

Access to Capital

Additional information resources for hospitals include the following organizations that can help target efforts and/or provide information on innovative programs:



Creating facilities designed to meet community needs

State Offices of Rural Health (SORH) and State Hospital and Healthcare Associations

- Staff can provide assistance or direct administrators to the appropriate resources.

- Contact information for SORHs is available on-line at www.ruralcenter.org/nosorh/. Contact information for State Hospital Associations is available at www.aha.org/resource/links.asp

Flex Technical Assistance and Services Center

Staff can provide general information and make referrals to others that can assist CAHs in all phases of their capital projects; including assistance in capital planning.

Contact the TASC at (218) 720-0700 or tasc@ruralresource.com

Financing Capital Improvements

Information prepared by the Flex Technical Assistance and Services Center (TASC), with funding from the Federal Office of Rural Health Policy

Contact:
TASC
Phone: 218.720.0700
Email: tasc@ruralcenter.org
Web: www.ruralresource.com



Financing Rural Hospital Capital Improvements



Resource Guide for Rural Hospitals

Rural hospitals are aging—many are facing problems that can only be addressed with capital funding:

- Facility not designed to support outpatient services
- Major equipment is outdated and beyond repair
- Loss of patients to newer facilities
- Structure doesn't meet regulatory and fire code specifications

Sources of Funding

- **Local lenders/banks** – Local banks will sometimes underwrite part of a major project and can also provide much needed advice about other funding sources.
- **Bonds** – Traditional source although cost is largely tied to past financial performance, which penalizes many rural hospitals.
- **County and state government** – Programs vary but include direct grants, allocated tax dollars, and/or loan guarantees.
- **Federal government** – Continued role in supporting rural capital access through grants, direct loans, and loan guarantees.

Capital Programs

FHA/HUD Mortgage Insurance (Sect. 242)
www.hud.gov/offices/hsg/hsghospi.cfm

Assistance: Mortgage insurance for new construction, modernization, and equipment; funding also available for re-financing

Eligibility: Acute care hospitals; special program requirements for CAHs

First Step: Hospitals may call 877-263-0763; CAHs may call 202-708-0599

USDA Community Facilities Program
www.rurdev.usda.gov

Assistance: Direct loans, loan guarantees and grants to construct, enlarge, extend or otherwise improve community facilities that provide essential services to rural populations

Eligibility: Public, nonprofits, and tribal governments in rural areas

First Step: Find your local USDA Rural Development Office on-line at: www.rurdev.usda.gov/recd_map.html

Small Business Administration
www.sba.gov/regions/states.html

Assistance: Loans and programs available vary by region; Small Business Investment Companies (SBICs) are common sources of financing

Eligibility: For-profit hospitals with less than \$25 million in revenue

First Step: Contact your local SBA Service Office, listing on-line (see above)

State Health Facilities Finance Authorities

Assistance: Issue tax-exempt bonds and pool loans; other special programs, such as capital planning assistance, may also be available

Eligibility: Not-for-profit hospitals; solid financial status improves bond rating

First Step: Contact your state regarding the process and special assistance programs; state-by-state listing on-line at www.nchffa.com/members.htm

Private Foundations

Assistance: Foundations may provide "program related investments" (PIFs) or matching challenge grants to support hospital construction

Eligibility: Not-for-profit status in a geographic area served by the foundation

First Step: Contact the Foundation Center at (212) 620-4230 (on-line at www.fdncenter.org/) or Grantmakers in Health at (202) 452-8231 (on-line at www.gih.org)

Hospitals may face challenges in finding capital, but help is available if the project is well planned and clearly backed by the community.

