



# RURAL HEALTH TRANSFORMATION

Centers for Medicare & Medicaid Services

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# Presenter



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# Background

# Opportunity for Impact

The Rural Health Transformation (RHT) Program presents a unique opportunity to deliver dependable care to rural communities across the country and is strongly aligned with Making America Healthy Again

The funding awarded by Congress enables the RHT Program to put States on a path to ensuring every American has access to affordable, high-quality care through sustainable healthcare innovation

**~60 million  
Americans  
live in rural areas**

# Program At A Glance

The RHT Program<sup>1</sup> helps State governments to move from a system that fails rural America to one that builds lasting success. Through innovative system-wide change, the RHT Program is a critical investment for future generations.

## Strategic Goals

**Make Rural  
America  
Healthy Again**

**Sustainable  
Access**

**Workforce  
Development**

**Innovative Care**

**Tech Innovation**

## Features

**State Led**

**Catalytic  
Funding**

**Technical  
Assistance**

**Transformative  
Change**

**Sustainable  
Impact**

# Funding At A Glance

## *\$50 billion over 5 budget periods:*

- \$25 billion distributed evenly amongst approved States
- \$25 billion allocated based on rural factors, application initiatives, State policies, and quality of application

## *Other Funding Highlights:*

- Up to 50 awards
- One-time application opportunity
- For each budget period, recipients will have until the end of the following federal fiscal year to spend awarded funding

# Eligibility Requirements

## Who's eligible?

- **All 50 States** are encouraged to apply for a RHT Program award
  - The primary recipient of each award is a **single State**
  - The application must **come from the State government** and include a **letter of endorsement** signed by the **governor**

## Who's not eligible?

- The District of Columbia and U.S. Territories are **not** eligible
- All other entities and individuals are **not** eligible to apply

# Strategic Goals

## Make Rural America Healthy Again

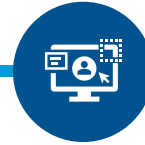
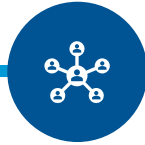
Support health innovations and new access points to promote preventive health and address root causes of diseases

## Sustainable Access

Help rural providers become long-term access points for care by improving efficiency and sustainability

## Workforce Development

Attract and retain a high-skilled health care workforce by strengthening recruitment and retention of healthcare providers in rural communities



## Innovative Care

Spark the growth of innovative care models to improve health outcomes, coordinate care, and promote flexible care arrangements

## Tech Innovation

Foster use of innovative technologies that promote efficient care delivery, data security, and access to digital health tools by rural facilities, providers, and patients

# RHT Program Funding Scope

## Use funding to pay for...

- ✓ Transformation of care delivery
- ✓ Improved access to, quality of, and cost of healthcare in rural America
- ✓ Expanded or enhanced services but not duplicate programs
- ✓ Technological & infrastructure investments and startup costs that will have sustainable impact beyond the end of the program

## Do not use funding to pay for...

- × New construction
- × Clinical services that duplicate billable services and/or attempt to change payment amounts of existing fee schedules
- × Other specified limitations outlined in the NOFO

# Program-specific Funding Limitations

## In a given budget period:

- Capital expenditures and infrastructure cannot exceed 20% of total funding awarded to a State
- Provider payments cannot exceed 15% of total funding awarded to a State
- Replacing an EMR system cannot exceed 5% of total funding if a previous HITECH certified EMR system was already in place as of Sept. 1, 2025
- No more than 10% of the amount allotted to a State for a budget period may be used by the State for administrative expenses, which includes indirect and direct costs
- Funding for initiatives like the “Rural Tech Catalyst Fund Initiative” cannot exceed the lesser of 10% of awarded funding or \$20 million

# Application Content

# Project Narrative: Overview

**The project narrative is a critical part of the application and should clearly describe the proposed project.**

Address the proposed goals, measurable objectives, and milestones across these sections:

1. Rural Health Needs and Target Population
2. Rural Health Transformation Plan: Goals and Strategies
3. Proposed Initiatives and Uses of Funds
4. Implementation Plan and Timeline
5. Stakeholder Engagement
6. Metrics and Evaluation Plan
7. Sustainability Plan

