505.5 Loan criteria.

(a) Qualifying criteria. To qualify for the loan program, the applicant must meet the following conditions:

(1) Meet the definition of a "qualifying hospital" as set forth in § 505.3 of this part.

(2) Request a loan for the capital costs of an "eligible project" as defined in § 505.3 of this part. The capital costs for which a qualifying hospital may obtain a loan are limited to the reasonable costs incurred by the hospital, and capitalized on the Medicare cost report, for any facility or item of equipment that it has acquired the possession or use of at the time the loan funding is awarded.

(b) Selection criteria. In selecting loan beneficiaries, CMS prioritizes qualifying hospitals that meet the following criteria:

(1) The hospital is located in a State that, based on population density, is defined as a rural State. A rural State is one of ten States with the lowest population density. An applicant entity is required to be located in one of these ten States. The ten States are prioritized beginning with the State with the lowest population density. Population density is determined based on the most recent available U.S. Census Bureau data.

(2) The hospital is located in a State with multiple Indian tribes in the State. After prioritizing based on paragraph (b)(1) of this section, States are further prioritized based on the States with the most Indian tribes. The number of Indian tribes in a State is based on the most recent data available published in "Indian Entities Recognized and Eligible to Receive Services from the United State Bureau of Indian Affairs." (68 FR 68180) published on December 5, 2003.

(c) CMS will send written notice to qualifying hospitals that have been selected to participate in the loan program under this part.