



**State of Vermont Agency of Human Services**  
280 State Drive | Waterbury, VT 05676

## **NOTICE OF FUNDING OPPORTUNITY**

### **Rural Health Transformation Program Subrecipient Grant to Healthcare Providers for Facility Upgrades to Support Regionalization**

#### **Subrecipient activity #2 RHT\_AHSCO\_0009\_FY26**

#### **Questions and Answers:**

1. If a healthcare provider has more than one facility upgrade they would like to apply for funding to support, should we submit multiple applications or include all costs for multiple projects in a single application?

Applicants should develop proposals that best allow them to meet the service requirements in accordance with the requirements of the funding source for this NOFO

2. Would these funds be available to independent practices or facilities who want to purchase the ADA accessible equipment that is required of the recent [HHS rule](#)?

See section 2.2 Services. Services include minor physical renovations, retrofits, and refurbishments to existing buildings and equipment.

3. Are practices located in non-rural zip codes eligible if they serve a certain percentage of patients in rural zip codes?

See section 2.1 Eligibility.

4. The bid descriptions says "The purpose of this subrecipient grant opportunity is to support facility upgrades in existing rural health care facilities and service delivery sites, including hospitals, primary care and specialty care, home health and hospice agencies, skilled nursing and long term-care facilities, adult day centers, mental health providers, substance use disorder providers, and other settings where health care services are delivered. However, the restrictions indicated that this grant cannot be used for construction or upgrades. Can you give examples of the types of facility upgrades that would be allowable?"

See Section 2.2 Services.

5. Do the stated minimum (floor) and maximum (ceiling) funding amounts apply per individual project, or per applicant organization across all submitted projects?

Per applicant organization

6. Is there a limit on the number of applications that a single organization may submit?

Applicants should develop proposals that best allow them to meet the service requirements in accordance with the requirements of the funding source for this NOFO

7. What is the total amount of funding available under this NOFO?

Award decisions will be made at the Agency's discretion in the best interest of the State.

8. How does the review process consider phased or multi-stage projects compared to projects that are fully ready for completion within the grant period?

Projects may be proposed as a single-phase or multi-phase effort. The review process does not give preference to projects that can be completed within a single grant period over well-planned, multi-stage projects.

Regardless of the overall project duration, applicants should ensure that the proposed Year 1 scope of work, budget, and timeline are achievable within the Year 1 grant period.

Year 1 funding is intended to support activities and expenditures that will occur during the Year 1 performance period and may not be carried forward to future years.

As reflected in the evaluation criteria, reviewers will consider the feasibility and clarity of the proposed timeline, including the applicant's ability to complete the proposed Year 1 activities and expend the requested Year 1 funds within the grant period.

Applicants may describe future phases of a project to provide context for the overall initiative. However, funding beyond the initial grant period is contingent upon the availability of future federal funding. An award under this NOFO does not guarantee funding for subsequent project phases.

9. Is the technology component limited to costs associated with space renovations, or are standalone technology upgrades considered allowable expenses under this NOFO?

The technology component of this NOFO is intended to support eligible facility improvements, rather than standalone technology purchases.

10. Can we use funds to upgrade bathrooms to ADA compliant?

Applicants should develop proposals that best allow them to meet the service requirements in accordance with the requirements of the funding source for this NOFO.

11. Our building plan is to support children:

- a. Can we use funds to pay for flooring, walls and windows that are protected from physical damage? This would be an upgrade.
- b. Can we pay for non-load bearing walls to reconfigure rooms to be more therapeutic?
- c. We are upgrading systems like HVAC and electric and know we cannot cover this in the NOFO however, can we pay for specific upgrades such as electrical and hvac changes in specific rooms to bring just those rooms to compliance standards? If so, how would we parse that apart from the overall upgrades?
- d. There are some sections of the roof that could benefit from repairs – not full replacement but repairs, what could potentially be covered?

Applicants should develop proposals that best allow them to meet the service requirements in accordance with the requirements of the funding source for this NOFO.

See Section 1.8 Funding Restrictions and 2.2. Services. All projects will be subject to CMS review and approval.

