Rural Health Transformation Program Overview

Program Snapshot

- $50 billion over 5 years ($10 billion each year).
- Only states may apply (one-time application, due Nov. 5). The District of Columbia and U.S. territories are not eligible.
- Plans must meet three of the uses outlined in statute/by CMS.
- States' plans will determine which initiatives and organizations receive funding.

Timeline

Oct. 2025 Application Formation
States may ask questions related to their applications.

Nov. 5, 2025 Submission Deadline

Dec. 31, 2025 Awardee Decisions

2026+ Monitoring Begins
Continuous monitoring and support from CMS.

Source: www.cms.gov/priorities/rural-health-transformation-rht-program

Overview

On July 4, 2025 President Trump signed the *One Big Beautiful Bill Act* into law. Included in the law is the Rural Health Transformation Program, administered through the Centers for Medicare & Medicaid Services (CMS), which is intended to strengthen rural communities by improving healthcare access, quality and outcomes. On September 2, CMS released information on the program and their strategic goals: making rural America healthy again, sustainable access, workforce development, innovative care and tech innovation. A Notice of Funding Opportunity (NOFO) (with an attached "related document" providing further details) was released on September 15, with applications due from states by November 5, 2025.

Funds Distribution

The law allocates $50 billion for the program between fiscal years 2026 and 2030 ($10 billion each year for 5 years):

1. Half will be distributed equally among all states with an approved application ("baseline funding");
2. Half will be distributed to states based on an application process and factors set by CMS ("workload funding," see details below).

Funds must be utilized by the end of the fiscal year after the year in which funds were allocated, or else they will be redistributed to other states. All funds must be expended by October 1, 2032. If the CMS Administrator finds a state is not following their approved application, payments can be withheld, reduced or recovered for redistribution.

Workload Funding			
Rural facility and population score factors	**Technical score factors**		
Data-driven	Data-driven	Initiative-based	State policy actions

Workload Allocation Determinations

The NOFO provides a detailed overview of how CMS will calculate workload funding using information provided in the program applications and government data sets. Allocations are determined by two factors: "rural facility and population score" and "technical score." Within those categories, factors are divided into three types, each with a different methodology for awarding scores:

A) Data-driven: points awarded based on the value of states' metrics compared to other states (e.g., size of rural populations, proportion of rural health facilities, uncompensated care, hospitals receiving DSH payments, etc.);
B) Initiative-based: points awarded based on a qualitative assessment of the programmatic initiatives in states' applications (evaluating their "transformative possibilities" and points for achieving initiative goals);
C) State policy actions: points awarded based on current state policy or proposed policy commitments. Policies assessed include: certificate of need, SNAP waivers, licensure compacts, scope of practice and nutrition continuing medical education, among others.

States can choose which state policy actions or initiative-based factors to pursue. Each factor is assigned a weight, and a state's total score is the weighted sum of the points score of each factor. CMS will re-calculate each approved state's workload funding each year based on required annual reporting. However, only technical score factors will be recalculated - states' rural facility and population score factors will only be calculated once, based on data available during the initial application process in CY Q4 2025. (See NOFO pgs. 13-15, 47-54 and 64-97 for additional details).

Program Application

To be considered for funding, states must submit a one-time application to CMS by November 5, 2025. Applications will be approved by December 31, 2025, with funding released each fiscal year. Applications must include:

A) A rural health transformation plan that outlines how states will:
   a. Improve access to hospitals, other health care providers and health care items and services furnished to rural residents of a state;
   b. Improve health care outcomes for rural residents of a state;
   c. Prioritize the use of new and emerging technologies that emphasize prevention and chronic disease management;
   d. Initiate, foster and strengthen local and regional strategic partnership between rural and other health care providers in order to promote measurable quality improvement, increase financial stability, maximize economies of scale and share best practices in care delivery;
   e. Enhance economic opportunity for, and supply of, health care clinicians through enhanced recruitment and training;
   f. Prioritize data and technology driven solutions that help rural hospitals and other rural health care providers furnish high-quality health care services as close to a patient's home as possible;
   g. That outlines strategies to manage long-term financial solvency and operating models of rural hospitals in the state; and
   h. That identifies specific causes driving the accelerating rate of standalone rural hospitals becoming at risk of closure, conversion or service reduction.

