

119TH CONGRESS
2^D SESSION

S. _____

To amend the Consolidated Farm and Rural Development Act to direct the Secretary of Agriculture to make temporary zero-percent interest loans under the community facilities direct loan program to construct or renovate certain rural hospitals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BENNET (for himself and Mr. MORAN) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Consolidated Farm and Rural Development Act to direct the Secretary of Agriculture to make temporary zero-percent interest loans under the community facilities direct loan program to construct or renovate certain rural hospitals, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Hospital Revital-
5 ization Act of 2026”.

1 **SEC. 2. RURAL HOSPITAL REVITALIZATION LOANS.**

2 Subtitle A of the Consolidated Farm and Rural De-
3 velopment Act is amended by inserting after section 306A
4 (7 U.S.C. 1926a) the following:

5 **“SEC. 306B. RURAL HOSPITAL REVITALIZATION LOANS.**

6 “(a) IN GENERAL.—Under the community facilities
7 direct loan program established under section 306(a)(1)
8 (referred to in this section as the ‘community facilities di-
9 rect loan program’), the Secretary shall make temporary
10 zero-percent interest loans to eligible rural hospitals de-
11 scribed in subsection (b) for the construction of replace-
12 ment hospital facilities or the improvement or renovation
13 of existing hospital facilities in accordance with this sec-
14 tion.

15 “(b) ELIGIBLE HOSPITALS.—

16 “(1) IN GENERAL.—An eligible rural hospital
17 described in this subsection is a rural hospital—

18 “(A) the campus (as defined in section
19 413.65(a)(2) of title 42, Code of Federal Regu-
20 lations (or successor regulations)) of which is in
21 a county with a population of less than 20,000
22 inhabitants;

23 “(B)(i) the campus (as so defined) of
24 which is not less than 35 miles from the nearest
25 hospital;

1 “(ii) if the campus (as so defined) of which
2 is in an area with mountainous terrain or only
3 secondary roads, as determined by the Sec-
4 retary, such campus is not less than 15 miles
5 from the nearest hospital;

6 “(iii) that is a critical access hospital (as
7 defined in section 1861(mm)(1) of the Social
8 Security Act (42 U.S.C. 1395x(mm)(1))); or

9 “(iv) that is a rural emergency hospital (as
10 defined in section 1861(kkk)(2) of that Act (42
11 U.S.C. 1395x(kkk)(2)));

12 “(C) that has been continuously licensed as
13 a hospital in the community in which the hos-
14 pital is located for not less than 30 years;

15 “(D) that submits to the Secretary an ap-
16 plication at such time, in such manner, and
17 containing such information to determine eligi-
18 bility under this paragraph and priorities under
19 paragraph (2) and such other information as
20 the Secretary may require, including—

21 “(i) a statement demonstrating the
22 need for the loan, which shall describe—

23 “(I) the age and condition of ex-
24 isting facilities to be replaced, im-
25 proved, or renovated, including a cer-

1 tification that funds from a loan
2 under this section will not be used for
3 facilities that have been significantly
4 improved during the 10-year period
5 preceding the date of the application;
6 and

7 “(II) the manner in which the
8 use of the loan funds will address
9 issues relating to the quality and via-
10 bility of the facilities to preserve ac-
11 cess to healthcare;

12 “(ii) a demonstration that the hospital
13 has had a positive impact in the commu-
14 nity served by the hospital, which shall in-
15 clude—

16 “(I) a positive impact on access
17 to primary healthcare, emergency
18 services, and services required under
19 conditions of participation applicable
20 under title XVIII of the Social Secu-
21 rity Act (42 U.S.C. 1395 et seq.); and

22 “(II) a meaningful economic im-
23 pact; and

1 “(iii) a statement of the anticipated
2 health and economic impacts of the loan,
3 including—

4 “(I) an impact on sustaining the
5 provision of services that the hospital
6 currently provides;

7 “(II) an impact on offering
8 healthcare services that the hospital
9 does not currently offer, as appro-
10 priate;

11 “(III) an impact on the provision
12 of community-based services, includ-
13 ing such services that influence social
14 determinants of health;

15 “(IV) any other economic im-
16 pacts; and

17 “(V) impacts compared to the
18 impacts if the loan funds were not
19 made available; and

20 “(E) that, subject to paragraph (3), is fi-
21 nancially stable, as measured by having—

22 “(i) not less than 30 days cash on
23 hand; and

24 “(ii) a projected debt-service coverage
25 ratio of at least 1.2.

