HOUSE BILL 1090

Short Title:	RURAL Care Act.	(Public)
Sponsors:	Representatives Reeder, Lambeth, Ward, and Greene (Primary Sponsors). *For a complete list of sponsors, refer to the North Carolina General Assembly web site.*	
Referred to:	Health, if favorable, Appropriations, if favorable, Rules, Calendar, and Operations of the House	

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 NORTH CAROLINA STATE HEALTH COORDINATING COUNCIL; TO DIRECT THE NORTH CAROLINA STATE HEALTH COORDINATING COUNCIL TO DEVELOP A PLAN FOR THE ESTABLISHMENT AND ADMINISTRATION OF THE RURAL HEALTHCARE INFRASTRUCTURE PROGRAM; TO REPEAL THE RURAL HEALTH CARE STABILIZATION PROGRAM; AND TO AMEND THE COMPOSITION AND DUTIES OF THE NORTH CAROLINA STATE HEALTH COORDINATING COUNCIL.

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 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 infrastructure 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 State Health Coordinating Council shall administer the Fund. The State Treasurer is the custodian of the Fund and shall invest its assets in accordance with G.S. 147-69.2 and G.S. 147-69.3. ~~Moneys in the Fund shall only be used for loans made pursuant to this Article.~~

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

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

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

(3) Other healthcare infrastructure projects located in rural areas of the State determined by the North Carolina State Health Coordinating Council to be consistent with the intent of the General Assembly, as specified in subsection (a) of this section.

(4) Administrative costs incurred by the North Carolina State Health Coordinating Council for administering the Fund, provided that such costs shall not exceed one hundred thousand dollars ($100,000) in any fiscal year.

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

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

(1) Amounts credited to the Fund.

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

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

b. A detailed list of administrative costs incurred by the North Carolina State Health Coordinating Council for administering the Rural Healthcare Infrastructure Fund.

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

(4) Any other information the North Carolina State Health Coordinating Council deems relevant to the financial sustainability of the Fund.

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

SECTION 1.1.(c) The North Carolina State Health Coordinating Council shall not begin awarding financial assistance from the Rural Healthcare Infrastructure Fund created by G.S. 131E-74, as enacted by subsection (b) of this section, until the plan for a Rural Healthcare Infrastructure Program developed by the North Carolina State Health Coordinating Council pursuant to Part II of this act has been approved by an act of the General Assembly.

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

PART II. PLAN FOR RURAL HEALTHCARE INFRASTRUCTURE PROGRAM

SECTION 2.1.(a) By January 15, 2027, the North Carolina State Health Coordinating 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 State Health Coordinating 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 description of what constitutes healthcare infrastructure located in a rural area of the State for the purposes of the program.

(4) A process for evaluating the financial viability and sustainability of projects seeking financial assistance from the Fund.

(5) A process for overseeing funds awarded from the Rural Healthcare Infrastructure Fund.

(6) A process for ensuring compliance with contractual obligations and performance indicators established for recipients of financial assistance.

(7) A long-term plan for financial sustainability of the Fund, including the identification of all potential State and federal sources of funding.

(8) Any legislative changes necessary to implement the Rural Healthcare Infrastructure Program.

(9) The amount of State appropriations needed to establish and administer the Rural Healthcare Infrastructure Program.

(10) Any other information the North Carolina State Health Coordinating Council deems relevant to implementing the program and administering the Fund.

SECTION 2.1.(b) The North Carolina State Health Coordinating 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. ADJUSTMENTS TO THE NORTH CAROLINA STATE HEALTH COORDINATING COUNCIL

SECTION 3.1.(a) G.S. 131E-191.1 reads as rewritten:

"**§ 131E-191.1. ~~Lobbyists prohibited from serving on the~~ North Carolina State Health Coordinating ~~Council.~~Council; powers and duties; composition; qualifications of members; terms; removal; vacancies; quorum; per diem.**

(a) Powers and Duties. – The North Carolina State Health Coordinating Council has the following powers and duties:

(1) To work with the Department to prepare a State Medical Facilities Plan for approval by the Governor, as provided by G.S. 131E-176.2.

