

106TH CONGRESS
1ST SESSION

H. R. 2236

To authorize the Secretary of Health and Human Services to make grants in the form of forgivable capital advances to help preserve community hospitals experiencing financial difficulties.

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1999

Mr. LAFALCE (for himself, Ms. KILPATRICK, and Mr. MEEKS) introduced the following bill; which was referred to the Committee on Commerce

A BILL

To authorize the Secretary of Health and Human Services to make grants in the form of forgivable capital advances to help preserve community hospitals experiencing financial difficulties.

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 “Community Hospital
5 Preservation Act”.

1 **SEC. 2. AUTHORITY TO MAKE GRANTS.**

2 (a) IN GENERAL.—From any amounts made avail-
3 able to carry out this Act, the Secretary may make grants
4 under this Act to eligible community hospitals.

5 (b) AMOUNT OF GRANT.—The aggregate amount of
6 grant amounts provided to any single eligible community
7 hospital that is awarded a grant may not be—

8 (1) less than \$100,000;

9 (2) greater than \$2,500,000; or

10 (3) greater than 10 percent of the total assets
11 of the hospital.

12 (c) MATCHING REQUIREMENT.—The Secretary may
13 not award grant amounts under this Act to any eligible
14 community hospital for any fiscal year in an amount that
15 exceeds the amount that the hospital receives, in cash con-
16 tributions, loans, or any combination thereof, for that fis-
17 cal year from non-Federal sources.

18 (d) HOSPITALS WITH HUD-INSURED MORT-
19 GAGES.—The Secretary may not award grant amounts
20 under this Act to a hospital that is subject to a mortgage
21 insured by the Secretary of Housing and Urban Develop-
22 ment under section 242 of the National Housing Act (12
23 U.S.C. 1715z-7) unless the Secretary of Housing and
24 Urban Development approves the award before the date
25 of the award.

1 **SEC. 3. USE OF GRANT AMOUNTS.**

2 Grant amounts under this Act may be used only for
3 legitimate hospital purposes.

4 **SEC. 4. APPLICATION.**

5 The Secretary may award grant amounts under this
6 Act only to an eligible community hospital that has sub-
7 mitted an application to the Secretary at such time and
8 in such manner as the Secretary may require, and con-
9 taining such information and certifications as the Sec-
10 retary may require to ensure compliance with this Act.

11 **SEC. 5. SELECTION CRITERIA.**

12 The Secretary shall award grant amounts under this
13 Act in accordance with competitive criteria established by
14 the Secretary.

15 **SEC. 6. RECOVERY OF GRANT AMOUNTS.**

16 (a) RECOVERY.—For each award of grant amounts
17 under this Act, the Secretary shall recover, upon the date
18 specified in subsection (b), the amount specified in sub-
19 section (c).

20 (b) DATE OF RECOVERY.—The date specified in this
21 subsection is the first to occur of the following:

22 (1) The date on which the recipient fails to
23 comply substantially with section 3.

24 (2) The date on which the recipient fails to be
25 a hospital that meets the requirements of any of
26 subparagraphs (A), (B), and (C) of section 8(1).

1 (3) The date of the expiration of the 10-year
2 period beginning on the date of the award.

3 (c) AMOUNT OF RECOVERY AND FORGIVENESS OF
4 SUCH AMOUNT.—The amount specified in this subsection
5 is an amount equal to the amount of the award, reduced
6 by 10 percent of the amount of such award for each full
7 year from the date of the award through the date specified
8 in subsection (b) throughout which the recipient continues
9 to be a hospital that meets the requirements of any one
10 or more of subparagraphs (A), (B), and (C) of section
11 8(1).

12 (d) MANNER OF RECOVERY.—Any amount that the
13 Secretary recovers under this section shall be recovered
14 as if such amount had been loaned by the Secretary on
15 the date specified in subsection (b), amortized over a 20-
16 year period, with interest at a rate equal to the average
17 annual cost of borrowing by the Department of the Treas-
18 ury.

19 **SEC. 7. ANNUAL REPORT.**

20 Not later than February 1 of each year, the Secretary
21 shall submit to the Congress a report describing the activi-
22 ties carried out under this Act in the preceding calendar
23 year and containing any related information that the Sec-
24 retary considers appropriate.

1 **SEC. 8. DEFINITIONS.**

2 For purposes of this Act, the following definitions
3 shall apply:

4 (1) **ELIGIBLE COMMUNITY HOSPITAL.**—The
5 term “eligible community hospital” means a hospital
6 that meets the following requirements:

7 (A) The hospital is nonprofit.

8 (B) The hospital has total assets of not
9 more than \$75,000,000.

10 (C) The hospital is an essential source of
11 basic hospital health care services within the
12 community in which the hospital is located.

13 (D) The hospital meets objective financial
14 criteria, to be established by the Secretary, that
15 indicate the hospital is experiencing ongoing fi-
16 nancial difficulties.

17 (E) The hospital is operating in an effi-
18 cient manner or has a viable financial recovery
19 plan reviewed by an independent public ac-
20 countant, or financial consultant, who has ex-
21 pertise in the industry of providing health care
22 services.

23 (2) **SECRETARY.**—The term “Secretary” means
24 the Secretary of Health and Human Services.

1 **SEC. 9. REGULATIONS.**

2 The Secretary shall issue any regulations necessary
3 to carry out this Act.

4 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

5 For grants under this Act, there is authorized to be
6 appropriated to the Secretary \$1,000,000,000 for each of
7 fiscal years 2000 through 2004, to remain available until
8 expended.

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