12. We are renovating a building and know that major renovations are not covered – however, do you have suggestions on how we could parse the work?

Applicants should develop proposals that best allow them to meet the service requirements in accordance with the requirements of the funding source for this NOFO.

See Section 1.8 Funding Restrictions and 2.2. Services. All projects will be subject to CMS review and approval.

13. Section 2.1 – Does the category of “other organizations that provide health care services in Vermont” include community retail pharmacies that currently operate or are positioned to expand clinical service lines under existing Vermont Pharmacy Practice Act authority (Test-to-Treat, point-of-care testing, immunizations, medication therapy management, and related clinical encounters), where the facility upgrade scope would build out, refit, or expand clinical service space – consult rooms, point-of-care lab areas, secure medication storage, and IT infrastructure for clinical documentation – within the pharmacy?

Does eligibility differ between (a) a pharmacy operating as a standalone retail location and (b) a pharmacy operating as part of a multi-site organization where the upgrade scope is proposed across multiple locations under common ownership?

Community retail pharmacies are eligible. Eligibility does not differ based on whether a pharmacy operates as a standalone retail location or as part of a multi-site organization.

See Section 2.1. Eligibility for all eligibility requirements in the NOFO. All applicants must meet those requirements regardless of their organizational structure.

14. Section 2.1 and Section 2.1.1 – For an applicant that operates multiple eligible facility locations under common ownership in Vermont – including configurations such as:
- a single hospital with multiple service-delivery sites and several distinct upgrade projects within those sites
  - a multi-clinic provider organization with 3 to 8 affiliated practice locations
  - or a multi-location community-based provider operating 10 or more service-delivery sites in rural Vermont ZIP codes

May a single application include facility upgrade projects across multiple sites and multiple distinct project scopes?

Applicants should develop proposals that best allow them to meet the service requirements in accordance with the requirements of the funding source for this NOFO

15. If permitted, must every individual site meet the rural ZIP criterion in Appendix B Table 1 (or the FQHC/home-health/CMHC exception in Section 2.1.1), or is it sufficient that each upgraded facility independently meets the eligibility criterion?

See section 2.1. Eligibility

16. Section 2.1.1 – Must SAM.gov registration and a valid Unique Entity Identifier (UEI) be in place at the time of application submission, by the deadline for questions of June 26, 2026, by the application deadline of July 17, 2026, or by the grant commencement date of September 1, 2026?

Applicants must ensure they have completed full SAM registration and possess a valid Unique Entity Identified (UEI) to be eligible for award.

17. Section 1.9 (final bullet) and Section 2.2 – May the same Vermont organization apply for and receive more than one subrecipient grant under different RHT NOFOs concurrently (for example, a facility upgrade grant under this NOFO and a separate grant under another RHT NOFO addressing a non-duplicative scope), and what documentation, if any, should an applicant include to demonstrate non-duplication of scope and funding across concurrent RHT awards?

Yes. Applicants are responsible for ensuring their proposals are demonstrably distinct and the State reserves the right to conduct in depth subrecipient monitoring and auditing.

18. Section 2.2 and Section 1.9, item 4 – Section 2.2 permits “minor physical renovations, retrofits, and refurbishments” while Section 1.9, item 4 prohibits costs that “materially increase” the value of the capital or useful life, with “materially” defined as “a significant and substantial rise in property value.” For a proposed scope combining (a) accessibility upgrades, (b) electrical and IT infrastructure to support specialized equipment, and (c) clinical space reconfiguration within an existing facility, totaling between \$500,000 and \$2,000,000 in aggregate, is there a quantitative threshold the State will use to distinguish allowable minor work from prohibited significant retrofit, construction, or building expansion? Specifically: a dollar value, a percentage of pre-improvement

assessed value, a square-footage limit, a ratio of upgrade cost to facility replacement cost, or other measurable criterion?

There is not a quantitative threshold; proposals will be reviewed by the State and CMS.

