TEAM KENTUCKY
CABINET FOR ECONOMIC DEVELOPMENT

New Kentucky Home

KENTUCKY RURAL HOSPITAL LOAN PROGRAM

(KRHLP) KRS 154.20-190

During the 2020 Regular Session of the General Assembly, KRS 154.20-190 was enacted to establish a revolving loan fund program for rural hospital operations and facilities. The Cabinet for Economic Development and Kentucky Economic Development Finance Authority (KEDFA) administers the program and funds for the purpose of providing direct health care services for the citizens of the Commonwealth by:

- Maintaining or upgrading the hospital's facilities
- Maintaining or increasing the current staff of the rural hospital;
- Reopening a qualifying former hospital; or
- Providing health care services that are not currently available to citizens.

ELIGIBILITY

- An eligible Rural Hospital is a hospital or qualifying former hospital located within a county of the Commonwealth having apopulation of less than 50,000 according to the most recent annual estimates of the resident population issued by the United States Census Bureau.

- "Hospital" means a facility licensed by the Cabinet for Health and Family Services under KRS Chapter 216B for the operation of a hospital and the basic services provided by a hospital.

- "Qualifying Former Hospital" is a hospital (as such term has been previously defined) that has closed within thirty-six (36) months prior to an application for a loan and has obtained a certificate of need to open a new hospital or other health facility as defined in KRS 216B.015 that provides inpatient care at the closed location. A hospital group with multiple locations will be considered as separate entities for purposes of determining eligibility and applicable loan limits.

- Eligible Rural Hospitals must be registered and in good standing with the Kentucky Secretary of State's Office and in good standing with the Kentucky Cabinet for Health and Family Services.

TERMS

Participation in projects for up to 100% of the projected eligible costs, matching obligations may be imposed

Loan amount ranging from $25,000 to $1,000,000 per Rural Hospital facility project, not to exceed cumulative total of $2,000,000 per Rural Hospital every five (5) years, provided previously approved KEDFA loans remain compliant.

- Term up to 20 years, subject to the life of the collateral

- Principal and interest payments will be required monthly

- Interest rate may be fixed and equal to 1%

- Security/collateral required

- 100% of the project costs must be incurred within one year of the loan approval

- Negotiated Covenants may require special provisions throughout the term of the loan agreement.