

Title 15: Mississippi State Department of Health

Part 9: Office of Health Policy and Planning

Subpart 101: Mississippi Rural Hospital Loan Program

Chapter 1. Mississippi Rural Hospital Loan Program

Subchapter 1. Authority and Purpose

Rule 1.1.1. House Bill 365, adopted by the Mississippi State Legislature in its regular 2022 session, authorizes the State Department of Health to adopt rules and regulations to establish the Mississippi Rural Hospital Loan Program (RHLP).

Rule 1.1.2. The Mississippi RHLP is established in the State Department of Health to provide loans to rural hospitals to assist the hospitals in providing needed direct health care services for Mississippi citizens. A rural hospital may apply for and use the loan for the following purposes:

1. Maintaining or upgrading the rural hospital's facilities.
2. Maintaining or increasing the current staff of the rural hospital; or
3. Providing health care services that are not currently available to citizens.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Subchapter 2. Definitions

Rule 1.2.1. The following terms shall have the following meanings:

1. **"Department"** means the Mississippi State Department of Health and staff, and their designated representatives.
2. **"Rural Hospital"** means a licensed Mississippi hospital that has fifty (50) or fewer licensed general acute, non-specialty beds.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Chapter 2. Rural Hospital Operations and Facilities Revolving Loan Fund

Subchapter 1. Revolving Loan Fund

Rule 2.1.1. The fund shall consist of legislative appropriations, federal funds, contributions, donations, gifts, and monies from any other source that are made available for deposit into the fund.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 2.1.2. Monies in the fund shall be expended by the Department upon appropriation of the Legislature for the sole purpose of providing loans to Rural Hospitals under the provisions of this Subpart.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 2.1.3. Monies remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned from the investment of monies in the fund shall be deposited to the credit of the fund.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 2.1.4. Loan repayments, including interest, will be deposited back in the revolving loan fund for administration of the Mississippi RHLP and for issuance of future loans to other Rural Hospitals.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Chapter 3. Mississippi Rural Hospital Loan Program Advisory Committee

Subchapter 1. Advisory Committee Purpose

Rule 3.1.1. The Department shall establish an Advisory Committee to review the Mississippi RHLP applications.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 3.1.2. The Committee shall meet to vote on their recommendation for each application.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Subchapter 2. Advisory Committee Membership

Rule 3.2.1. To ensure that the Committee has broad representation and a sufficient number of members to review applications, Rural Hospitals are limited to having one (1) representative serve on the Committee at a time. The Committee shall be made up of the following entities/persons:

1. A banker with experience lending to rural hospitals/entities.
2. One (1) representative from the Mississippi Hospital Association
3. Mississippi State Department of Health, Chief Financial Officer
4. One (1) representative from the Mississippi State Department of Health, Division of Health Facilities Licensure and Certification
5. One (1) representative from the Mississippi State Department of Health, Division of Health Planning and Resource Development
6. One attorney from the Mississippi State Department of Health, Office of General Counsel
7. Mississippi State Department of Health, Senior Deputy
8. One Rural Hospital Chief Executive Officer (limited to a two (2) year term)
9. One Rural Hospital Chief Financial Officer (limited to a two (2) year term)

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 3.2.3. The Mississippi Hospital Association shall provide recommendations for the Rural Hospital Chief Executive Officer and Chief Financial Officer representatives.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 3.2.2. The Committee shall have the following officers:

1. Chairperson who shall chair the Committee meeting.
2. Vice-Chairperson who shall exercise the duties of the Chairperson in his/her absence.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Subchapter 3. Advisory Committee Business

Rule 3.3.1. In order for the Committee to conduct official business a quorum of five (5) members must be present.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 3.3.2. A member present may vote for or against any motion, or the member may abstain. Voting by proxy is not permitted.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 3.3.3. Advisory Committee Members shall not review applications for hospitals or hospital systems in which they are employed.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 3.3.4. The minutes of the Committee meeting shall reflect the vote on each application.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 3.3.5. The minutes of all Committee meetings shall be the responsibility of the Department and shall become official upon approval of the Committee.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Chapter 4. Mississippi Rural Hospital Loan Terms and Process

Subchapter 1. Loan Terms and Conditions

Rule 4.1.1. The Department shall determine the terms and conditions of each loan, including the repayment of the loan.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.1.2. Issuance of a loan is subject to the following provisions and terms:

1. To be eligible for a loan, a Rural Hospital must submit to the Department a current financial audit showing that the hospital is in good financial condition.

