National Rural Health Association

April 15, 2026

The Honorable Robert F. Kennedy Jr.
Secretary
U.S. Department of Health and Human Services
200 Independence Ave., S.W.
Washington, D.C., 20201

The Honorable Dr. Mehmet Oz
Administrator
Centers for Medicare and Medicaid Services
7500 Security Blvd.
Baltimore, MD, 21244

Dear HHS Secretary Kennedy and CMS Administrator Oz:

As the U.S. Department of Health and Human Services (HHS) implements the Rural Health Transformation Program (RHTP),[1] the National Rural Health Association (NRHA) is concerned that rural hospitals and clinics may not be adequately engaged in the RHTP process. As a result, these core rural facilities may receive less funding than intended by Congress when the H.R. 1 (P.L. 119-21 was signed into law last year.

NRHA is a non-profit membership organization with more than 21,000 members nationwide that provides leadership on rural health issues. Our membership includes nearly every component of rural America's health care, including rural community hospitals, critical access hospitals, doctors, nurses, and patients. We work to improve rural America's health needs through government advocacy, communications, education, and research.

Rural hospitals and clinics are anchor facilities in rural communities and play an essential role as safety net providers ensuring access for individuals living in rural areas. Furthermore, they employ most, if not all, of the primary care workforce in a rural community. This underscores the importance of these providers in maintaining adequate primary access points for their communities as the last line of defense in caring for vulnerable populations. Unfortunately, over 200 hospitals have closed or discontinued inpatient services since 2010 and over 45% of rural hospitals currently have negative operating margins.[2] When a rural hospital closes, not only does the community lose access to vital health care, but a major employer and community lynchpin exits, affecting the larger community.

While RHTP funding was not intended to directly offset changes to the Medicaid program, NRHA believes Congress designed the program to support rural providers impacted by the H.R. 1-related reimbursement reductions. The current design and guidance for the RHTP, as laid out in the administration's Notice of Funding Opportunity (NOFO) (CMS-RHT-26-001),[3] does not

[1] Signed into law as part of the One Big Beautiful Bill Act (Chapter 4—Protecting Rural Hospitals and Providers, Section 71401 of Public Law 119-21, 119th Congress (July 4, 2025)).
[2] https://www.chartis.com/insights/2026-rural-health-state-state
[3] CMS-RHT-26-001, Notice of Funding Opportunity (Sept. 15, 2025), available at https://grants.gov/search-results-detail/360442.

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explicitly include funding arrangements to prioritize rural hospitals who frequently serve as the anchor for rural health. Our concern is that without a clear rural set-aside or allocation formula, funding could disproportionately flow to larger health systems or organizations that are better positioned to apply for and administer grant opportunities. If RHTP funds are distributed through competitive applications at the state level, larger urban or regional systems will likely have an advantage due to their greater administrative capacity and resources.

Further, independent rural hospitals often lack the scale, infrastructure, or formal partnerships required to qualify for previous value-based initiatives and therefore may not be as well positioned to compete for RHTP-related dollars. Without direct allocation or targeted protections for rural providers, the RHTP may fall short on meaningfully stabilizing access to care in rural areas. These models may improve system-wide performance, but do not necessarily guarantee funding flows directly to rural hospitals. Rural hospitals could receive only indirect benefits or minimal support, even though they often serve as the primary source of care for many rural communities. Without authority for states to ensure funds reach frontline rural healthcare providers, the RHTP may do little to address the financial instability and access challenges rural communities face, potentially leaving critical gaps in care for rural patients.

While the statute allows for "*Providing payments to health care providers for the provision of health care items or services, as specified by the Administrator,"*[4] CMS added strict parameters to payments to rural providers beyond what we believe is Congressional intent. NRHA appreciates the recent release of CMS Fact Sheet on Rural Health Transformation Provider Payments[5] and the agency's clarification that states can fund additional payments to providers above the 15% in the NOFO for activities such as workforce recruitment and retention incentives, infrastructure investments, technical assistance and systems development for APM participation, and payments for non-clinical roles.

In addition, **NRHA asks that CMS revise its guidance to allow for the use of funds for enhancing payment rates for already billable services and uncompensated care for rural populations.** Low reimbursement rates from public payers paired with low volumes are a major contributor to rural hospital financial instability. RHTP provides a unique opportunity to address these long-standing challenges and therefore set rural hospitals up for success on their road to transformation.

Further, **NRHA would recommend CMS revisit the 5% maximum for EHR/HIT investments to increase the allowable amount.** Many rural hospitals that adopted EHRs with the assistance of meaningful use funding, now find the cost of ownership is beyond their means. In 2026, these platforms are crucial to being capable of managing care across the continuum and participating in value-base arrangements. In an era of RHTP, rural facilities need help upgrading and paying for maintenance on these systems in order to provide high quality care for the patients they serve.

[4] 42 U.S.C. § 1397(ee)(h)(6)(B).
[5] https://www.cms.gov/files/document/provider-payments-fact-sheet.pdf

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As pillars of the rural health care infrastructure, rural hospitals should be a top priority for RHTP funding. We welcome the opportunity to discuss this matter in more detail and share additional information about our concerns. We appreciate the administration's ongoing support for rural hospitals and providers and look forward to continuing our work together on this important issue. Please contact NRHA's Chief Policy Officer, Carrie Cochran-McClain at ccochran@ruralhealth.us for additional information.

Sincerely,

Alan Morgan
Chief Executive Officer
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