

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;



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

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

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

(a) The name and location of the rural hospital;
(b) The amount of principal originally loaned;
(c) The terms of the loan and whether the rural hospital is currently meeting those terms; and

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

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