19. Section 2.2 – Does the category of “specialized equipment or technology accommodations” extend to:

- a. procurement and installation of fixed clinical or medical equipment integral to a renovated clinical space (e.g., diagnostic equipment, exam-room or treatment-room build-outs, point-of-care testing equipment, secure medication storage units)
- b. facility-side information technology infrastructure such as cabling, network hardware, server racks, telehealth endpoints, and clinical documentation integration supporting regionalized care delivery or shared electronic health record implementation
- c. only the electrical, structural, and physical accommodations required to house such equipment, with the equipment and IT systems themselves excluded as direct costs

See section 2.2 Services. Services include minor physical renovations, retrofits, and refurbishments to existing buildings and equipment.

20. Where IT or EHR infrastructure is integral to the regionalization scope envisioned in the NOFO, may it be funded as a direct cost rather than treated as a supplanting concern under Section 1.9, item 3?

IT or EHR infrastructure may be an allowable cost under this NOFO. Projects must comply with Section 1.8.

21. Section 2.2 – For facility upgrades to leased clinical or service-delivery space, what landlord documentation must accompany the application – for example, landlord written consent, evidence of remaining lease term sufficient to amortize the upgrade over its useful life (typically 5 to 10 years), or right-to-improve provisions in the underlying lease?

Applicants are responsible for obtaining and retaining appropriate approvals for any renovations in leased spaces. Please include information about the useful life of your proposed project in the Sustainability section of your application.

22. For applicants whose service delivery operates across multiple leased locations with varying lease terms and landlords (for example, a multi-site provider where individual site leases range from 3 to 15 years remaining), is the landlord documentation requirement applied per-site, and is there a minimum remaining lease term below which a site upgrade would be ineligible? Does the State have a preferred form for landlord consent?

No.

23. Section 2.2 requires that proposed projects “support service realignment, shared operations, and integrated care delivery envisioned under Vermont’s regionalization strategy.” Is there a published Vermont regionalization strategy document, regional service inventory, or AHS framework against which applicants should align their narrative? If so, where is it accessible to applicants?

Please see our webpage for the [Vermont Rural Health Transformation Program](#)

24. Section 2.2 states that “where applicable” applicants must submit third-party project cost estimates, and Section 4.6.5 lists third-party cost estimates as a conditional application component.

- a. Under what conditions are third-party estimates considered applicable (for example, above a specified dollar threshold, for any construction-related scope, or for any equipment installation requiring contractor labor)?
- b. When applicable, how many estimates are required (e.g., a single estimate from a qualified contractor, or competitive estimates from multiple bidders)?
- c. Must estimates be dated within a specified window prior to submission?

Applicants must maintain and use documented procedures for procurement transactions. See 2 CFR 200.318 for additional information.

25. Section 1.9, Item 1 – Pre-award costs are not allowable. For design, architectural, engineering, permitting, third-party cost estimate procurement, contractor walk-through coordination, or planning expenses incurred between the application posting on June 19, 2026 and the application deadline of July 17, 2026 for the purpose of preparing the application itself (including the third-party project cost estimates referenced in Section 4.6.5), and between application submission and the grant commencement date of September 1, 2026, will the State treat such expenses as pre-award costs and therefore unallowable, even where the work is invoiced after the grant commencement date?

Costs that fall outside of the award period are not allowable.

26. If a pre-award cost authorization is available for any such early-phase expenditures – particularly application-preparation costs that the NOFO itself effectively requires – what is the process for requesting it?

Costs that fall outside of the award period are not allowable.

27. Section 2.2 – For “projects in progress with an identified funding gap” What is the State’s preferred documentation format for substantiating the gap, and are there limits on how recently the prior funding may have been awarded? for example, where a capital project at an existing rural Vermont healthcare facility is partially funded through operating reserves, foundation grants, prior State or USDA Rural Healthcare program awards, or capital campaign proceeds, but a defined component of the scope (such as accessibility upgrades, equipment infrastructure, or clinical space reconfiguration) remains unfunded?

Required documentation may include executed construction contracts, third-party cost estimates segmenting funded versus unfunded scope, evidence of committed matching funds, and evidence that prior federal funding into the in-process project did not create supplanting concerns.

