

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H

2

HOUSE BILL 1090
Committee Substitute Favorable 5/12/26

Short Title: RURAL Care Act.

(Public)

Sponsors:

Referred to:

April 30, 2026

A BILL TO BE ENTITLED

AN ACT TO ENACT THE REVITALIZING, UPLIFTING REGIONS & ACCESS LOCAL (RURAL) CARE ACT TO PROVIDE FOR THE CREATION OF A RURAL HEALTHCARE INFRASTRUCTURE FUND AND A RURAL HEALTHCARE INFRASTRUCTURE PROGRAM TO BE ADMINISTERED BY THE NEWLY CREATED NORTH CAROLINA RURAL HEALTHCARE INFRASTRUCTURE COUNCIL; TO DIRECT THE NORTH CAROLINA RURAL HEALTHCARE INFRASTRUCTURE COUNCIL TO DEVELOP A PLAN FOR THE ESTABLISHMENT AND ADMINISTRATION OF THE RURAL HEALTHCARE INFRASTRUCTURE PROGRAM; AND TO REPEAL THE RURAL HEALTH CARE STABILIZATION PROGRAM.

The General Assembly of North Carolina enacts:

PART I. RURAL HEALTHCARE INFRASTRUCTURE FUND

SECTION 1.1.(a) Chapter 131E of the General Statutes is amended by adding a new Article to read:

"Article 4A.

"Rural Healthcare Infrastructure Fund."

SECTION 1.1.(b) G.S. 131A-32 is recodified as G.S. 131E-74 in Article 4A of Chapter 131E of the General Statutes, as enacted by subsection (a) of this section, and reads as rewritten:

"**§ 131E-74. The Rural ~~Health Care Stabilization~~ Healthcare Infrastructure Fund.**

(a) Legislative Intent. – The General Assembly recognizes the need to establish and maintain a sufficient funding source to address the ongoing capital and healthcare infrastructure needs of the rural areas of the State. The General Assembly further recognizes the need to protect the State's substantial improvements in existing healthcare facilities while providing a stable funding source to pay for new facilities to meet the needs of a growing rural population.

(b) Creation and Source of Funds. – The Rural ~~Health Care Stabilization~~ Healthcare Infrastructure Fund is created as a nonreverting special fund in the ~~Office of State Budget and Management~~ Department of Health and Human Services to provide financial assistance in the form of grants and loans at below market interest rates with structured repayment terms to support the construction, renovation, or modernization of healthcare facilities located in rural areas of the State. The Fund shall operate as a revolving fund consisting of funds appropriated to, or otherwise received by, the Rural ~~Health Care Stabilization~~ Healthcare Infrastructure Program and all funds received as repayment of the principal of or interest on a loan made from the Fund. The North Carolina Rural Healthcare Infrastructure Council shall administer the Fund. The State Treasurer



1 is the custodian of the Fund and shall invest its assets in accordance with G.S. 147-69.2 and
2 G.S. 147-69.3. ~~Moneys in the Fund shall only be used for loans made pursuant to this Article.~~

3 (c) Use of Funds. – Monies in the Fund shall first be used to meet the debt service
4 obligations supported by the General Fund. In addition to meeting the debt service obligations
5 supported by the General Fund, the North Carolina Rural Healthcare Infrastructure Council may
6 allocate money from the Fund to provide financial assistance for the following purposes:

7 (1) New capital projects for facilities licensed under this Chapter or Chapter 122C
8 of the General Statutes that are located in rural areas of the State.

9 (2) Repair and renovation projects for existing facilities licensed under this
10 Chapter or Chapter 122C of the General Statutes that are located in rural areas
11 of the State.

12 (3) Other healthcare infrastructure projects located in rural areas of the State
13 determined by the North Carolina Rural Healthcare Infrastructure Council to
14 be consistent with the intent of the General Assembly, as specified in
15 subsection (a) of this section.

16 (4) Administrative costs incurred by the North Carolina Rural Healthcare
17 Infrastructure Council for administering the Fund, provided that such costs
18 shall not exceed one hundred thousand dollars (\$100,000) in any fiscal year.

19 (d) Unexpended Funds. – Funds appropriated for a project that are unspent and
20 unencumbered upon completion of the project shall revert to the Fund. For the purposes of this
21 subsection, a project includes any allocation from the Fund for a purpose specified in subsection
22 (c) of this section.