# Project Narrative: Rural Health Needs and Target Population

**Establishes your State's need for rural health transformation:**

**Describes the:**

- Current rural health landscape in your State
- Specific criteria your State uses to identify rural areas
- Rural health challenges your plan will tackle

**Provides data on:**

- Rural demographics
- Health outcomes
- Healthcare access
- Rural facility financial health



## **NOTE:**

Identify the target populations and geographic areas in your State that will benefit from the program

For example:

- “Rural residents in 20 high-need counties, including substantial tribal populations”
- “All rural hospitals, rural health clinics, and community health centers in rural areas statewide”

# Project Narrative:

## Rural Health Transformation Plan Goals and Strategies (1/2)

**Based on the rural needs identified in the “Rural Health Needs and Target Population” section, use the “Plan Goals and Strategies” section to present the state’s vision, goals, and strategies for transforming rural health**

Include:

- Statutorily required “rural health transformation plan” content
- What outcomes the overall program will achieve by the end of the funding period
- How the plan aligns with the strategic goals of the program
- Any commitments to change legislation or regulations related to State policy action factors
- Required information on current State policies, most current list of CCBHC entities, and number of hospitals receiving a DSH payment

# Project Narrative:

## Rural Health Transformation Plan Goals and Strategies (2/2)

This section of the application must address each of the following elements required by statute for the “rural health transformation plan”:

- Improving Access
- Improving Outcomes
- Technology Use
- Partnerships
- Workforce
- Data-driven Solutions
- Financial Solvency Strategies
- Cause Identification



**NOTE:** States must clearly show how their plans promote **all** the elements specified in statute (42 USC 1397ee(h)(2)(A)(i))

# Project Narrative:

## Proposed Initiatives and Use of Funds (1/2)

**The third section of the project narrative will describe the initiatives you plan to fund to achieve the goals and strategies outlined in the rural health transformation plan**

For each proposed initiative, include:

- Initiative title
- Description
- Main strategic goal
- Use of fund category(ies) associated with initiative
- Technical score factors associated with initiative
- Key stakeholders that will help carry out initiative
- Measurable outcomes you will use to assess initiative
- Impacted counties
- Estimated required funding

# Project Narrative:

## Proposed Initiatives and Use of Funds (2/2)

### Permissible uses of funds includes:

- A. Prevention and chronic disease
- B. Provider payments
- C. Consumer tech solutions
- D. Training and technical assistance
- E. Workforce
- F. IT advances
- G. Appropriate care availability
- H. Behavioral health
- I. Innovative care
- J. Capital expenditures and infrastructure
- K. Fostering collaboration

#### NOTE:

States must carry out activities in at least 3 Use of Funds categories

# Project Narrative: Implementation Plan and Timeline (1/2)

**For each proposed initiative and general program activities in your State's application, provide a timeline and milestones planned for FY26 - FY31**

**Include dates and milestones that align with these phases:**

- **Stage 0**—Project planning underway, but no work on executing project plan and implementing initiative has begun.
- **Stage 1**—Project plan created, and staff assigned. Initial work on implementing initiative has begun.
- **Stage 2**—Implementation of project plan and goal achievement underway. Original project plan refined and adjusted.
- **Stage 3**—Implementation of project plan and goal achievement halfway complete and continuously being worked on.
- **Stage 4**—Deliverables being finalized, proposed goals nearly achieved.
- **Stage 5**—Initiative fully implemented, initiative's goals completely achieved. Initiative is producing measurable outcomes that can be reported on.



