



HOUSE BILL 1090: RURAL Care Act.

2025-2026 General Assembly

Committee:	House Health. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 12, 2026
Introduced by:	Reps. Reeder, Lambeth, Ward, Greene	Prepared by:	Jason Moran-Bates Committee Staff
Analysis of:	PCS to First Edition H1090-CSBCa-74		

OVERVIEW: *House Bill 1090 would create the Rural Healthcare Infrastructure Fund to provide grants and below-market loans to fund rural healthcare infrastructure projects. The Rural Healthcare Infrastructure Fund would replace the current Rural Health Care Stabilization Program and take over its assets.*

CURRENT LAW: The Rural Health Care Stabilization Program (Program) was created in 2019 to provide loans at below-market rates for the support of eligible rural hospitals in financial crisis. The Program's accompanying fund is held as a nonreverting special fund in the Office of State Budget and Management. Hospitals seeking loans under the Program had to apply to UNC Health Care, which would recommend that the Local Government Commission either approve or deny the loan. Approved loans are then executed by UNC Health Care.

BILL ANALYSIS:

Part I of the bill would repurpose the Rural Health Care Stabilization Program and its accompanying fund as the Rural Healthcare Infrastructure Fund (RHIF) to be used for the purpose of meeting debt service obligations supported by the General Fund. In addition, the North Carolina State Health Coordinating Council would be renamed as the North Carolina Rural Healthcare Infrastructure Council and allowed to allocate money from the RHIF for the following other purposes:

- New capital projects for rural hospitals.
- Repair and renovation of existing rural hospital facilities.
- Other rural healthcare infrastructure projects.
- Up to \$100,000 per year to pay the costs of administering the RHIF.

Funds allocated to a project that were not spent would revert to the RHIF.

Each year on March 1, the Council would be required to report the following to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division:

- Amounts credited to the RHIF and expended by the RHIF.
- Proposed expenditures for the current and upcoming fiscal years.
- Any other information the Council deems relevant to the RHIF's financial sustainability.

Kara McCraw
Director



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Part II of the bill would require the Council, in consultation with the Office of Rural Health, to develop a plan to administer the RHIF for the purpose of awarding grants and below-market loans to support the construction, renovation, and modernization of rural healthcare infrastructure. The plan must include recommendations for the following:

- A process for applying to receive RHIF funds, evaluating the financial viability of projects, and overseeing the use of funds.
- Descriptions of the entities and projects eligible for funds.
- Legislation, including any appropriations, necessary to implement the RHIF.
- A long-term plan for the financial sustainability of the RHIF.

The plan must be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division January 15, 2027, and the plan cannot be implemented without an act of the General Assembly.

Part III of the bill would make changes to the Council to enable it to administer the RHIF. The Council would have 17 members, 9 appointed by the Governor and 8 appointed by the General Assembly. Registered lobbyists and lobbyist principals would not be allowed to sit on the Council. Members would serve for three years, with vacancies filled by the appointing authority, and members could be removed for misfeasance, malfeasance, or nonfeasance. The section would also spell out how new members would be appointed to replace current members when the current members' terms expire.

Parts IV and V of the bill would wind up the existing Rural Health Care Stabilization Program and transfer its assets to the RHIF. \$100,000 would be appropriated from the RHIF to the Office of Rural Health to fund a contract with Rural Healthcare Initiative, Inc. to create effective models of sustainable healthcare in rural North Carolina.

EFFECTIVE DATE: Parts I and II are effective when they become law. The remainder of the bill is effective July 1, 2026.

BACKGROUND: As of January 2026, the Rural Health Care Stabilization Program has received \$45 million in state appropriations. It has disbursed one loan (in the amount of \$12 million to Randolph Hospital). When factoring the interest earned on the fund balance and the amount repaid on the Randolph loan, the current balance in the program's fund is slightly over \$39.3 million.