1 “(2) PRIORITIES.—In making loans under this
2 section, the Secretary shall give priority to an eligi-
3 ble rural hospital—

4 “(A) that serves an area in which there are
5 fewer than 6 inhabitants per square mile, tak-
6 ing into consideration—

7 “(i) the distance from the hospital to
8 a population center;

9 “(ii) the travel time from the hospital
10 to reach a population center or specific
11 health service; and

12 “(iii) seasonal variations in the need
13 for access to healthcare services;

14 “(B) that requires replacement, improve-
15 ment, or renovation that is not financially fea-
16 sible at the rates and terms offered under the
17 community facilities direct loan program;

18 “(C) for which not less than 50 percent of
19 its inpatient days or discharges and outpatient
20 visits during the most recent cost reporting pe-
21 riod for which data are available were attrib-
22 utable to—

23 “(i) individuals entitled to, or enrolled
24 for, benefits under part A or enrolled for
25 benefits under part B of title XVIII of the

1 Social Security Act, including individuals
2 enrolled in a Medicare Advantage plan
3 under part C of such title;

4 “(ii) individuals eligible for medical
5 assistance under a State plan under title
6 XIX of the Social Security Act (or a waiv-
7 er of such a plan); or

8 “(iii) self-pay individuals; or

9 “(D) that meets 2 or more of the criteria
10 described in subparagraphs (A) through (C).

11 “(3) WAIVER.—The Secretary may waive the
12 requirements described in paragraph (1)(D) in the
13 case of a hospital that demonstrates sufficient com-
14 munity impacts described in paragraph (1)(C)(ii).

15 “(4) ELIGIBILITY.—For purposes of making
16 loans under this section, the Secretary shall consider
17 an eligible rural hospital described in paragraph (1)
18 to be eligible for the community facilities direct loan
19 program.

20 “(c) LOAN INTEREST AND TERMS.—

21 “(1) INITIAL INTEREST-FREE LOAN.—Except
22 as otherwise provided in this subsection, a loan
23 made under this section shall, for the first 5 years
24 of the loan—

25 “(A) have a zero percent interest rate; and

1 “(B) require repayment of principal for a
2 period of 5 years, amortized—

3 “(i) in accordance with the expected
4 amortization schedule of a loan under the
5 community facilities direct loan program;
6 and

7 “(ii) over a period that is equal to the
8 lesser of—

9 “(I) the expected life of the facil-
10 ity being constructed or renovated;
11 and

12 “(II) a maximum term of 40
13 years.

14 “(2) ASSESSMENT.—At the end of the 5-year
15 period of a loan described in paragraph (1), the Sec-
16 retary shall conduct an assessment of the financial
17 stability of the eligible rural hospital to determine
18 whether the hospital has the financial strength for
19 the loan to be refinanced at the prevailing rates of-
20 fered under the community facilities direct loan pro-
21 gram.

22 “(3) REFINANCING.—If the Secretary deter-
23 mines through an assessment under paragraph (2)
24 that an eligible rural hospital has sufficient financial
25 strength to repay a loan under the community facili-

1 ties direct loan program, subject to subsection
2 (d)(2), the Secretary shall refinance the loan under
3 this section into a loan under the community facili-
4 ties direct loan program—

5 “(A) at the prevailing interest rate applica-
6 ble to a loan under the community facilities di-
7 rect loan program;

8 “(B) without a requirement of the pay-
9 ment of any interest on the amount of principal
10 repaid during the period in which the interest
11 rate of the loan was zero percent;

12 “(C) based on the unpaid principal bal-
13 ance; and

14 “(D) amortized in accordance with the
15 community facilities direct loan program for the
16 remaining term of the loan.