2. To qualify for a loan, a Rural Hospital must request and use the funds for one or more of the following purposes:
 - A. To maintain or upgrade the existing Rural Hospital's facilities;
 - B. To maintain or increase the current staff of the Rural Hospital; or
 - C. To provide health care services that are not currently available in the community which the Rural Hospital serves.
3. The amount of the loan shall be not less than \$25,000.00 and not more than \$100,000.00 per Rural Hospital.
4. Security or collateral for a loan shall be required from the Rural Hospital.
5. The term of the loan shall not exceed twenty (20) years, subject to the life of the collateral for the loan.
6. The rate of interest on a loan shall be fixed and equal to one percent (1%) per annum.
 - A. Interest will begin accruing no later than the following:
 - i. Final disbursement of loan funds, or
 - ii. One (1) year from Committee approval.
7. Principal and interest payments will be required monthly starting no later than the following:
 - A. Final disbursement of loan funds, or
 - B. One (1) year from Committee approval.
8. The loan may not be used to pay costs incurred before approval of the loan by the Committee, and the loan may not be refinanced.
9. 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 Committee.
10. The Rural Hospital receiving a loan must employ at least eighty-five percent (85%) of the number of full-time employees employed on the date of approval of the loan throughout the term of the loan agreement. For the purpose of this rule, a "full-time employee" means a person employed by the Rural Hospital for a minimum of thirty-five (35) hours per week (this does not include temporary workers, temp-to-hire workers, part-time workers or traveling medical professionals).

SOURCE: House Bill 365, 2022 Regular Legislative Session

Subchapter 2. Loan Process

Rule 4.2.1. The Department may extend a loan to a Rural Hospital provided the underwriting and financial analysis is satisfactory to the Department. The Rural Hospital may be subject to other underwriting and financial measurements and annual monitoring as deemed acceptable by the Department.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.2. An applicant must first submit to the Department a current financial audit showing that the hospital is in good financial condition, a Letter of Good Standing from the Secretary of State, and an official Letter of Intent stating the applicant's intention to apply for a loan. The letter must at a minimum include the following:

1. A detailed description of the project and purpose for applying for the loan to determine program eligibility;
2. The proposed financing structure and collateral requirements; and
3. Any other terms of the applicant's proposed project.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.3. If the project is eligible, Department staff will provide an application for the applicant to complete. Applicants should thoroughly read the application and follow all instructions. Applications must be submitted in the manner specified by the Department.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.4. An original and one copy of the completed Mississippi RHLP Application must be submitted to the Department. A one-thousand-dollar (\$1,000.00) application fee must also be submitted by the Rural Hospital at the time of submission of the completed application.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.5. Department staff will review applications for eligibility, completeness and accuracy and will verify the underwriting calculations.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.6. Upon completion of the Department's review and subject to fund availability, a draft Mississippi RHLP Advisory Committee Report indicating the amount of the loan, terms, and conditions to be extended and any other requirements will be sent to the applicant for review and acceptance.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.7. Once the draft Committee Report is accepted, the loan documents will be prepared.

1. The loan documents will be provided to the applicant for review.
2. The borrower will pay all closing fees, legal fees, including expenses of counsel to the Department, necessary for the preparation of the loan documents.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.8. Upon receipt of the executed loan documents from the applicant, the project will be presented to the Mississippi RHLA Advisory Committee.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.9. After Committee approval, the State Health Officer or their designee will sign the loan documents and copies of the agreement and documents will be provided to the applicant.

1. A commitment/closing fee of one percent (1%) with a minimum of \$1,000.00 is due prior to Committee approval.
2. Eligible spending may begin after approval of the loan by the Committee.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.10. Upon completion of the loan documents, requests for disbursement of the loan funds may be submitted no more than once per month. Each request will be reviewed for required supporting documentation, including invoices and proof of payment.

SOURCE: House Bill 365, 2022 Regular Legislative Session

Rule 4.2.11. The Rural Hospital will be required to provide financials and status reports annually and any other frequency requested by the Department to monitor the loan and projects for compliance.

SOURCE: House Bill 365, 2022 Regular Legislative Session