Federal Office of Rural Health Policy
SORH Region C Partnership Meeting
Financing Opportunities for Rural Healthcare

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

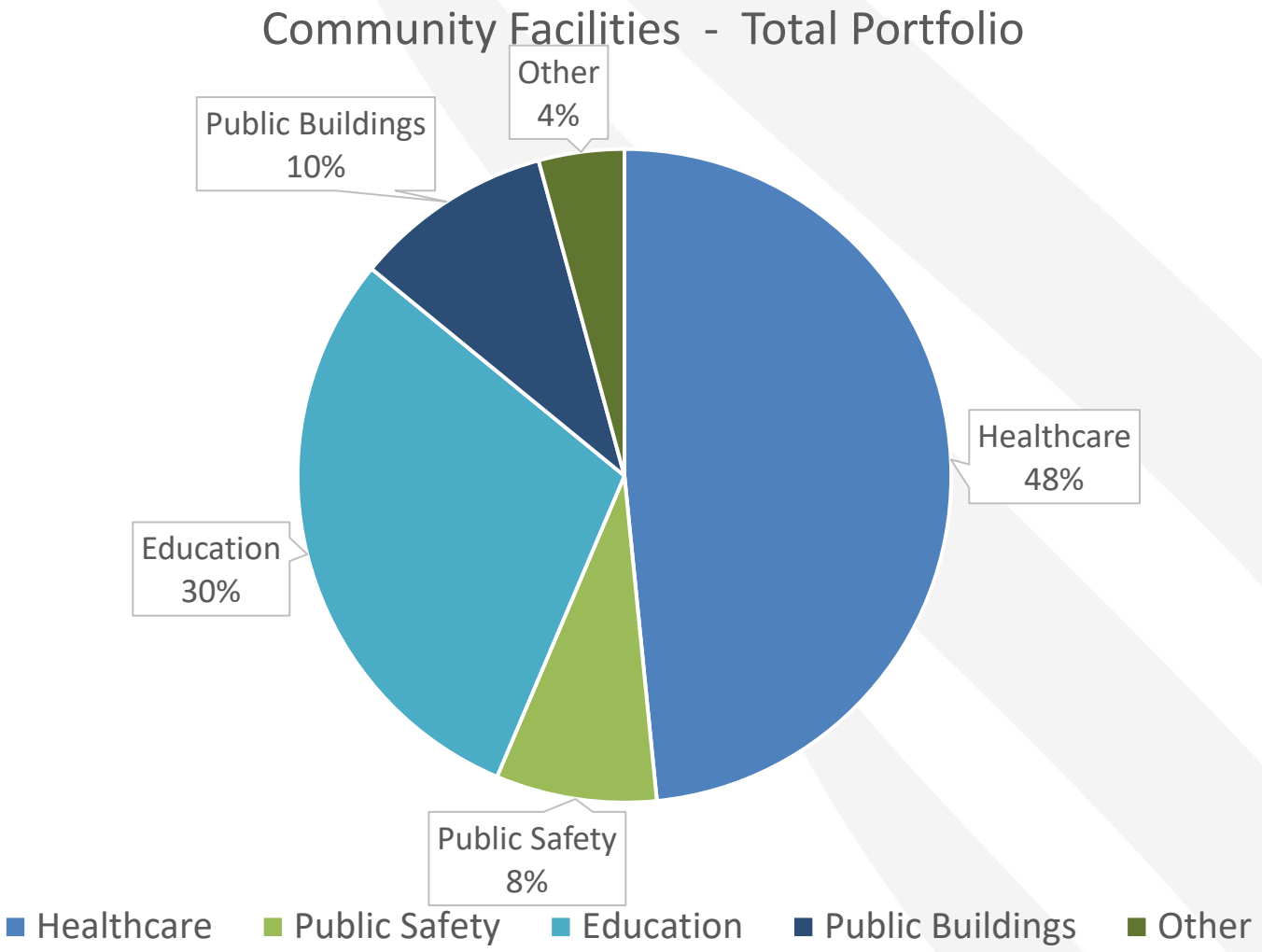
July 2022

USDA Rural Development

- Telecommunications Programs
- Electric Programs
- Community Facilities Programs
- Water and Environmental Programs
- Business and Cooperative Programs
- Single-Family Housing Programs
- Multi-Family Housing Programs

Community Facilities Programs

- Healthcare $5.9 billion
- Education $3.6 billion
- Public Buildings $1.2 billion
- Public Safety $1.0 billion
- Other $. 5 billion



Community Facilities Program Overview

- Offers direct loans, loan guarantees and grants to develop or improve essential public services and facilities
- Eligible Applicants: Public Bodies, Non-Profits, Federally recognized Tribes
- Eligible Purposes: Construct, expand, renovate, or improve facilities that provide health care, education, public safety, and public services
- Eligible Rural Areas: Cities, towns, and census designated places (CDPs) with populations of **20,000 or less** according to the latest decennial census of the United States.
- Service Area: Facility must be located in and primarily serve eligible rural areas.