23 (e) Report. – Annually on March 1, the North Carolina Rural Healthcare Infrastructure
24 Council shall report to the Joint Legislative Oversight Committee on Health and Human Services
25 and the Fiscal Research Division on the use of funds allocated from the Fund. The report shall
26 include at least all of the following information for the preceding fiscal year:

27 (1) Amounts credited to the Fund.

28 (2) Amounts expended from the Fund and the purposes of the expenditures,
29 including, at a minimum:

30 a. A description of each project funded and for each project, the location
31 and the type and amount of financial assistance provided.

32 b. A detailed list of administrative costs incurred by the North Carolina
33 Rural Healthcare Infrastructure Council for administering the Rural
34 Healthcare Infrastructure Fund.

35 (3) Proposed expenditures of the monies in the Fund for the current and upcoming
36 fiscal years.

37 (4) Any other information the North Carolina Rural Healthcare Infrastructure
38 Council deems relevant to the financial sustainability of the Fund.

39 **"§§ 131E-74.1 through 131E-74.25. Reserved for future codification purposes."**

40 **SECTION 1.1.(c)** The North Carolina Rural Healthcare Infrastructure Council shall
41 not begin awarding financial assistance from the Rural Healthcare Infrastructure Fund created by
42 G.S. 131E-74, as enacted by subsection (b) of this section, until the plan for a Rural Healthcare
43 Infrastructure Program developed by the North Carolina Rural Healthcare Infrastructure Council
44 pursuant to Part II of this act has been approved by an act of the General Assembly. The North
45 Carolina Rural Healthcare Infrastructure Council shall not be required to make the report required
46 by G.S. 131E-74(e), as enacted by subsection (b) of this section, until March 1 after the plan for
47 a Rural Healthcare Infrastructure Program developed by the North Carolina Rural Healthcare
48 Infrastructure Council pursuant to Part II of this act has been approved by an act of the General
49 Assembly.

50 **SECTION 1.2.** Section 1.1(c) of this Part is effective when it becomes law.
51

PART II. PLAN FOR RURAL HEALTHCARE INFRASTRUCTURE PROGRAM

SECTION 2.1.(a) By July 1, 2027, the North Carolina Rural Healthcare Infrastructure Council, in consultation with the Office of Rural Health of the Department of Health and Human Services, shall develop and submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a plan for the North Carolina Rural Healthcare Infrastructure Council to establish and administer a Rural Healthcare Infrastructure Program (the program) funded by the Rural Healthcare Infrastructure Fund created by G.S. 131E-74, as enacted by Section 1.1(b) of this act (the Fund). The purpose of the program is to award financial assistance from the Fund in the form of grants and loans at below market interest rates with structured repayment terms to support the construction, renovation, or modernization of healthcare infrastructure located in rural areas of the State. The plan shall include recommendations for at least all of the following:

- (1) An application process, including factors to be considered in approving or denying applications for financial assistance from the Fund.
- (2) A description of the entities and projects eligible to receive financial assistance from the Fund.
- (3) A process and criteria for evaluating the financial viability and sustainability of healthcare facilities seeking financial assistance from the Fund.
- (4) A process for administering and monitoring funds awarded from the Rural Healthcare Infrastructure Fund.
- (5) A process for monitoring compliance with contractual obligations and performance indicators established for recipients of financial assistance.
- (6) A long-term plan for financial sustainability of the Fund, including the identification of all potential State and federal sources of funding.
- (7) Any legislative changes necessary to implement the Rural Healthcare Infrastructure Program.
- (8) The amount of State appropriations needed to establish and administer the Rural Healthcare Infrastructure Program.
- (9) An assessment of the state of rural healthcare infrastructure in the State, including ongoing needs assessment, progress toward improving access to healthcare in rural areas of the State, and financial sustainability of existing and planned infrastructure projects.
- (10) Any other information the North Carolina Rural Healthcare Infrastructure Council deems relevant to implementing the program and administering the Fund.

SECTION 2.1.(b) The North Carolina Rural Healthcare Infrastructure Council shall not implement the plan developed pursuant to subsection (a) of this section without an act by the General Assembly.

SECTION 2.2. This Part is effective when it becomes law.

PART III. CREATION OF THE NORTH CAROLINA RURAL HEALTHCARE INFRASTRUCTURE COUNCIL

SECTION 3.1.(a) G.S. 131E-191.1 is recodified as G.S. 131E-74.2.

