

HB601 INTRODUCED



1 HB601

2 JPEIXFN-1

3 By Representatives Jackson, Daniels, Clarke, Lands, Jones,
4 Drummond, Warren, McClammy, Rafferty, Morris, Hendrix, Travis,
5 Datcher, Sellers, McCampbell, Moore (M), Bracy, Tillman,
6 Lawrence, Chestnut, Hassell, Hall, Ensler, Hollis, Gray

7 RFD: Ways and Means General Fund

8 First Read: 10-Mar-26



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SYNOPSIS:

This bill creates the Rural Hospital Sustainability and Innovation Grant Program Act to provide targeted financial assistance, modernization funding, and restructuring support to preserve essential rural hospital services and adapt care delivery models. This bill also creates the Hospital Transformation and Innovation Fund.

A BILL
TO BE ENTITLED
AN ACT

Relating to preserving rural hospital services; to create the Rural Hospital Sustainability and Innovation Grant Program Act; to establish a grant program to provide financial relief to certain hospitals; to create the Hospital Transformation and Innovation Fund.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known as the Rural Hospital Sustainability and Innovation Grant Program Act.

Section 2. As used in this act, unless otherwise specified or unless the context requires otherwise, the following terms will have the following meanings:



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29 (1) DEPARTMENT. The Alabama Department of Public
30 Health.

31 (2) ELIGIBLE HOSPITAL. A critical access hospital,
32 rural acute care hospital, or other facility designated as
33 rural as set out in Section 40-18-551(3), Code of Alabama
34 1975.

35 (3) TRANSFORMATION PROJECT. A capital or operational
36 initiative that improves sustainability, care quality, or
37 access in an eligible hospital.

38 Section 3. (a) There is created the Hospital
39 Transformation and Innovation Fund in the State Treasury.

40 (b) The fund is subject to appropriations by the
41 Legislature and gifts, grants, and other donations received by
42 the department for the programs and grants described in this
43 act. The department may not spend appropriations for the
44 purposes other than those listed in this act.

45 (c) Eligible uses for the fund include, but are not
46 limited to:

47 (1) Conversion to Rural Emergency Hospital designation;

48 (2) Infrastructure upgrades or right-sizing of
49 services; and

50 (3) Expansion of telehealth and outpatient care models.

51 (d) Preference shall be given to projects demonstrating
52 financial viability and local health impact.

53 (e) Amounts in the fund shall be budgeted and allotted
54 in accordance with Sections 41-4-80 through 41-4-69 and
55 Sections 41-19-1 through 41-19-12, Code of Alabama 1975.

56 Section 4. (a) Subject to funds being available for



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57 such purpose, the department shall administer a grant program
58 to provide immediate financial relief to eligible hospitals
59 facing any of the following:

60 (1) Imminent closure.

61 (2) Loss of essential services.

62 (3) Operational insolvency.

63 (b) Applicants must submit financial data and a
64 stabilization plan.

65 (c) Grant awards shall be time-limited and contingent
66 on compliance with recovery milestones.

67 (d) The eligible hospital will comply with any rules
68 adopted by the department related to the grant.

69 (e) There shall be a limit of one grant per eligible
70 hospital per year. The amount of the grant shall be determined
71 by the department based on the amount of available funds.

72 Section 5. (a) All grant applicants under this act must
73 demonstrate how their project aligns with the following:

74 (1) A current community health needs assessment.

75 (2) Input from local stakeholders including patients,
76 providers, and public officials.

77 (b) The department may require letters of community
78 support or public input documentation.

79 (c) The grant recipient shall comply with any rules
80 adopted by the department related to the grant.

81 Section 6. (a) The department shall offer grants to
82 hospitals that:

83 (1) Enter into collaborative agreements with regional
84 health systems;



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85 (2) Establish shared services or staffing models; and

86 (3) Maintain local service availability while improving
87 financial sustainability.

88 (b) Partnerships must retain meaningful local
89 governance.

90 Section 7. (a) All grant recipients must submit annual
91 reports on:

92 (1) Use of funds;

93 (2) Service levels and quality indicators;

94 (3) Financial performance; and

95 (4) Any other metrics adopted by the department related
96 to the grant.

97 (b) The department shall publish an annual program
98 impact report to the Legislature by the third day of each
99 regular session following the establishment of the grant
100 program.

101 Section 8. This act shall become effective on October
102 1, 2026.