Community Facilities Program Overview

CF Direct Loan Rates and Terms

- Interest rates currently at 3.25% (Interest rates change quarterly)
- 40-year term or useful life
- Adequate security to protect the interest of the Government
- Repayment ability
- Unable to obtain other commercial credit

Community Facilities Programs Overview

OneRD CF Guarantee Rates, Terms, and Fees

- Eligible Rural Areas: any area of a state not in a city or town that has a population of more than than 50,000 according to the latest decennial census of the United States and not in the urbanized area contiguous and adjacent to a city or town that has a population of more than 50,000.
- Interest rate set by lender (fixed or variable)
- Term set by lender (max 40-year term or useful life)
- Adequate security to protect the interest of the Government
- Repayment ability
- Lender must be unable to make loan without guarantee
- Up to an 80% guarantee on loss
- Up front fee of 1.25% fee payable upon issuance of Loan Note Guarantee, and 0.50% annual renewal fee (change annually)
- 100% refinancing for hospital debt to preserve access to health services – must meaningfully improve the financial position of the hospital

Emergency Rural Health Care Grants
American Rescue Plan Act

This program provides up to $500 million in grant funding to help broaden access to COVID-19 testing and vaccines, rural health care services, and food assistance through food banks and food distribution facilities.

Funding is available to eligible applicants through two tracks:

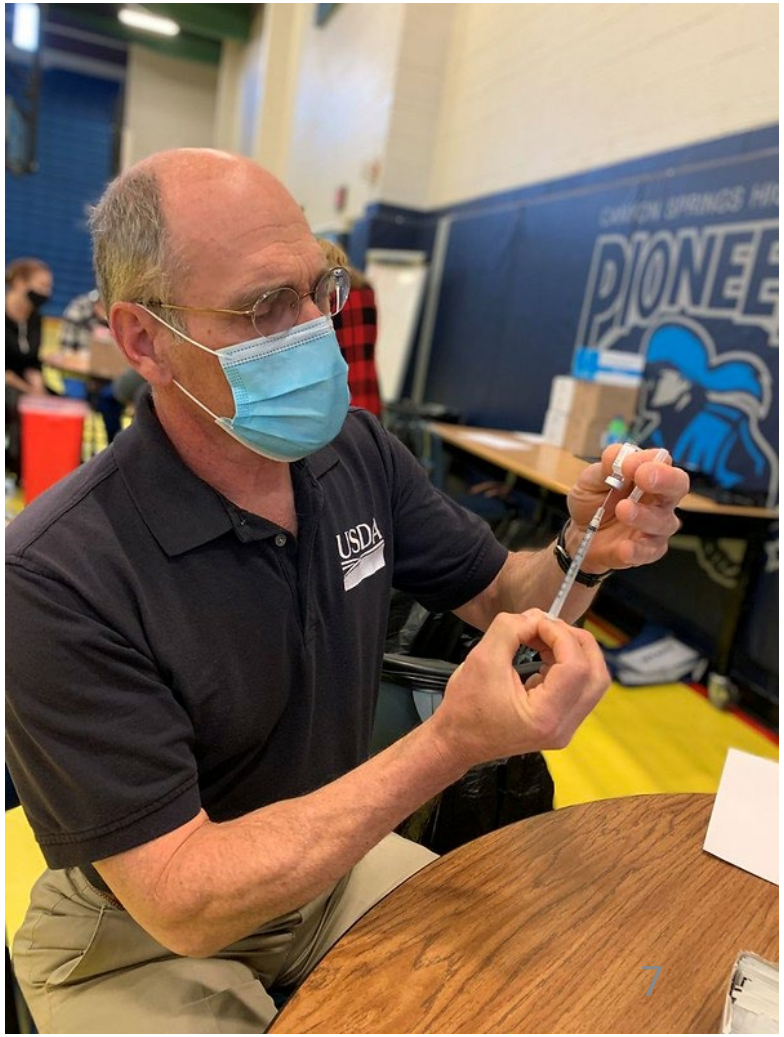
- **Track One: Recovery Grants** provide immediate relief to address economic conditions arising from the COVID-19 emergency. Grants range from $25,000 - $1 million.