Applicants must ensure that they adhere to all funding compliance requirements as outlined in section 2.3 and the non-exhaustive list of funding restrictions as outlined in section 1.8.

28. Section 4.6.4 – For applicants without a federally Negotiated Indirect Cost Rate Agreement (NICRA), is the 15 percent de minimis indirect cost rate under 2 CFR 200.414(f), as updated by the October 2024 OMB Uniform Guidance revision, acceptable for this award? Will the Agency please confirm the applicable cost base (Modified Total Direct Costs as defined at 2 CFR 200.1, with subaward excess and participant support exclusions) and confirm how the de minimis rate should be reflected in the Year 1 Budget Workbook (Appendix A)?

Recipients and subrecipients that do not have a current Federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to 15 percent of modified total direct costs (MTDC). See 2 CFR 200.414 for additional information.

29. Section 1.3 and Section 2.2 – Section 1.3 specifies that Year 1 funds must be fully spent by July 30, 2027. For facility upgrade projects subject to municipal permitting timelines, contractor lead times, equipment delivery schedules, or seasonal construction constraints in Vermont, will the State permit costs to be obligated by July 30, 2027 with substantial completion extending beyond that date, or must all expenditures be fully invoiced and paid by July 30, 2027? For projects expected to span the boundary, is a no-cost extension or option-period extension under the four available one year option periods (Section 1.3) the intended mechanism?

All funds must be fully expended by July 30, 2027

30. Section 3, Criterion 2 (40 points) – The criterion includes consideration of “the extent to which the proposal supports broader RHT objectives, complements other RHT-funded initiatives, or supports an existing AHS health care project.” For applicants whose facility upgrade complements:

- a. another RHT subrecipient award currently in active negotiation but not yet executed (for example, pharmacy-delivered clinical services such as Test-to-Treat under NOA #03410-190-26, the statewide closed-loop referral system under RHT–AHSCO-0007-FY26, primary care data and analytics infrastructure, or mobile integrated healthcare programming)
- b. or Blueprint for Health initiatives funded through parallel RFP processes (such as Clinical Champions, Advanced Primary Care Learning Collaboratives, Clinical Knowledge Translation, or Workforce Training and Continuing Education)

How should applicants document the complementarity in a way the review team can credit, particularly when the corresponding awards are still under review, pending execution, or in active negotiation as of the application deadline?

Please see [Application Question #13](#).

31. Section 3, Criterion 6 (10 points) – For applicants whose service area or facility footprint spans both rural ZIP codes (Appendix B, Table 1) and non-rural/urban ZIP codes (Appendix B, Table 2), will the Rurality score be calculated on the basis of the rural patient share served by the upgraded facility, the rural geographic footprint of the upgraded facility, the rural share of the applicant’s overall Vermont operations, or another defined metric?

[Applicants should develop proposals that best allow them to meet the service requirements in accordance with the requirements of the funding source for this NOFO.](#)

32. Section 4.5 and Attachment F – Section 4.5 permits applicants to propose exceptions to terms and conditions in the Standard Contract Form and its attachments but notes that exceptions “may cause rejection of the proposal.”

For applicants whose facility upgrade scope incorporates proprietary applicant methodologies, third-party vendor-licensed equipment, or third-party-licensed software embedded in the upgraded facility, the State’s intellectual property and Work Product provisions in Attachment F Section 10 (assignment of Work Product to the State, license-back of Licensed Intellectual Property, restrictions on Jointly Developed Work, federal-funding-partner reservations) may require negotiated exceptions to permit the underlying licensing structures.

How will the review team evaluate proposed exceptions:

- a. As a binary pass/fail consideration, as a scored element under any of the Section 3 criteria, or as a matter reserved for post-selection negotiation?

- b. Are exceptions to specific IP, indemnification, or audit-rights provisions in Attachment F or Attachment G considered materially different from exceptions to administrative or operational provisions in Attachment C?

The State will evaluate exception requests and make decisions in the best interest of the State.