## **NOTE:**

Provide best estimate on timelines and milestones – States can update timelines and milestones in their annual reporting

# Project Narrative: Implementation Plan and Timeline (2/2)

**Describe how you will implement your Rural Health Transformation Plan:**

- Include legislative or regulatory actions committed to enact, as applicable
- Describe your governance and project management structure
- Describe how you will coordinate among State health agencies and with external stakeholders throughout the program life

# Project Narrative: Stakeholder Engagement

**CMS values robust stakeholder processes since transformation can affect many local interests**

Describe how rural stakeholders have been and will be involved when planning and carrying out the program:

- List stakeholders you have consulted or will consult
- Describe how project governance reflects the communities being engaged

- Develop an engagement framework outlining a formal process for regular stakeholder coordination
- Specifically include how the following entities will be regularly engaged:
  - State health agency or department of health
  - State Medicaid agency
  - State office of rural health
  - State tribal affairs office or tribal liaison, as applicable
  - Indian health care providers, as applicable

**NOTE:** States may provide letters of support from stakeholders as attachments

# Project Narrative: Metrics and Evaluation Plan

**How will you show that your plan is having a transformative impact on rural areas in your State?**

- Outline what performance measures and outcomes you will track to evaluate success for each initiative
- Identify at least four (4) quantifiable metrics for each initiative, including at least one (1) on a county or community level of granularity for each initiative
- You may use the same outcome metric to measure multiple initiatives
- Provide baseline data for metrics if available. At a minimum, we expect meaningful reporting of outcome metrics by 2028

## *Illustrative examples of metrics:*

**Access metrics:** Specialist appointment wait times in rural areas

**Quality and health outcomes:** Rural hospital readmission rates

**Financial metrics:** Operating margin of rural hospitals in aggregate

**Workforce metrics:** Ratio of physicians to residents in rural areas

**Technology use:** Percentage of rural patients with access to telehealth

**Program implementation:** Counts of new programs launched

# Project Narrative: Sustainability Plan

**Rural Health Transformation Program funding is intended to transform rural healthcare delivery in the long term**

- Describe the plan to ensure lasting change rather than using funds as a temporary infusion
- Show that investment in the plan will have long-lasting benefits
- Discuss how lessons from this program may be integrated into ongoing policy

# Budget Narrative: Overview

In developing a budget, consider if the costs are reasonable and consistent with the project's purpose and activities, and the restrictions on spending funds

- Yearly cost breakdown from federal **FY26** to federal **FY31**
- **Two fiscal years** to spend funds
- Use **hypothetical \$200 million** award amount per budget period
- **Indicate which initiative(s)** each line item of funding will support
- Provide narrative on any **anticipated or planned funding allocations** like subawards, subgrants, or subcontracts
- No more than **10% for administrative expenses**
- **Estimated** budget → **Updated** in non-competing continuation application (NCC) and annual report