(2) To administer the Rural Healthcare Infrastructure Fund created by G.S. 131E-74.

(b) Composition. – The North Carolina State Health Coordinating Council shall consist of the following 25 members:

(1) Thirteen members appointed by the Governor as follows:

a. One at-large member.

b. One representative of medical educators.

c. One representative of hospices.
d. One representative of local health departments.
e. One individual licensed to practice medicine in this State.
f. One representative of small businesses operating within the State that employ fewer than 50 employees on a full-time basis.
g. One representative of large businesses operating within the State that employ more than 50 employees on a full-time basis.
h. One representative of health insurers.
i. One representative of urban local governments.
j. One representative of rural local governments.
k. One representative of nursing homes licensed to operate in this State.
l. One representative of hospitals licensed to operate in this State.
m. One representative of home care agencies licensed to operate in this State.

(2) Twelve at-large members appointed by the General Assembly in accordance with G.S. 120-121, six upon the recommendation of the President Pro Tempore of the Senate and six upon the recommendation of the Speaker of the House of Representatives.

No person registered as a lobbyist under Chapter 120C of the General Statutes shall be appointed to or serve on the North Carolina State Health Coordinating Council. No person previously registered as a lobbyist under Chapter 120C of the General Statutes shall be appointed to or serve on the North Carolina State Health Coordinating Council within 120 days after the expiration of the lobbyist's registration.

(c) Chair. – The members shall elect a chair who shall preside for the duration of the chair's term as a member. In the event a vacancy occurs in the chair before the expiration of the chair's term, the members shall elect an acting chair to serve for the remainder of the unexpired term.

(d) Length of Terms. – Members appointed to the Council shall serve for a term of three years. At the end of the respective terms of office of members of the Council, their successors shall be appointed for terms of three years. Any appointment to fill a vacancy on the Council created by the resignation, dismissal, death, or disability of a member shall be filled by the appointing authority for the balance of the unexpired term. As used in this section, the term "appointing authority" means the General Assembly in the case of members appointed by the General Assembly and the Governor in the case of members appointed by the Governor.

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

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

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

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

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

SECTION 3.1.(b) To minimize the impact of this section on the work of the North Carolina State Health Coordinating Council (the Council), the Governor shall not appoint successors to two members of the Council representing the General Assembly whose terms expire December 31, 2026; shall not appoint successors to four members of the Council whose terms expire December 31, 2026; shall not appoint successors to two at-large members of the

Council whose terms expire December 31, 2027; and shall not appoint successors to four at-large members of the Council whose terms expire December 31, 2028. Instead, the General Assembly shall appoint six members in accordance with G.S. 120-121, three at the recommendation of the Speaker of the House of Representatives and three at the recommendation of the President Pro Tempore of the Senate, to succeed two members of the Council appointed by the Governor to represent the General Assembly whose terms expire December 31, 2026, and four at-large members appointed by the Governor whose terms expire on December 31, 2026; the General Assembly shall appoint two members in accordance with G.S. 120-121, one at the recommendation of the Speaker of the House of Representatives and one at the recommendation of the President Pro Tempore of the Senate, to succeed two at-large members appointed by the Governor whose terms expire on December 31, 2027; and the General Assembly shall appoint four members in accordance with G.S. 120-121, two at the recommendation of the Speaker of the House of Representatives and two at the recommendation of the President Pro Tempore of the Senate, to succeed four members appointed by the Governor whose terms expire on December 31, 2028. Members appointed to the Council by the General Assembly pursuant to this subsection shall serve for a term of three years.

PART IV. REPEAL OF RURAL HEALTH CARE STABILIZATION PROGRAM

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

PART V. TRANSFERS AND APPROPRIATIONS

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

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

PART VI. EFFECTIVE DATE

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