17 “(d) RENEWALS.—

18 “(1) FAILURE UNDER ASSESSMENT.—

19 “(A) IN GENERAL.—If the Secretary deter-
20 mines through an assessment under subsection
21 (c)(2) that an eligible rural hospital does not
22 have sufficient financial strength to repay a
23 loan under the community facilities direct loan
24 program, the hospital may submit to the Sec-
25 retary an application for a 1-time renewal of

1 the zero-percent interest loan in accordance
2 with the terms described in subsection (c)(1)
3 for 1 additional term of not more than 5 years.

4 “(B) REQUIREMENTS.—To be eligible for
5 the renewal of a zero-percent interest loan
6 under subparagraph (A), an eligible rural hos-
7 pital shall demonstrate in the application sub-
8 mitted under that subparagraph that the hos-
9 pital—

10 “(i) has first applied for and accepted
11 any available Federal technical assistance
12 for rural hospitals to support operational
13 improvements and improve financial sta-
14 bility; and

15 “(ii) continues to meet all applicable
16 community facilities direct loan program
17 eligibility criteria.

18 “(C) REFINANCING.—At the end of the pe-
19 riod for which a zero-percent interest loan is re-
20 newed under subparagraph (A), the Secretary
21 shall refinance the loan into a loan under the
22 community facilities direct loan program in ac-
23 cordance with subsection (c)(3).

24 “(2) INTEREST RATE PROTECTION.—

1 “(A) IN GENERAL.—If the Secretary deter-
2 mines through an assessment under subsection
3 (c)(2) that an eligible rural hospital has suffi-
4 cient financial strength to repay a loan under
5 the community facilities direct loan program,
6 and the interest rate applicable to a loan under
7 the community facilities direct loan program is
8 more than 2.5 percent, the hospital may submit
9 to the Secretary an application for a 1-time re-
10 newal of the zero-percent interest loan in ac-
11 cordance with the terms described in subsection
12 (c)(1) for 1 additional term of 5 years.

13 “(B) REQUIREMENTS.—To be eligible for
14 the renewal of a zero-percent interest loan
15 under subparagraph (A), an eligible rural hos-
16 pital shall demonstrate in the application sub-
17 mitted under that subparagraph that the hos-
18 pital—

19 “(i) has had a positive impact on ac-
20 cess to primary healthcare, emergency
21 services, and services required under condi-
22 tions of participation applicable under title
23 XVIII of the Social Security Act (42
24 U.S.C. 1395 et seq.) in the community
25 served by the hospital; and

1 “(ii) has had positive impacts in the
2 community described in subsection
3 (b)(1)(C)(ii).

4 “(C) REFINANCING.—During the period of
5 a zero-percent interest loan that has been re-
6 newed under subparagraph (A), at any time
7 that the interest rate applicable to a loan under
8 the community facilities direct loan program is
9 2.5 percent or less, the eligible rural hospital
10 may elect to refinance the loan into a loan
11 under the community facilities direct loan pro-
12 gram in accordance with subsection (c)(3).

13 “(3) DISAPPROVAL.—If the Secretary dis-
14 approves an application to renew a zero-percent in-
15 terest loan under paragraph (1)(A) or (2)(A), the
16 Secretary shall resolve the applicable issues in ac-
17 cordance with the procedures that apply to the com-
18 munity facilities direct loan program.

19 “(e) TECHNICAL ASSISTANCE GRANTS.—

20 “(1) IN GENERAL.—A hospital that receives a
21 loan under this section shall be eligible for assistance
22 through an award under a covered program to sup-
23 port operational improvements and improve financial
24 stability during—

1 “(A) the 5-year period of a zero-percent in-
2 terest loan described in subsection (c)(1); and

3 “(B) any renewal of a zero-percent interest
4 loan for a lack of sufficient financial strength
5 under subsection (d)(1).

6 “(2) COVERED PROGRAM DEFINED.—In this
7 subsection, the term ‘covered program’ means—

8 “(A) the Targeted Technical Assistance for
9 Rural Hospitals Program of the Health Re-
10 sources and Services Administration; and

11 “(B) the Rural Hospital Technical Assist-
12 ance Program carried out by the rural develop-
13 ment mission area, in cooperation with the Na-
14 tional Rural Health Association.”.