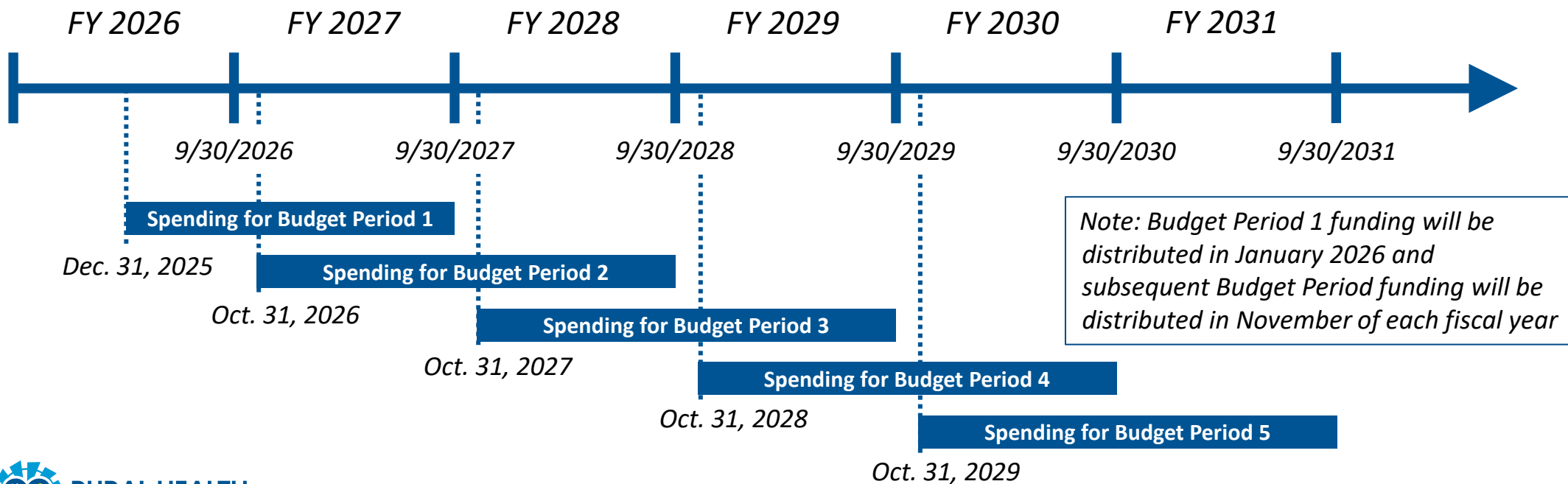


# Budget Narrative:

## Relationship between Federal Fiscal Year and Budget Period

**Program funding is appropriated from FY2026 through FY2030:**

- Each Federal fiscal year's funding aligns with five budget periods
- For each budget period, recipients will have until the end of the following Federal fiscal year to spend awarded funding



# Funding & Scoring

# Funding Details

## Reminder: Cooperative Agreement

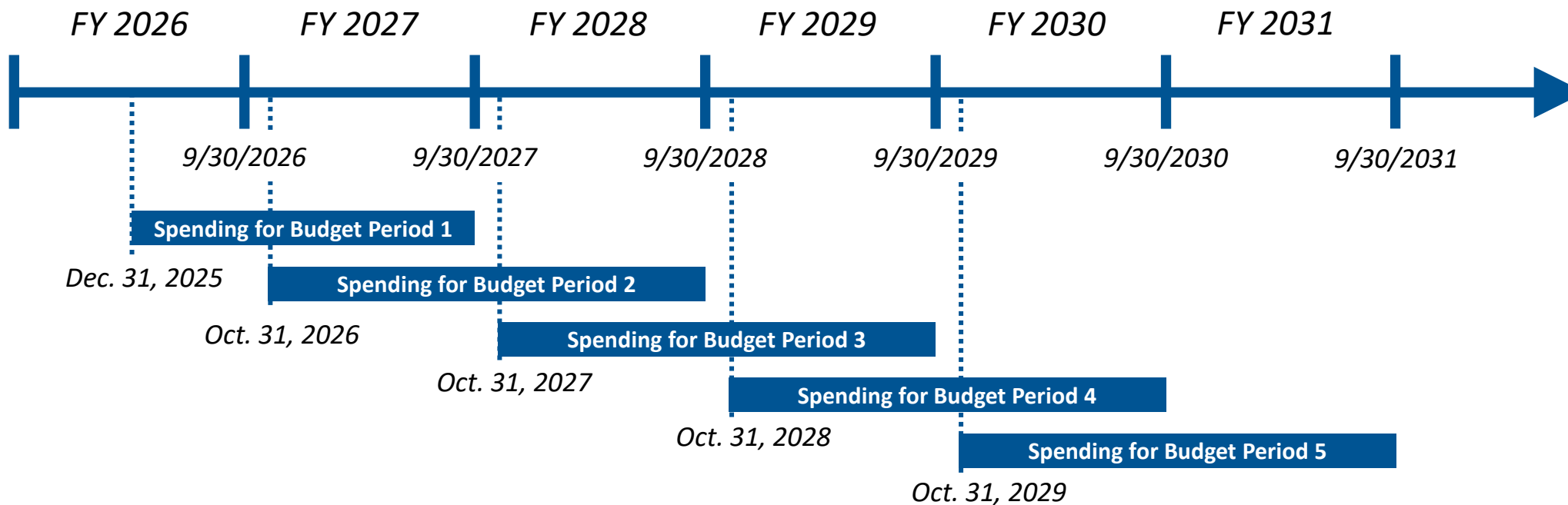
- The type of award issued under this NOFO is a **Cooperative Agreement (CoAg)**
- A CoAg requires **substantial collaboration** between the federal awarding agency and the non-federal entity (e.g., State) in carrying out the activity contemplated by the federal award



