



PART OF THE ONE BIG BEAUTIFUL BILL ACT

Rural Health Transformation (RHT) Program

The RHT Program is part of the One Big Beautiful Bill (OBBBA) passed in July. Its goal is to support the sustainability of rural health systems by shifting the focus from traditional fee-for-service (FFS) payments to value-based care (VBC) and population health management.

The RHTP offers an opportunity to strengthen care, modernize systems, address workforce challenges, and offset some of the Medicaid and other impacts of the OBBBA.

Program Overview

The RHT Program is administered by the Centers for Medicare and Medicaid Services (CMS). It allocates \$50 billion to states for five years. Available funds are \$10 billion a year. All states should see at least \$100 million a year each year between 2026 and 2030. States may also see up to an additional \$100 million a year, but the exact amount, if any, is based on multiple factors.

States have to apply to receive funding. Individual healthcare providers and facilities can petition their states for inclusion, but can't apply directly.

Funding Breakdown

- **50% of annual funds, known as baseline funding, will be split equally among states** (excluding D.C. and U.S. territories) regardless of size or need if they have approved program applications/plans
 - Receiving funds in years 2 thru 5 depends on states demonstrating progress each year.
- **50% of annual funds, called workload funding, will be distributed among states with approved applications/plans** (23% of workload funding) *and* based on a merit review panel's assessment of 23 weighted factors, including:¹
 - Number of rural residents, health facilities, and other state characteristics, such as size (53% of workload funding)
 - Amount of uncompensated care (10% of funding)
 - The quality of the workforce and other state initiatives supported by the fund (15% of funding)
 - The extent a state adopts, commits to adopt, or makes progress toward Make America Healthy Again (MAHA) policies
 - For a complete list of the 23 weighted factors see [CMS, Rural Health Transformation Program, Notice of Funding Opportunity](#).
- **Funds are subject to annual CMS recalculations** based on a state's progress toward the state's plan, policy changes, and potential annual reviews by a senior administrator of the state's application/plan. It's not known if all states will get a portion of these funds or how much or who will be on the merit review panel.
- **CMS can withhold, reduce, or take back baseline and/or workload funding** if decides a state hasn't followed its plan
- **States decide how to use funds** and can use up to 10% for state administration needs
- States should use funds the year they're distributed and must have used them by **October 1, 2032**.



Facilities Eligible for RHT Program Funds

- Subsection (d) hospitals in a rural area, treated as being located in a rural area, or located in a rural census tract of a metropolitan statistical area (MSA)
- Critical access hospitals (CAHs)
- Sole community hospitals
- Medicare-dependent, small rural hospitals
- Low-volume hospitals
- Rural emergency hospitals (REHs)
- Rural health clinics (RHCs)
- Federally qualified health centers (FQHCs) or FQHC look-alikes (no geographic limitations)
- Community mental health centers (no geographic limitations)
- Opioid treatment centers located in a rural census tract of an MSA
- Certified community behavioral health clinics located in a rural census tract of an MSA

States have full discretion on how state RHT Program funds are used, nothing mandates they be used for rural health systems, hospitals, or clinics.

Eligible Uses of Funds

States must plan to use funds for at least three of the following:

- Promoting evidence-based interventions to improve prevention/chronic disease management
- Making payments to providers
- Promoting patient-facing technology-driven solutions for prevention and management
- Training/technical assistance (TA) to develop and adopt technology-enabled solutions that improve care delivery in rural hospitals, such as remote monitoring, robotics, AI, etc.
- Recruiting and retaining clinical staff who commit to stay in a rural area for five or more years
- Securing TA, software, or hardware for significant technology advances to improve efficiency, cybersecurity, and patient outcomes
- Assisting rural communities to right-size health care delivery by identifying needed preventative, ambulatory, pre-hospital, emergency, acute inpatient care, outpatient care, and post-acute care services
- Supporting access to opioid use disorder, substance use disorder, and mental health treatment
- Initiating or managing projects that support innovative models of care, including value-based care and alternative payment models
- Initiating or managing uses that promote sustainable access to high-quality rural health care services

WHAT TO DO NOW



Be Heard

Engage with state leadership to ensure your funding needs are known.



Understand Timing

States plans are due November 5, 2025. Find a [full timeline](#).



Know Your Medicaid Payer Mix

Calculate your percentage of Medicaid and ACA payers and tell your state.



Ineligible Uses of Funds

- Paying providers for care that costs more than 15% of total RHT Program funds, supplementing existing fees (such as Medicaid), and for care that qualifies for insurance compensation
- Building or buying new building or expanding existing buildings; minor renovations are eligible
- Replacing existing HITECH-certified electronic medical record (EMR) solutions that cost more than 5% of total funds
- Gender-affirming care and most abortion services

How to Prepare for RHT Program Funding

- Determine your Medicaid payer mix to forecast potential financial impacts.
- Connect with and/or submit a proposal to your governor's office to have your needs heard and be included in your state's plan.
- Participate if your state is asking for proposals or survey responses.
- Join your state's rural health association to ensure you have a voice in your state's application and planning process.

Key Upcoming RHT Program Dates

- **November 5, 2025**
State applications/plans due to CMS
- **December 31, 2025**
CMS to have approved/denied state applications/plans
- **January 2026**
Initial RHT program funds distributed

Find a [full timeline](#) of OBBBA, RHT Program, Affordable Care Act, Medicaid, and Medicare changes through 2032.

1 KFF, Key Takeaways from CMS's Rural Health Funding Announcement, Appendix Table 1, Factors for Determining the Allocation of the Second Half (\$25 Billion) of the Rural Health Fund, Sep. 23, 2025, <https://www.kff.org/other-health/key-takeaways-from-cmss-rural-health-funding-announcement/#Appendix-Table-1> and CMS, Rural Health Transformation Program, Notice of Funding Opportunity, <https://apply07.grants.gov/apply/opportunities/instructions/PKG00291485-instructions.pdf>

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