses for real estate and equipment</td>
<td>$750,000 loan maximum</td>
<td>Loan is zero%, 10 years</td>
<td>Requires a community-oriented utility that is willing to apply on the project’s behalf.</td>
<td>Year round. Quarterly competition at national level</td>
</tr>
<tr>
<td>RED Grant&lt;br&gt;Rural Economic Development Grant</td>
<td>$10 MM (No separate Arizona allocation)</td>
<td>Promote specific community development projects that will improve the rural economy</td>
<td>USDA makes grants to certain utilities to capitalize a revolving loan fund for rural community projects</td>
<td>Electric and telephone utilities financed by USDA’s Rural Utilities Service</td>
<td>Unincorporated areas and cities &lt;2,500 population</td>
<td>Grants are used to set up a revolving loan fund</td>
<td>$300,000 grant maximum</td>
<td>Grant</td>
<td>Requires a community-oriented utility coop that is willing to apply on the project’s behalf.</td>
<td>Year round. Quarterly competition at national level</td>
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More information at: [http://www.rurdev.usda.gov/BCP-LoanAndGrants.html](http://www.rurdev.usda.gov/BCP-LoanAndGrants.html) or contact us:

Arizona State Office (Phoenix)
Gary Mack  Business & Cooperative Programs Director  602-280-8717  gary.mack@az.usda.gov
Brian Smith  Business & Cooperative Programs Specialist  602-280-8757  brian.smith@az.usda.gov
Jennifer Burton  Business & Cooperative Programs Specialist  602-280-8736  jennifer.burton@az.usda.gov

Southern Arizona Office (Green Valley)
Hanna Peru  Business & Cooperative Programs Specialist  520-648-1769, Ext. 113  hanna.peru@az.usda.gov

(11/21/11)
March 20, 2012

Background:

In 2009 Congress allocated funding under the State Health Information Exchange Program to jumpstart the secure sharing of patients’ medical histories among health care providers. Health Information exchange (HIE) helps facilitate more coordinated patient care and better health care outcomes. The Office of the National Coordinator for Health Information Technology (ONC) part of Health and Human Services, (HHS) administers the HIE Cooperative agreement program to help develop state approaches for establishing health information exchange.

Concurrently, the Centers for Medicare and Medicaid is incentivizing the “meaningful use” of certified electronic health record adoption and sharing to achieve health and efficiency goals. Over the next few years eligible health care professionals and hospitals can qualify for Medicare and Medicaid incentive payments when they adopt certified electronic health information technology (electronic health records) and use them to achieve specific objectives. CMS administers the payments to Medicare providers and state Medicaid programs administer the EHR incentive payment program for Medicaid eligible providers.

ASET’s Role in the ONC HIE Cooperative Agreement Program:

ASET is responsible for the management and reporting of the ONC HIE Cooperative Agreement program for the State of Arizona. Arizona was awarded $9.3 million to ensure providers have affordable and usable options to meet health information exchange requirements in the stage 1 of Meaningful Use program. The grant is meant to be the first step to connect different health entities in the health care environment.

Data Sharing is hard to do among unaffiliated Providers:

- Medical Data is more voluminous and heterogeneous than financial data
- Data can be stored in proprietary formats
- Diversity of standards and providers uses and workflows make interoperability and sharing difficult to achieve
- Managing access control to clinical care, and determining how much data to share without compromising privacy are major IT and Policy challenge
- Technical standardization has not been achieved
- This requires a multi-prong response and multiyear effort

Summary of Health Information Exchange Priorities for Arizona:

Since 2011, the ASET office has been holding public stakeholder meetings to produce a state strategic and operational plan for health information exchange. ASET currently has approved operational and strategic plans that are available at http://hie.az.gov. The program requirements
continue to evolve. In February, 2012, the ONC released new requirements and the ASET office is in the process of updating its plans to reflect the new guidance. Currently there are six priorities that ASET is overseeing:

1. Developing a Sustainable Health Information Exchange Marketplace
2. Awarding a Request for Proposal for an IT Core Services Provider Directory
3. Developing an Unconnected Providers Grants Program for providers in the “white space”
4. Coordinating State and Federal Partners to maximize investments and ensure providers will meet Meaningful Use
5. Supporting Provider and Consumer Outreach and Education on Health Information Technology/Health Information Exchange
6. Supporting and coordinating state policy development among stakeholders and state agencies

Another round of guidance is being released on Friday March 23rd on privacy and security. ASET welcomes the participation of USDA and other federal and state partners to support state level adoption and use of HIT/HIE. Questions? Please contact Lorie.Mayer@azahcccs.gov or 602-417-4420