# Funds Distribution and Use Deadlines

For each budget period, recipients will have until the end of the following fiscal year (September 30) to spend awarded funding

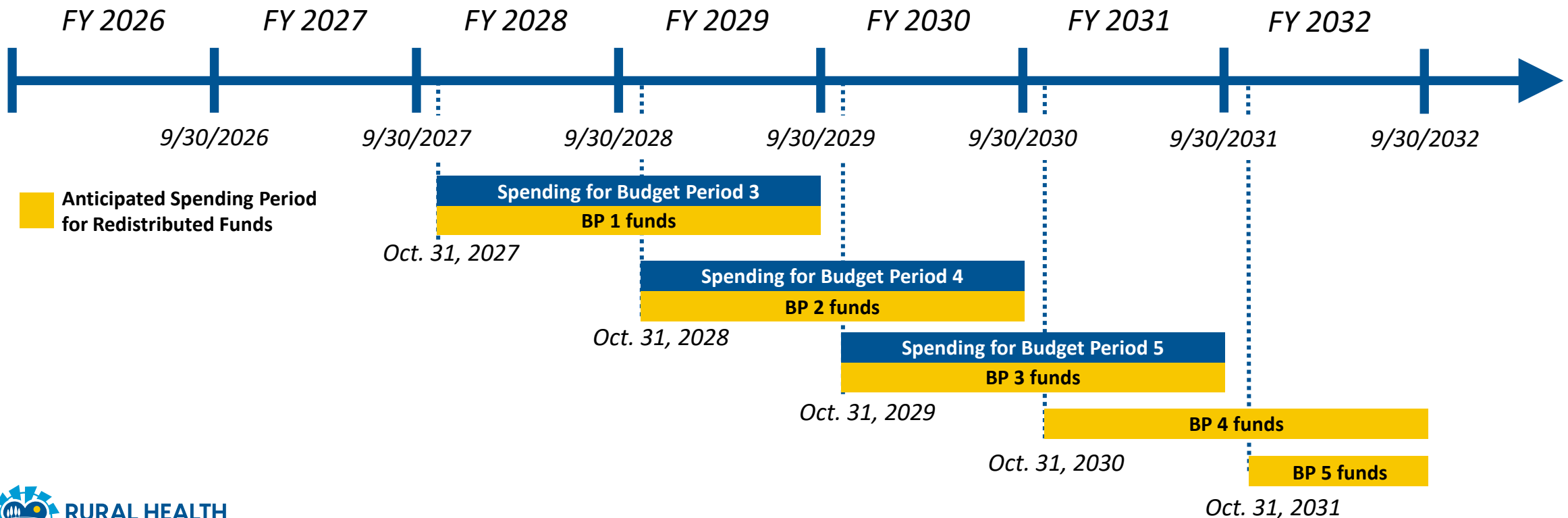
- Recap: Budget Period 1 will start on December 31, 2025, and Subsequent Budget Periods will start on October 31 of each fiscal year



# Funding Redistribution

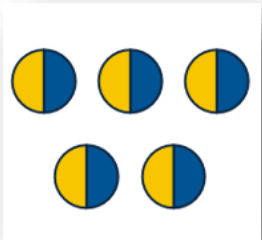
Funds that a State does not spend by the end of the following fiscal year, or that are not allocated by CMS will be redistributed in the upcoming fiscal year:

- States will have until the end of the following fiscal year to spend redistributed funds except for any funds redistributed in FY 2032. Those funds must be spent by the end of FY 2032



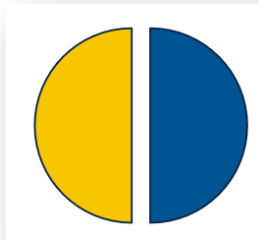
# Scoring Breakdown – Key Concepts

## Expected award distribution



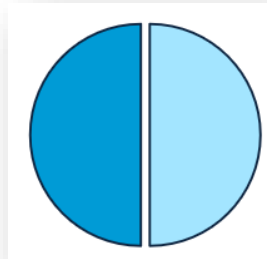
\$50 Billion awarded  
over 5 budget  
periods