SECTION 3.1.(b) G.S. 131E-74.2, as enacted by subsection (a) of this section, reads as rewritten:

"§ 131E-74.2. Lobbyists prohibited from serving on the Creation of the North Carolina State Health Coordinating Council. Rural Healthcare Infrastructure Council; powers and duties; composition; qualifications of members; terms; removal; vacancies; quorum; per diem.

(a) **Powers and Duties.** – The North Carolina Rural Healthcare Infrastructure Council has the following powers and duties:

- 1 (1) To work with the Department to prepare an annual Rural Healthcare
2 Infrastructure Plan.
- 3 (2) To administer the Rural Healthcare Infrastructure Fund created by
4 G.S. 131E-74.
- 5 (b) Composition. – The North Carolina Rural Healthcare Infrastructure Council shall
6 consist of the following 17 members:
- 7 (1) Nine members appointed by the Governor as follows:
- 8 a. One at-large member.
- 9 b. One member with experience in health economics.
- 10 c. One member with experience in medical education.
- 11 d. One member with experience in public health.
- 12 e. One member with experience operating a small business employing
13 fewer than 50 employees on a full-time basis.
- 14 f. One member with experience operating a large business employing
15 more than 50 employees on a full-time basis.
- 16 g. One member licensed to practice medicine in this State under Chapter
17 90 of the General Statutes.
- 18 h. One member who is a registered nurse licensed to practice nursing in
19 this State under Chapter 90 of the General Statutes.
- 20 i. One member with experience in data analytics.
- 21 (2) Eight members appointed by the General Assembly in accordance with
22 G.S. 120-121 as follows:
- 23 a. One at-large member appointed on the recommendation of the Speaker
24 of the House of Representatives.
- 25 b. One member with experience in hospital management appointed on
26 the recommendation of the Speaker of the House of Representatives.
- 27 c. One member with experience in home health care appointed on the
28 recommendation of the Speaker of the House of Representatives.
- 29 d. One member representing health insurers appointed on the
30 recommendation of the Speaker of the House of Representatives.
- 31 e. One at-large member appointed on the recommendation of the
32 President Pro Tempore of the Senate.
- 33 f. One member with experience in nursing home management appointed
34 on the recommendation of the President Pro Tempore of the Senate.
- 35 g. One member representing local governments appointed on the
36 recommendation of the President Pro Tempore of the Senate.
- 37 h. One member of the public appointed on the recommendation of the
38 President Pro Tempore of the Senate.
- 39 No person registered as a lobbyist or lobbyist principal under Chapter 120C of the General
40 Statutes shall be appointed to or serve on the North Carolina ~~State Health Coordinating Rural~~
41 Healthcare Infrastructure Council. No person previously registered as a lobbyist or lobbyist
42 principal under Chapter 120C of the General Statutes shall be appointed to or serve on the North
43 Carolina ~~State Health Coordinating Rural Healthcare Infrastructure~~ Council within 120 days after
44 the expiration of the lobbyist's or lobbyist principal's registration.
- 45 (c) Chair. – The members shall elect a chair who shall preside for the duration of the
46 chair's term as a member. In the event a vacancy occurs in the chair before the expiration of the
47 chair's term, the members shall elect an acting chair to serve for the remainder of the unexpired
48 term.
- 49 (d) Length of Terms. – Members appointed to the Council shall serve for a term of three
50 years. At the end of the respective terms of office of members of the Council, their successors
51 shall be appointed for terms of three years. Any appointment to fill a vacancy on the Council

1 created by the resignation, dismissal, death, or disability of a member shall be filled by the
2 appointing authority for the balance of the unexpired term. As used in this section, the term
3 "appointing authority" means the General Assembly in the case of members appointed by the
4 General Assembly and the Governor in the case of members appointed by the Governor.

5 (e) Removal of Members. – Each appointing authority may remove any member
6 appointed by that appointing authority for misfeasance, malfeasance, or nonfeasance.

7 (f) Filling of Vacancies. – Vacancies on the Council among the membership appointed
8 by the General Assembly shall be filled by the General Assembly as provided in subdivision
9 (b)(2) of this section for the unexpired term. Vacancies on the Council among the membership
10 appointed by the Governor shall be filled by the Governor for the unexpired term.

11 (g) Quorum. – A majority of the members of the Council constitutes a quorum for the
12 transaction of business.

13 (h) Per Diem and Expenses. – The members of the Council shall receive per diem and
14 necessary traveling and subsistence expenses in accordance with the provisions of G.S. 138-5.

15 (i) Administrative Assistance. – The Secretary of Health and Human Services shall
16 supply all clerical and other services required by the Council."

