

By: Representative Mims

To: Public Health and Human Services

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 365

1 AN ACT TO ESTABLISH THE MISSISSIPPI RURAL HOSPITAL LOAN  
2 PROGRAM IN THE STATE DEPARTMENT OF HEALTH TO PROVIDE LOANS TO  
3 RURAL HOSPITALS TO ASSIST THE HOSPITALS IN PROVIDING NEEDED DIRECT  
4 HEALTH CARE SERVICES; TO CREATE A SPECIAL FUND TO BE KNOWN AS THE  
5 RURAL HOSPITAL OPERATIONS AND FACILITIES REVOLVING LOAN FUND,  
6 WHICH SHALL BE ADMINISTERED BY THE DEPARTMENT AND EXPENDED FOR THE  
7 SOLE PURPOSE OF PROVIDING LOANS TO RURAL HOSPITALS UNDER THE  
8 PROVISIONS OF THIS ACT; TO PROVIDE THAT THE DEPARTMENT SHALL  
9 DETERMINE THE TERMS AND CONDITIONS OF EACH LOAN, AND TO SPECIFY  
10 CERTAIN REQUIREMENTS AND CONDITIONS FOR THE LOANS; TO REQUIRE THE  
11 DEPARTMENT TO MAKE ANNUAL REPORTS TO THE JOINT LEGISLATIVE BUDGET  
12 COMMITTEE ABOUT EACH OUTSTANDING LOAN ISSUED; AND FOR RELATED  
13 PURPOSES.

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

15 **SECTION 1.** (1) As used in this section, the following terms  
16 shall have the meanings as defined in this subsection:

17 (a) "Department" means the State Department of Health;

18 and

19 (b) "Rural hospital" means a licensed Mississippi  
20 hospital that has fifty (50) or fewer licensed general acute,  
21 nonspecialty beds.

22 (2) The Mississippi Rural Hospital Loan Program is  
23 established in the State Department of Health to provide loans to



24 rural hospitals to assist the hospitals in providing needed direct  
25 health care services for the citizens of the state by:

26 (i) Maintaining or upgrading the rural hospital's  
27 facilities;

28 (ii) Maintaining or increasing the current staff  
29 of the rural hospital; or

30 (iii) Providing health care services that are not  
31 currently available to citizens.

32 (3) There is created in the State Treasury a special fund to  
33 be known as the Rural Hospital Operations and Facilities Revolving  
34 Loan Fund, which shall be administered by the department. The  
35 fund shall consist of legislative appropriations, federal funds,  
36 contributions, donations, gifts and monies from any other source  
37 that are made available for deposit into the fund. Monies in the  
38 fund shall be expended by the department upon appropriation of the  
39 Legislature for the sole purpose of providing loans to rural  
40 hospitals under the provisions of this section. Monies remaining  
41 in the fund at the end of a fiscal year shall not lapse into the  
42 State General Fund, and any interest earned from the investment of  
43 monies in the fund shall be deposited to the credit of the fund.

44 (4) The department shall determine the terms and conditions  
45 of each loan, including the repayment of the loan to be deposited  
46 back in the revolving loan fund for issuance of future loans to  
47 other rural hospitals, which shall be subject to the following  
48 provisions:



49           (a) To be eligible for a loan, a rural hospital must  
50 first submit to the department a current financial audit showing  
51 that the hospital is in good financial condition;

52           (b) To qualify for a loan, a rural hospital must  
53 request funds for one or more of the purposes specified in  
54 subsection (2) of this section, and a loan received by a rural  
55 hospital shall be used only for the requested purpose or purposes;

56           (c) The amount of a loan shall be not less than  
57 Twenty-five Thousand Dollars (\$25,000.00) and not more than One  
58 Hundred Thousand Dollars (\$100,000.00) per rural hospital  
59 facility;

60           (d) An application fee of One Thousand Dollars  
61 (\$1,000.00) shall be required from the rural hospital at the time  
62 of submission of the application;

63           (e) Security or collateral for a loan shall be required  
64 by the rural hospital;

65           (f) The term of a loan shall not exceed twenty (20)  
66 years, subject to the life of the collateral for the loan;

67           (g) The rate of interest on a loan shall be fixed and  
68 equal to one percent (1%) per annum;

69           (h) A loan may not be used to pay costs incurred before  
70 approval of the loan by the department, and a loan may not be  
71 refinanced;



72 (i) One hundred percent (100%) of the project costs  
73 must be incurred by the rural hospital within one (1) year of  
74 approval of the loan by the department; and

75 (j) A rural hospital receiving a loan must maintain at  
76 least eighty-five percent (85%) of its full-time employees on the  
77 date of approval of the loan annually throughout the term of the  
78 loan agreement. For the purposes of this subparagraph (i), a  
79 "full-time employee" means a person employed by the rural hospital  
80 for a minimum of thirty-five (35) hours per week, and does not  
81 include temporary workers, temp-to-hire workers, part-time workers  
82 or traveling medical professionals.

83 (5) The department shall monitor the performance of each  
84 rural hospital that receives a loan under this section, and not  
85 later than October 1, 2022, and each October 1 thereafter, the  
86 department shall report to the Joint Legislative Budget Committee  
87 about each outstanding loan issued, including:

88 (a) The name and location of the rural hospital;

89 (b) The amount of principal originally loaned;

90 (c) The terms of the loan and whether the rural  
91 hospital is currently meeting those terms; and

92 (d) How the rural hospital used the loan related to  
93 facilities, staff or additional services.

94 **SECTION 2.** This act shall take effect and be in force from  
95 and after July 1, 2022.