  Initial deadline October 12, 2021; Still accepting applications

- **Track Two: Impact Grants** advance ideas and solutions to solve regional health care problems to support the long-term sustainability of rural health. Grants range from $5 million - $10 million.

  Application Period is Closed; No longer accepting applications

https://rd.usda.gov/erhc



Emergency Rural Health Care Grants
Maximum Percentage of Grant

Cost-Sharing / Matching Funds Requirement

Grant assistance is limited to the following percentages of eligible project costs:

- 75% when the proposed project is located in a rural community with a population of 5,000 or less and MHI of the population to be served is below the higher of the poverty line or 60% of State nonmetro MHI
- 55% when the proposed project is located in a rural community with a population of 12,000 or less and MHI of the population to be served is below the higher of the poverty line or 70% of State nonmetro MHI
- 35% when the proposed project is located in a rural community with a population of 20,000 or less and MHI of the population to be served is below the higher of the poverty line or 80% of State nonmetro MHI
- 15% when the proposed project is located in a rural community with a population of 20,000 or less and MHI of the population to be served is below the higher of the poverty line or 90% of State nonmetro MHI

Emergency Rural Health Care Grants
Track One: recovery Grants ($25,000 min - $1 million max)

Track One: Recovery funds must be used to support immediate health care needs stemming from the pandemic, to prepare for future pandemic events, or to increase access to quality health care services

a) Increase capacity for vaccine distribution (cold storage, vehicle, transportation, and other equipment expenses)

b) Provide medical supplies and equipment to increase surge capacity (PPE and lab equipment)

c) Reimburse for lost health care-related revenue

d) Increase telehealth capabilities

e) Construct or renovate temporary or permanent structures to provide health care services

f) Support staffing needs for vaccine administration and/or testing

g) Support facility, equipment, and increased operating expenses associated with food banks and food distribution facilities

h) To pay professional service fees and charges, only when necessary and only when secondary part of the grant

i) To pay for pre-award costs incurred between March 13, 2020 and the proposed start date

Emergency Rural Health Care Grants
Examples

- Expansion of telehealth
- Ambulance purchase
- Drive through car care clinic for testing and vaccinations
- Clinic renovation to include negative air pressure exam room, separate entrance for potential infectious persons
- Hospital ICU renovation to include a dedicated isolation room that meets COVID-19 requirements

Mobile Health Clinic under construction

Partnership with National Rural Health Association (NRHA)

- NRHA is a national, not-for-profit membership association with more than 21,000 members that represent a broad spectrum of rural health interests and has deep rural healthcare expertise.

- Under a cooperative agreement, NRHA is partnering with Rural Development for a $3 million pilot effort to assist rural hospitals to improve long-term operations and financial health.

- Examples of TA include:
  - Rapid Strategic Planning
  - Full Strategic, Financial, and Operational Assessment (SFOA)
  - Targeted SFOA
  - Facility Decision-Support
  - Physician-Hospital Alignment
  - Revenue Cycle Analysis

NRHA

NATIONAL RURAL HEALTH ASSOCIATION

- TA focuses on strengthening hospitals and improving rural communities' access to healthcare.

- NRHA and Rural Development initially identified 32 rural hospitals to target for assistance; there will be opportunities to add additional hospitals to this list.

Telecommunications Program: Distance Learning and Telemedicine Grants

Provides financial assistance to enable and improve Distance Learning and Telemedicine Services in Rural America

Supports the use of telecommunications-enabled information, audio and video equipment, and related advanced technologies by students, teachers, medical professionals, and rural residents

Increase rural access to education, training, and health care resources that are otherwise unavailable or limited in scope

Valley Professionals Community Health Center Renovation

Vermillion and Parke Counties Indiana
$3,695,000 Community Facility Direct Loan
Partners: U.S. Department of Health and Human Services - First Financial Bank, Terre Haute

Winters Health Care
California

Direct Loan: $ 6,775,000
Applicant: $ 846,918
HRSA: $ 1,000,000
Yolo County: $ 265,055
Kaiser Grant: $ 250,000
Total: $ 9,136,973

Lafayette County-Memorial Hospital of Lafayette County

Wisconsin

$45,760,000 CF Direct Loan
$ 5,000,000 CF Guarantee Loan
$ 1,000,000 Emergency Rural Health Care Grant
$ 110,000 Applicant Contribution
$ 51,870,000 Total Project Cost

Contact Information

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