33. What is the State's preferred form for noting exceptions – a separate exceptions schedule attached to the email submission, a designated field in the Online Application, or another format?

Submit them with the email submission for the overall application

34. Section 4.6.2 and Appendix A – For applications proposing facility upgrades across multiple eligible sites, or for projects structured in phases where some scope completes within the Year 1 period and other scope carries into the contemplated option periods:

- a. Should the Year 1 Budget Workbook be structured with per-site or per-project cost breakdowns, aggregated totals only, or both?
- b. Where the proposed project fills an identified funding gap under Section 2.2 (project in progress with other funding sources), should the Budget Workbook reflect only the requested grant amount, the total project cost with grant-funded and non-grant-funded components separately identified, or another structure?
- c. For phased projects, should out-year scope be excluded from the Year 1 Budget Workbook entirely, identified as informational only, or reflected in a separate out-year cost schedule?
  - a) The Budget Workbook should reflect aggregate costs for the whole application
  - b) The requested grant amount
  - c) The budget workbook should only reflect year one costs

Applicants should develop proposals that best allow them to meet the service requirements in accordance with the requirements of the funding source for this NOFO.

35. Section 4.6.4 – For applicants that hold a current federally Negotiated Indirect Cost Rate Agreement (NICRA), may the applicant elect to apply the 15 percent de minimis indirect cost rate under 2 CFR 200.414(f) in lieu of the NICRA rate where the de minimis rate is more advantageous to the direct-cost budget for this specific award? If so, must the election be documented in a specific manner in the application, and does the election apply only to this award or to all subsequent federal awards held by the applicant?

No.

36. Section 4.6 – Section 4.6 enumerates four required application components (Online Application, Year 1 Budget Workbook, W-9, and NICRA if applicable), with third-party cost estimates as a conditional fifth.

May an applicant submit additional narrative supporting documentation that is responsive to the Section 3 scoring criteria? For example, letters of support from regional referring to or receiving providers attesting to regionalization alignment, evidence of existing facility conditions (photographs, condition assessments), prior-period audited financial statements supporting the cost reasonableness review under Criterion 5, or alignment letters from other RHT subrecipient initiatives in flight?

Yes, see section 4.0

37. If additional materials are accepted, should they be transmitted as attachments to the email submission under Section 5.2.2, uploaded through a designated field in the Online Application under Section 5.2.1, or in another manner?

As attachments to the email submission

38. Will additional materials beyond the enumerated required components be considered by the review team in scoring?

Yes.

39. Section 1.8, item 3 and Section 2.2 – Section 1.8 prohibits supplanting existing State, local, tribal, or private funding of infrastructure or services, “such as staff salaries,” while Section 2.2 permits funding for minor physical renovations, retrofits, refurbishments, and professional services required to plan, design, and manage eligible projects.

- a. For an applicant that uses its own internal employees to perform grant-supported work – such as facilities maintenance, construction coordination, installation, IT infrastructure work, project management, design coordination, or other labor directly attributable to the approved facility upgrade scope – are payroll expenses, fringe benefits, and related labor costs allowable direct costs if they are specifically tracked, documented, and not otherwise included in the organization’s existing operating budget?
- b. If allowable, please clarify:
  - i. Whether internal labor must be treated differently from third-party contractor costs;
  - ii. Whether such costs may include salary, wages, fringe, payroll taxes, or allocated benefits;
  - iii. What documentation is required to substantiate the costs, such as timesheets, labor distribution reports, work orders, payroll registers, or project codes;
  - iv. Whether internal labor costs are allowable only for incremental/overtime labor, or whether regular employee time may be charged if directly assigned to the grant-funded project;



- v. Whether internal construction, maintenance, facilities, or IT labor would be considered a direct project cost, an indirect cost, or potentially unallowable as supplanting;
- vi. Whether the State requires applicants to obtain third-party cost estimates even when some work will be completed using internal labor.

Applicants must ensure that they adhere to all compliance requirements as outlined in section 2.3 and the non-exhaustive list of funding restrictions as outlined in section 1.8.