## Funding per budget period



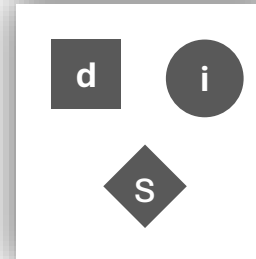
Awards include  
Baseline and  
Workload Funding

## Scores



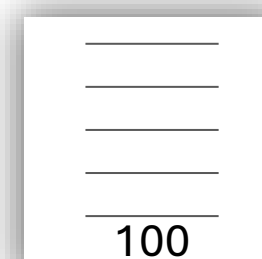
Workload Funding  
is Based on Rural  
and Technical  
Scores

## Funding factors



Scores are based  
on Data, Initiatives,  
and State Policy

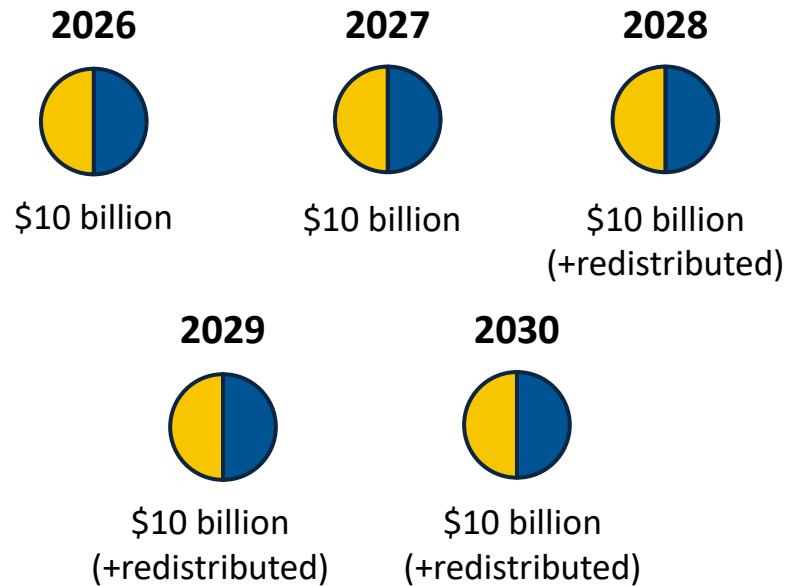
## Scoring criteria



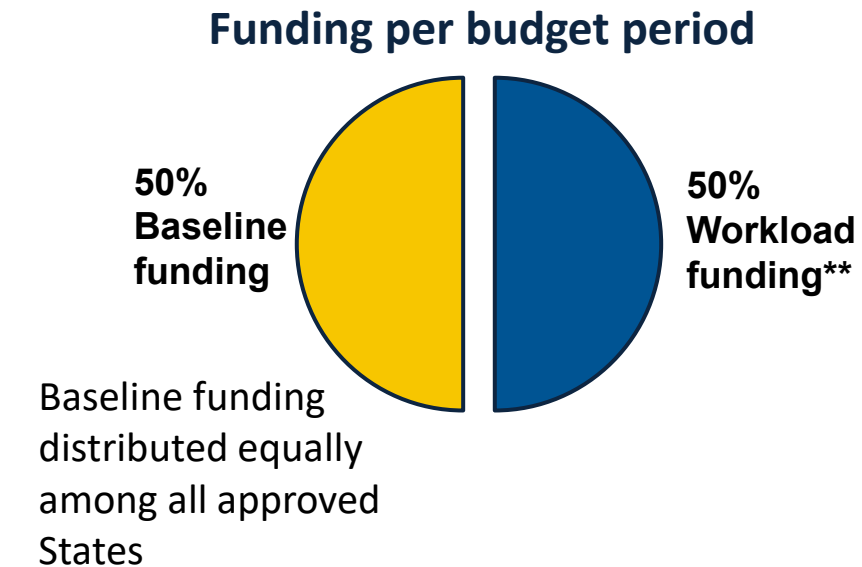
Initiative-based  
factors are based  
on Scoring Criteria

# Distribution of Baseline Funding and Workload Funding

\$50 billion awarded over five years,\*  
with \$10 billion awarded each budget period  
(plus any redistributed funds)



For each budget period, available funding is split  
equally between baseline and workload funding



\* FY 2026 – FY 2030

\*\*No less than a quarter of the States with an approved application are allotted workload funding for a given fiscal year

# Baseline Funding

To be considered for funding, the application must...

