

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 271 Session of
2025

INTRODUCED BY CAUSER, CIRESI, CUTLER, JAMES, PICKETT AND VITALI,
JANUARY 22, 2025

REFERRED TO COMMITTEE ON HEALTH, JANUARY 22, 2025

AN ACT

1 Establishing the Distressed Hospital Grant Program to award
2 grants to distressed hospitals to prevent the reduction of
3 services or cessation of operations; and making an
4 appropriation.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Distressed
9 Hospital Grant Program Act.

10 Section 2. Definitions.

11 The following words and phrases when used in this act shall
12 have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Applicant." A distressed hospital that submits an
15 application under section 5(a) to the department for a grant
16 under the program.

17 "Department." The Department of Health of the Commonwealth.

18 "Designated medically underserved area." As defined in
19 section 1301 of the act of December 2, 1992 (P.L.741, No.113),

1 known as the Children's Health Care Act.

2 "Distressed hospital." A hospital that meets all of the
3 following criteria:

4 (1) The hospital had a negative profit margin for at
5 least the previous three consecutive calendar years or fiscal
6 years.

7 (2) The hospital is located more than 25 miles of travel
8 distance on a roadway to another hospital located within this
9 Commonwealth.

10 "Grant." An amount of money awarded by the department under
11 the program.

12 "Hospital." Any of the following:

13 (1) A hospital licensed by the department under section
14 808 of the act of July 19, 1979 (P.L.130, No.48), known as
15 the Health Care Facilities Act, that provides inpatient
16 medical care and other related services for surgery, acute
17 medical conditions or injuries.

18 (2) A hospital licensed by the department under section
19 808 of the Health Care Facilities Act that specializes in
20 services exclusively to infants, children, adolescents and
21 young adults from birth up to 21 years of age.

22 "Program." The Distressed Hospital Grant Program established
23 under section 3.

24 "Rural county." A county of this Commonwealth where the
25 number of people per square mile within the county is less than
26 291.

27 Section 3. Establishment of program.

28 The Distressed Hospital Grant Program is established within
29 the department for the purposes specified under this act.

30 Section 4. Awards of grants.

1 The department shall award grants in accordance with this act
2 from money appropriated by the General Assembly for grants.

3 Section 5. Applications for grants.

4 (a) Applications.--A distressed hospital may apply for a
5 grant. The department shall develop the application in a form
6 determined by the department and make the application available
7 electronically on the department's publicly accessible Internet
8 website. To be eligible for a grant, a distressed hospital shall
9 include any information required by the department in the
10 application, including the certification under section 6.

11 (b) Consideration.--No later than 45 days after the
12 effective date of this subsection, the department shall receive
13 and consider applications on a rolling basis until funding for
14 grants has been completely expended, or until December 31, 2029,
15 whichever occurs first.

16 Section 6. Certification requirements.

17 (a) Certification.--An applicant shall, in good faith,
18 certify all of the following to the department:

19 (1) The applicant is a distressed hospital and, if
20 applicable, meets one of the criteria specified under section
21 9 for a priority to receive a grant.

22 (2) The distressed hospital will remain in operation and
23 does not intend to reduce services or cease operations within
24 two years of the date of receipt of a grant.

25 (3) The grant will be used to prevent the distressed
26 hospital from reducing services or ceasing operations.

27 (4) The grant will not be used to pay a remuneration to
28 the distressed hospital's executives, administrators or
29 administrative support staff.

30 (5) The distressed hospital has not been awarded more

1 than one grant during a calendar year or fiscal year.

2 (6) The distressed hospital has taken measures to
3 affiliate or enter into a business arrangement with another
4 person to prevent the distressed hospital from reducing
5 services or ceasing operations. The distressed hospital shall
6 provide supporting documentation to the department for the
7 measures required under this paragraph.

8 (7) The information provided in the application under
9 section 5 and this section and all supporting documentation
10 is true and accurate in all material aspects.

11 (b) False statements.--An applicant or an authorized
12 representative of the applicant that knowingly makes a false
13 statement to obtain a grant shall be subject to 18 Pa.C.S. §
14 4904 (relating to unsworn falsification to authorities).
15 Section 7. Review of applications.

16 (a) Approval or disapproval.--No later than 60 days after
17 the department has received a completed application under
18 section 5(a), the department shall approve or deny the
19 application for a grant. The department shall provide a notice
20 to the applicant of any of the following:

21 (1) The application for a grant is approved.

22 (2) The application for a grant is denied and the
23 reasons for denying the application.

24 (3) The application for a grant is approved for an
25 amount less than requested by the applicant and the reasons
26 for approving an amount less than requested by the applicant.

27 (b) Grant agreements.--Upon approving an application under
28 subsection (a), the department shall enter into a grant
29 agreement with the distressed hospital to award the grant. The
30 grant agreement shall explain the terms and conditions of the

grant, including the applicable laws of this Commonwealth and reporting requirements. The department, the distressed hospital and any other applicable party may enter the grant agreement via electronic signature.

Section 8. Distribution of grant money.

No later than 60 days after approving an application under section 7(a), the department shall distribute grant money to a distressed hospital in accordance with this act as follows:

(1) The distressed hospital may receive an amount equal to no more than 20% of the amount of money available for the program.

(2) The department may award grants to the distressed hospital in increments of \$1,000, subject to the limitation under paragraph (1).

(3) The department may not distribute grant money to the distressed hospital unless the department, the distressed hospital and any other applicable party have fully executed a grant agreement under section 7(b).

Section 9. Priority of grant awards.

In awarding grants, the department shall prioritize all of the following:

(1) A distressed hospital that has provided notice to the department that the distressed hospital will reduce services or cease operations under 28 Pa. Code § 51.3 (relating to notification).

(2) A distressed hospital located in a designated medically underserved area.

(3) A distressed hospital located in a rural county.

Section 10. Reports.

(a) Publication.--No later than December 31 of each year,

1 the department shall publish a report on the department's
2 publicly accessible Internet website that contains the following
3 information:

4 (1) A list of each grant.

5 (2) The name and address of each grant recipient.

6 (3) The amount of the grant and a description of the
7 financial impact to the grant recipient.

8 (b) Submission.--The department shall submit the report
9 under subsection (a) to the following:

10 (1) The chair and minority chair of the Appropriations
11 Committee of the Senate.

12 (2) The chair and minority chair of the Appropriations
13 Committee of the House of Representatives.

14 (3) The chair and minority chair of the Health and Human
15 Services Committee of the Senate.

16 (4) The chair and minority chair of the Health Committee
17 of the House of Representatives.

18 (c) Final report.--Upon disbursement of all money
19 appropriated for grants, or December 31, 2029, whichever is
20 earlier, the department shall publish a final report under
21 subsection (a).

22 Section 11. Appropriation.

23 The sum of \$100,000,000 is appropriated from the General Fund
24 to the department for the award of grants. The appropriation
25 shall not lapse and shall be available for use until the
26 disbursement of all money appropriated for the program, or
27 December 31, 2029, whichever is earlier.

28 Section 12. Effective date.

29 This act shall take effect immediately.