17 **SECTION 3.1.(c)** Initial appointments to the membership of the North Carolina
18 Rural Healthcare Infrastructure Council shall be made no later than October 1, 2026.
19 Notwithstanding G.S. 131E-74.2, as enacted by subsection (a) of this section and as amended by
20 subsection (b) of this section, the initial terms for the members of the North Carolina Rural
21 Healthcare Infrastructure Council shall be as follows:

22 (1) A term of three years:

- 23 a. The member licensed to practice medicine in this State under
24 G.S. 131E-74.2(b)(1)g.
- 25 b. The member who is a registered nurse licensed to practice nursing in
26 this State under G.S. 131E-74.2(b)(1)h.
- 27 c. The member with experience in data analytics under
28 G.S. 131E-74.2(b)(1)i.
- 29 d. The member with experience in home health care under
30 G.S. 131E-74.2(b)(2)c.
- 31 e. The member representing health insurers appointed under
32 G.S. 131E-74.2(b)(2)d.
- 33 f. The member representing local governments appointed under
34 G.S. 131E-74.2(b)(2)g.
- 35 g. The public member appointed under G.S. 131E-74.2(b)(2)h.

36 (2) A term of two years:

- 37 a. The member with experience in public health appointed under
38 G.S. 131E-74.2(b)(1)d.
- 39 b. The member with experience operating a small business employing
40 fewer than 50 employees on a full-time basis appointed under
41 G.S. 131E-74.2(b)(1)e.
- 42 c. The member with experience operating a large business employing
43 more than 50 employees on a full-time basis appointed under
44 G.S. 131E-74.2(b)(1)f.
- 45 d. The member with experience in hospital management appointed under
46 G.S. 131E-74.2(b)(2)b.
- 47 e. The member with experience in nursing home management appointed
48 under G.S. 131E-74.2(b)(2)f.

49 (3) A term of one year:

- 50 a. The at-large members appointed under G.S. 131E-74.2(b)(1)a.,
51 (b)(2)a., and (b)(2)e.

- 1 b. The member with experience in health economics appointed under
2 G.S. 131E-74.2(b)(1)b.
3 c. The member with experience in medical education appointed under
4 G.S. 131E-74.2(b)(1)c.

5 **SECTION 3.1.(d)** This Part is effective when it becomes law.
6

7 **PART IV. REPEAL OF RURAL HEALTH CARE STABILIZATION PROGRAM**

8 **SECTION 4.1.** Article 2 of Chapter 131A of the General Statutes, with the exception
9 of G.S. 131A-32, as recodified and amended by Part I of this act, is repealed.
10

11 **PART V. TRANSFERS AND APPROPRIATIONS**

12 **SECTION 5.1.** Effective July 1, 2026, the entire unrestricted cash balance of the
13 Rural Health Care Stabilization Fund within the Office of State Budget and Management (Budget
14 Code 23018) is transferred to the Rural Healthcare Infrastructure Fund created by G.S. 131E-74,
15 as enacted by Section 1.1(b) of this act. The funds transferred are appropriated for the fiscal year
16 in which they are transferred. Any remaining principal and interest payments due to the Rural
17 Health Care Stabilization Fund on or after July 1, 2026, shall be paid to the Rural Healthcare
18 Infrastructure Fund.

19 **SECTION 5.2.** Notwithstanding G.S. 131E-74(c), as enacted by Section 1.1(b) of
20 this act, there is appropriated from the Rural Healthcare Infrastructure Fund to the Department
21 of Health and Human Services, Division of Central Management and Support, Office of Rural
22 Health, the sum of one million dollars (\$1,000,000) in nonrecurring funds to fund a contract with
23 Rural Healthcare Initiative, Inc., a nonprofit organization, to continue the work funded by S.L.
24 2023-134 involving the creation of effective models of sustainable healthcare for North Carolina
25 rural communities; to develop cost estimates for achieving the healthcare facilities described in
26 these initial models of sustainable healthcare; and to support the work of the North Carolina Rural
27 Healthcare Infrastructure Council and the Office of Rural Health in developing a plan for the
28 establishment and administration of a Rural Healthcare Infrastructure Program funded by the
29 Rural Healthcare Infrastructure Fund created by G.S. 131E-74, as enacted by Section 1.1(b) of
30 this act.
31

32 **PART VI. EFFECTIVE DATE**

33 **SECTION 6.1.** Except as otherwise provided, this act is effective July 1, 2026.