1

Fulfill completeness  
and responsiveness  
criteria

2

Include all required  
content by the  
deadline

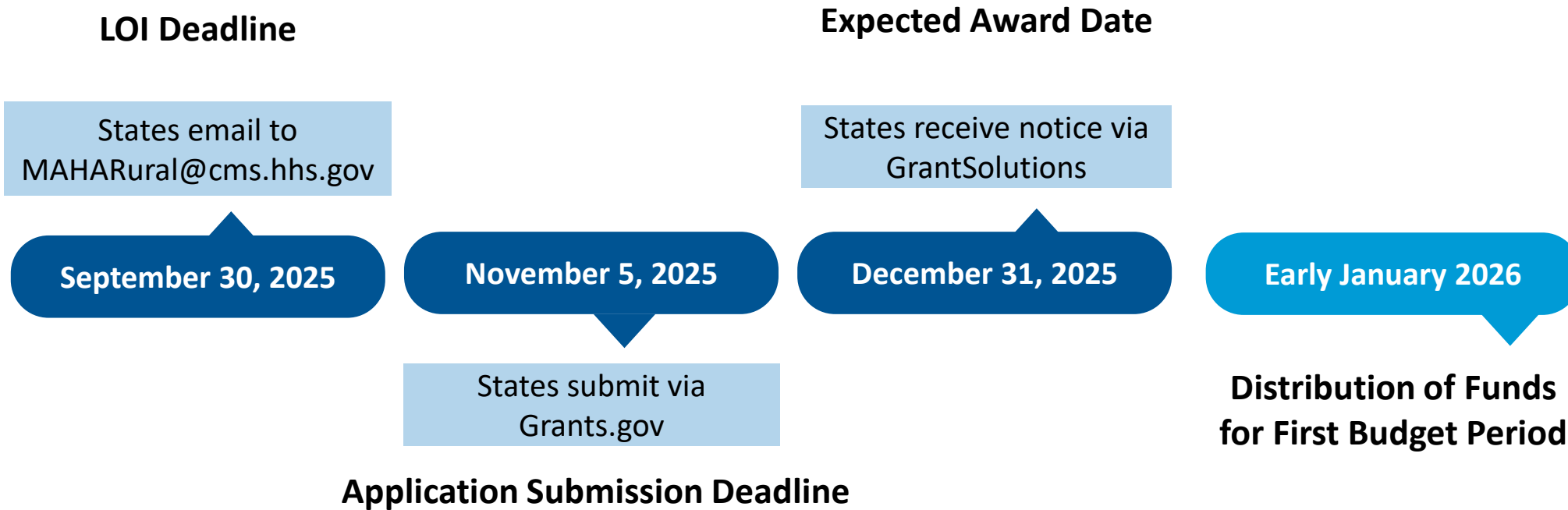
3

Show funds  
addressing at least  
three approved uses  
of funds

4

Confirm funds will  
not be used for any  
prohibited spending

# Key Milestones



**REMINDER:** For more information on the Rural Health Transformation Program, sign up for email updates at [Centers for Medicare & Medicaid Services \(CMS\) Email Updates](#)

# Resources

## NOFO and Program Websites

- [NOFO posting on Grants.gov](#)
- [Rural Health Transformation \(RHT\) Program Website: CMS.gov/RHTProgram](#)

## RHT Program Mailbox

- [MAHARural@cms.hhs.gov](mailto:MAHARural@cms.hhs.gov)

## Help with Systems

- Grants.gov
- SAM.gov



**REMINDER:** Sign up for the RHT Program Listserv on our website or at:  
[Centers for Medicare & Medicaid Services \(CMS\) Email Updates](#)



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