

Nursing Facility Clean Energy Pilot Project

**REQUEST FOR PROPOSALS
FOR THE CLEAN ENERGY
PILOT PROJECT (PACE)**

October 2020

What is the Clean Energy Pilot Project?

In 2019, the Minnesota Legislature directed the commissioner of the Department of Human Services (DHS) to develop a pilot project to reduce overall energy consumption, including an evaluation of the financial impacts of using property assessed clean energy (PACE) for energy saving projects in nursing facilities. The commissioner may make payments to nursing facilities for the allowable costs of special assessments for approved energy-related program payments authorized under Minnesota's PACE law, Minnesota Statutes, sections 216C.435 and 216C.436. DHS will negotiate amendments to Alternative Payment System (APS) contracts for approved PACE projects authorizing specified rate increases to the daily per diem payment rate.

Stated features of PACE approved energy projects include:

- ❖ 100% financing for qualifying energy efficiency and renewable energy projects;
- ❖ Commercial building owners, including nursing facilities, work with utility representatives and energy experts to evaluate and select cost-effective projects that reduce energy costs;
- ❖ By law, all energy saving projects funded by PACE financing must be cost-effective, so that the total of energy savings and utility rebates meets or exceeds PACE payments;
- ❖ Utility savings exceed payment obligations, making investments cash positive for commercial property owners and tenants, and
- ❖ Building-related energy efficiency improvements can include:
 - targeted improvements like upgrading existing lighting to high-performance fluorescent or LED technology;
 - broad-scale, multiple technology building upgrades like new mechanical systems, upgraded windows, and some advanced lighting and temperature controls, or
 - whole building renovations, from lighting to HVAC equipment to new insulation and sealing of the building envelope.

To learn more about the PACE program see: <https://www.minnpace.com/>

Appropriation Available

The amount of the legislative appropriation available for the total annual additional costs to the Medical Assistance program for this Request for Proposals (RFP) is \$250,000. DHS has authority to approve projects for the fiscal year ending June 30, 2021 for an amount up to \$250,000. DHS has authority to select projects from facilities that meet the statutory requirements for participation, and to approve those proposals through an amendment to the participating facility's Alternative Payment System (APS) contract which specifies a time-limited rate adjustment in the facility's external fixed costs payment rate under Minnesota Statutes, section 256R. 25. A sample payment rate calculation is contained in Attachment A.

Eligibility to Submit a Proposal

All Medicaid certified nursing facilities in Minnesota are invited to submit proposals. Provider-initiated energy improvement projects will be selected through a competitive process.

To be eligible for project consideration, a facility must submit:

- i) all information required by Laws of Minnesota 2019, First Special Session, Chapter 9, Article 4, Section 27;
- ii) a complete PACE application, and
- iii) a letter recommending PACE approval, from a PACE program administrator authorized under Minnesota Statutes, sections 216C.435 and 216C.436.
- iv) projects completed prior to the publication of this RFP will be considered however if approved the payments for PACE assessments will not include past payments and will only be allowed for the remainder of the PACE loan term after approval of the application.

Criteria for Review

General criteria for proposals submitted are contained in the accompanying “Fillable Proposal Form”. Laws of Minnesota 2019, First Special Session, Chapter 9, Article 4, Section 27 (c) states the criteria the commissioner of human services is to consider in reviewing clean energy pilot project proposals:

- c) The commissioner shall approve proposals through a contract which shall specify the level of payment, provided that each facility demonstrates:
 - (1) completion of a facility-specific energy assessment or energy audit and recommended energy conservation measures that, in aggregate, meet the cost-effectiveness requirements of Minnesota Statutes, section 216B.241;
 - (2) a completed PACE application and recommended approval by a PACE program administrator authorized under Minnesota Statutes, sections 216C.435 and 216C.436; and
 - (3) the facility's reported spending on utilities per resident day since calendar year 2016 is higher than average for similar facilities.

Additional criteria to be considered:

- ❖ Improvement of the quality of life for nursing facility residents as a result of the energy efficiency project.
- ❖ The extent to which, under current facility ownership and management, the facility has shown the ability to provide good quality care to its residents.
- ❖ The financial impact of the PACE-financed project(s) on facility energy costs.
- ❖ The extent to which the financial sustainability of the facility can be demonstrated based on the need for services in the area.

Submitting a proposal:

Proposals must be submitted electronically using the **Clean Energy Fillable Proposal Form (October 2020)**. This is a fillable Word document in a table format allowing for expansion of each section as needed. To access the form and a step-by-step instruction manual, visit the DHS provider portal login page at <https://nfportal.dhs.state.mn.us>

The completed form must be submitted to DHS as an email attachment by midnight on January 30, 2021. The email address for submission is: DHS.NFRP.CostReport@state.mn.us

Review and Approval of Proposals

DHS Nursing Facility Rates and Policy staff will review all proposals received by the deadline to ensure all required components are included in the proposal. Proposals that do not contain all required sections in the accompanying “Fillable Proposal Form” will not move forward. Required components include items; c) (1), (2), (3) noted above in the Criteria for Review section.

DHS will then convene a selection committee to review all proposals that were submitted on time and were complete. The selection committee will make recommendations to the commissioner. DHS will enter into contracts with those nursing facilities selected by the commissioner. Criteria that will be used by the selection committee in reviewing the proposals include:

Component	Possible Points
How well does the proposal address improvement of the quality of life for nursing facility residents as a result of the energy efficiency project.	30
The extent to which, under current facility ownership and management, the facility has shown the ability to provide good quality care to its residents.	20
The financial aspects of the proposal: energy savings relative to cost of project, payback period compared to length of loan and any other financial impacts.	30
The extent to which the financial sustainability of the facility can be demonstrated based on the need for services in the area.	10
Budget is detailed and includes a clear budget narrative demonstrating the anticipated facility payment rate attributed to the proposal.	10

After reviewing the Proposals, the members of the evaluation team will rate each Proposal component according to the following scale:

Proposal Component Rating	Point Factor
Excellent	1.00
Very Good	0.80
Good	0.50
Poor	0.00

Questions Concerning the RFP

Any questions relating to the RFP process must be submitted by prospective applicants in writing via e-mail or US mail to:

Mary Cahill
 Minnesota Department of Human Services
 Nursing Facility Rates and Policy Division
 P.O. Box 55164-0973
 St. Paul, MN 55164-0973
 Email: mary.cahill@state.mn.us

No answers will be provided in response to phone calls. The closing date for the receipt of questions will be Friday, December 18, 2020. Copies of all questions and their answers will be posted on provider portal login page at <https://nfportal.dhs.state.mn.us>

[Applicants may also wish to consult a](#) PACE program administrator authorized under Minnesota Statutes, sections 216C.435 and 216C.436.

Tentative Implementation Schedule

December 18, 2020	PACE RFP questions due – only written questions will receive responses
December 31, 2020	Responses to written questions will be posted
January 30, 2021	Proposals due by midnight Attach the completed form to an email and send to: DHS.NFRP.CostReport@state.mn.us
February 2021	Review of proposals for completeness
February 2021	Review and selection of proposals
February 2021	Announcement of selected proposals contracts
March 2021 – June 2021	Negotiate contractual agreement with DHS