B) States must certify that funds cannot be used for intergovernmental transfers, certified public expenditures, or any other expenditures that finance non-federal Medicaid financial obligations.

C) Other information required by CMS, as outlined in the NOFO (see "Build Your Application," pgs. 25-45).

Use of Funds and Conditions

States must submit annual reports on the use of funds, and no more than ten percent of funds can be used for administration, among other limitations. Rural health transformation plans must carry out at least three of the following uses:

A) Promoting evidence-based, measurable interventions to improve prevention and chronic disease management.

B) Providing payments to health care providers for the provision of health care items or services, as specified by the Administrator.

C) Promoting consumer-facing, technology-driven solutions for the prevention and management of chronic diseases.

D) Providing training and technical assistance for the development and adoption of technology-enabled solutions that improve care delivery in rural hospitals, including remote monitoring, robotics, artificial intelligence and other advanced technologies.

E) Recruiting and retaining clinical workforce talent to rural areas, with commitments to serve rural communities for a minimum of 5 years.

F) Providing technical assistance, software and hardware for significant information technology advances designed to improve efficiency, enhance cybersecurity capability development and improve patient health outcomes.

G) Assisting rural communities to right size their health care delivery systems by identifying needed preventative, ambulatory, pre-hospital, emergency, acute inpatient care, outpatient care and post-acute care service lines.

H) Supporting access to certain opioid use disorder treatment services, other substance use disorder treatment services and mental health services.

I) Developing projects that support innovative models of care that include value-based care arrangements and alternative payment models, as appropriate.

J) Investing in existing rural health care facility building and infrastructure.

K) Initiating, fostering and strengthening local and regional strategic partnerships between rural facilities and other healthcare providers.

Frequently Asked Questions

Q: How can hospitals receive these funds?
A: Notably, the law and the NOFO outline uses and requirements for states to apply for funding, but not the process for healthcare providers (or other organizations) to receive those funds. That will likely be determined by the states depending on their applications and the uses they choose.

Q: Who can receive funding from the states? Is this funding intended just for *rural* healthcare providers?
A: No, the funding is not limited to just rural healthcare providers; other healthcare providers may be eligible for funding, depending on the states' approved rural health transformation plan. In addition, the funding is not limited to healthcare providers—suppliers, technology partners, community organizations or others may be eligible to receive funding from states depending on the states' approved plan.

Q: How is a rural health facility defined?
A: Rural health facilities are defined as:

A) Hospitals:
   a. Located outside of a Metropolitan Statistical Area (MSA);
   b. Is treated as being located in a rural area; or
   c. Is located in a rural tract of an MSA.
B) Critical access hospitals
C) Sole community hospitals
D) Medicare-dependent hospitals
E) Low volume hospitals
F) Rural emergency hospitals
G) Rural health clinics
H) Federally qualified health centers
I) Community mental health centers
J) Opioid treatment facilities
K) Certified community behavioral health clinics located in rural census tracts of an MSA

Q: Will states need to reapply every year?
A: No, it is a one-time application. If a state's application is approved by CMS, the state will be eligible for an allotment for each fiscal year (2026 through 2030), except in the case of misuse of the funds (using the funds in a way not consistent with their application).

Q: When will states receive funding, if approved? Will states receive a lump sum payment after an application is approved?
A: States will receive notice of their funding award amounts by December 31, 2025 for the first budget period (FY 2026) and by October 31 (for funding appropriated for the upcoming fiscal year) of the subsequent budget periods. However, amounts allotted to a state are "available for expenditure by the State through the end of the fiscal year following the fiscal year in which such amounts are allotted." The Administrator can also withhold, reduce or recover funds for misuse.

Q: If a state does not apply this year (or a plan is not approved), can they apply in subsequent years?
A: No, this is a one-time application opportunity. A state may submit only one official completed application, and CMS will not review multiple completed applications from the same state. There will be a process to amend plans; however, the intent is not to change a state's allocated funding amount.

View additional FAQs by CMS here.

To learn more, contact Vizient's Office of Public Policy and Government Relations team at (202) 354-2600 or VizientGR@vizientinc.com.

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