



December 8, 2023

NOSORH Comments – Potential USDA-RHS Community Facilities Program Expansions

Introduction

On November 1, 2023, the United States Department of Agriculture – Rural Housing Service (USDA-RHS) published a notice announcing a virtual public listening session for its Community Facilities Program (CFP). The notice outlined a series of specific topics the USDA sought input on at the session. The notice also allowed the public to provide written comments after the meeting, creating a request for information (RFI) on CFP topics.

In this communication, the National Organization of State Offices of Rural Health (NOSORH) provides input to the USDA-RHS on selected topics in the RFI. In particular, NOSORH comments on two potential areas of CFP expanded eligibility. NOSORH's comments highlight the potential positive impacts on rural health service providers resulting from these CFP expansions.

NOSORH was established in 1995 to assist State Offices of Rural Health (SORHs) in their efforts to improve access to, and the quality of, health care for over 60 million rural Americans. All 50 states have a SORH, and each SORH helps their state's rural communities to build effective health care delivery systems. NOSORH and its members work closely with rural providers nationwide, including Critical Access Hospitals, Rural Health Clinics, Federally Qualified Health Centers, and rural hospitals. NOSORH brings its knowledge of rural essential community providers to the proposed expansions discussed in the RFI.

Comments

Topic - Expansion of CFP eligibility for essential workforce housing needs

Discussion: The RFI solicits comments on how CFP funds could be used to expand eligibility to include housing projects to be used by essential workforce in a variety of sectors. This could consist of the rural health service sector. Many rural healthcare facilities are in communities with a limited housing stock. Limited housing availability may be a disincentive for essential health workers to locate in these communities.

Many healthcare clinicians consider locating in underserved rural communities under loan payment programs, such as those of the National Health Service Corps. These programs offer medical education loan repayment to participants in exchange for a multi-year commitment to work in an underserved community. The lack of available housing in rural communities can be a barrier for clinicians considering locating in these communities. Low or no-cost housing, offered as a benefit of employment, can be an additional incentive that increases the number of loan repayment obligations for those choosing to work in underserved rural areas.

It should be noted that the Indian Health Service, Bureau of Indian Affairs, and tribal entities have a history of constructing such housing projects for essential educational and healthcare workforces. These projects have been successful. These projects could be a model for how USDA might proceed with this effort.

Comment: NOSORH strongly supports the expansion of Program eligibility for these purposes. This eligibility expansion will permit rural hospitals and other rural healthcare facilities to use CFP funds to support the construction of housing projects for the essential health workforce, including nursing staff and physicians. These projects can provide meaningful incentives for the health workforce to be located in underserved rural communities.

NOSORH suggests that eligibility be limited to housing projects to be used by the essential healthcare workforce while working full-time at public, tribal, or nonprofit rural hospitals, primary care centers, long-term care facilities, or other essential healthcare providers. The housing should also be available to families of essential healthcare workers. The projects could be constructed and managed by an individual healthcare facility or another public, tribal, or nonprofit entity working on behalf of eligible healthcare facilities. NOSORH also suggests that projects permit the housing of health care workforce working temporarily on a locum-tenens or circuit-riding basis. This should include temporary housing of medical residents, medical students, nursing students, and other healthcare students being trained at a rural healthcare facility.

Topic - Use of CFP funds to refinance hospital debt.

Discussion: The Farm Bill of 2018 permitted CFP financial assistance to be used for “the refinancing of a debt obligation of a rural hospital as an eligible loan or loan guarantee purpose if the assistance would help preserve access to a health service in a rural community, meaningfully improve the financial position of the hospital, and otherwise meet the financial feasibility and adequacy of security requirements of the Rural Development Agency.”

Implementation of this authority would be of potential advantage to rural hospitals. Many rural hospitals are facing financial challenges. Over a hundred have closed their doors in the last decade. Others are expected to follow. The COVID-19 pandemic created even greater economic problems. Rural hospitals had reduced revenues and large additional expenses, none of which could be anticipated. Supplemental relief funding helped offset some losses, but the end of the pandemic emergency ended this additional support.

It is unclear what the future will hold for many rural hospitals. Congress and the Administration have begun exploring what can be done to secure their operations. This has been a specific target concern for the White House:

<https://www.hhs.gov/about/news/2023/11/03/department-health-human-services-actions-support-rural-america-rural-health-care-providers.html>

Expansion of the CFP to include rural hospital refinancing would be consistent with these policies. CFP support could make a difference in financial sustainability for rural hospitals burdened with debt obligations.

Comment: NOSORH supports using CFP financial assistance for rural hospital debt obligations. NOSORH suggests that the support be limited for use with public, tribal, or nonprofit hospitals. NOSORH believes that eligibility for assistance should include rural acute care hospitals, behavioral health hospitals, rehabilitation hospitals, Critical Access Hospitals, and Rural Emergency Hospitals. Eligible hospitals should be limited to those facilities licensed by the state or federal government as well as those participating in Medicare and Medicaid.

We appreciate the opportunity to submit comments on this important Request for Information and hope you find value in the recommendations outlined.

Let me know if you have questions, would like discussion, or if I may be of assistance. Thanks so much.

Tammy Norville, CEO
National Organization of State Offices of Rural Health
Phone: (888) 391-7258 Ext. 105
Mobile: (919) 215-0220
tammyn@nosorh.org | www.nosorh.org