

## **Senate Passes Loan Program For Rural Hospitals**

By Administrator

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The North Carolina Senate passed a bill that will provide low-interest, state-funded loans to financially struggling rural hospitals, allowing them to transition to a more sustainable model that will preserve services in these communities for the long term.

The Rural Health Care Stabilization Act sponsored by Senate Leader Phil Berger (R-Rockingham) and Sen. Jerry Tillman (R-Randolph) creates a loan fund for oversized and outdated rural hospitals that are struggling financially to transition to a “right-sized” facility on favorable loan terms. The bill allows for structured repayment terms over a seven year period to give hospitals a sufficient amount of time to successfully transition.

“Many of our rural hospitals were built in a different era, for a different population and payer mix,” said Berger. “This bill will provide them a tool to move to facilities that are more appropriately sized for their current population and scope of services, to return them to profitability and ensure that residents in our rural communities are still able to receive high quality health care close to home.”

Financially distressed hospitals in Tier I and II counties will be eligible to receive a loan upon submission of a detailed plan for “right-sizing” their facility to UNC Health Care. UNC Health Care will review the plan to determine whether it is a financially sustainable plan for the community where the hospital is located and make a recommendation to the Local Government Commission (LGC). The LGC will then review the applicant’s plan as well as the recommendation from UNC Health Care and make a final determination on whether to approve the loan.

“Keeping our rural hospitals strong for future generations is vitally important to our rural communities and their economic health,” said Tillman. “This legislation is a much needed lifeline for struggling rural hospitals like Randolph Health and ensures these hospitals will continue delivering outstanding care to their communities.”

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