Rural Hospital Revitalization Act of 2026

Background

Rural hospitals remain a critical safety net in communities across the United States, but they are experiencing historic infrastructure challenges. Margins are already razor-thin, and they struggle to fund upgrades and new construction to comply with current standards and provide modern health care services.

Rural hospitals are on the front lines of caring for millions of patients who are older, sicker, and travel longer distances to receive health care. Yet, they face unsustainable financial difficulties. According to the National Rural Health Association, approximately 50% of America's rural hospitals are operating in the red.[1] The Center for Healthcare Quality and Payment Reform estimates that a third of rural hospitals are at risk of closure.[2] The average age of a rural hospital in the United States is 60 years, but they don't have extra money for infrastructure projects, and it is difficult for them to secure loans for upgrades or new construction; most banks and financial institutions will not provide loans to rural hospitals due to financial risk, leaving many hospitals without a viable funding stream to properly maintain their facilities. This bill aims to address this issue by providing zero-interest loans to financially stable rural hospitals for new construction and facility upgrades, so that they can comply with current standards and provide modern health care services.

Bill Summary

The Rural Hospital Revitalization Act will provide zero-interest loans through the USDA's Community Facilities Program to qualifying hospitals for new construction or renovation of existing hospital facilities. This will help rural and frontier hospitals modernize their health services, provide better health care, and stay up to code. The loan will remain interest-free for up to 10 years, with a reassessment after year 5 for potential renewal; loan recipients will receive USDA technical assistance to ensure hospital financial viability.

To qualify for a loan, a hospital will need to meet the following criteria:

- Located within a county of less than 20,000 inhabitants and

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[1] https://www.ruralhealth.us/advocacy/advocacy-priority-areas/hospitals-health-systems#:~:text=Rural%20Hospitals%20&%20Health%20Systems,Medical%20Services%20(EMS)%20Legislative%20Priorities

[2] https://www.beckershospitalreview.com/finance/734-hospitals-at-risk-of-closure-by-state/#:~:text=734%20hospitals%20at%20risk%20of,relative%20to%20fixed%20service%20costs.

    - Located at least 35 miles from the nearest hospital (or at least 15 miles if the hospital is in an area with mountainous terrain or only secondary roads);
    - A Critical Access Hospital or Rural Emergency Hospital;
- Demonstrated need, including the hospital's community impact, age and condition of the facility, and the anticipated health and economic impacts of the loan;
- Financial stability, defined as having 30 days cash on hand and a projected debt-service coverage ratio of at least 1.2;

The Secretary is instructed to give priority to hospitals that:

- Serve an area in which there are fewer than 6 inhabitants per square mile, taking into consideration
    - the distance from the hospital to a population center;
    - the travel time from the hospital to reach a population center or specific health service; and
    - seasonal variations in the need for access to health care services;
- Requires replacement, improvement, or renovation that is not financially feasible at the rates and terms offered under the community facilities direct loan program;
- Not less than 50 percent of its inpatient days or discharges and outpatient visits are Medicare, Medicare Advantage, Medicaid, or self-pay; and
- Meets 2 or more of these criteria described.