Rural Health Transformation Program: What We Know So Far

Background: As part of H.R. 1, the One Big Beautiful Bill Act, Congress created the Rural Health Transformation Program (RHTP), a $50 billion relief fund intended to offset some of the losses clinics and other providers may experience as a result of the other health provisions in the law.

Structure: $25 billion will be equally distributed among all states, and $25 billion will be disbursed among approved states in amounts to ranging from $147 million to $281 million. New Jersey received the smallest discretionary award and Texas received the largest. $10 billion will be distributed per fiscal year to states with approved applications from FY 2026 through FY 2030.

Application Requirements: States seeking funds were required to submit a one-time application to CMS by December 31, 2025. CMS Administrator Dr. Oz said the money is designed to help with "workforce development, right-sizing the system and using technology to provide things like telehealth that can change the world."

Applications were required to include a “detailed rural health transformation plan” which needed to outline how the state will:

- Improve access to hospitals and other providers for rural residents;
- Improve health care outcomes of rural residents;
- Prioritize use of new and emerging technologies that emphasize prevention and chronic disease management;
- Initiate, foster, and strengthen local and regional strategic partnerships between rural hospitals and other providers to promote quality improvement, increase financial stability, maximize economies of scale, and share best practices;
- Recruit and retain clinicians;
- Prioritize data and technology driven solutions that help rural providers furnish health care services as close to the patient’s home as possible;
- Outline strategies to manage long-term financial solvency and operating models of rural hospitals; and
- Identify specific causes that are driving standalone rural hospitals to close, convert, or reduce service lines.

Each state was also required to submit a plan to use its share of funding for three or more of the following ten activities:

1. Promoting evidence-based, measurable interventions to improve prevention and chronic disease management.
2. Providing payments to health care providers for the provision of health care items or services, as specified by CMS.
3. Promoting consumer-facing, technology-driven solutions for the prevention and management of chronic diseases.
4. 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.
5. Recruiting and retaining clinical workforce talent to rural areas, with commitments to serve rural communities for a minimum of 5 years.
6. Providing technical assistance, software, and hardware for significant information technology advances designed to improve efficiency, enhance cybersecurity capability development, and improve patient health outcomes.
7. 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.
8. Supporting access to opioid use disorder treatment services, other substance use disorder treatment services, and mental health services.
9. Developing projects that support innovative models of care that include value-based care arrangements and alternative payment models, as appropriate.
10. Additional uses designed to promote sustainable access to high quality rural health care services, as determined by CMS.

States are required to submit annual reports on the use of funds to CMS. Funds must be used by the end of the fiscal year following the fiscal year in which the funds were allotted (funds distributed in FY26 must be used by the end of FY27, and so on).

Rural Health Facilities: The bill defines "rural health facilities" to include:

- Certified community behavioral health clinics (CCBHCs) located in rural census tract of a Metropolitan Statistical Area (MSA)
- Opioid treatment programs (OTPs) located in a rural census tract of an MSA
- Community mental health centers (CMHCs)
- Critical access hospitals
- Sole community hospitals
- Medicare-dependent hospitals
- Low-volume hospitals
- Rural emergency hospitals
- Rural health clinics
- Federally qualified health centers (FQHCs) and health centers receiving Section 330 grants

What Comes Next: The focus now shifts to states, some of which are planning to issue Requests for Production (RFPs) or Requests for Grant Applications (RGAs) in order to determine which activities and providers will receive funding. The timeline for funding disbursements will vary by state.

National Council Resources: The National Council for Mental Wellbeing has shared a template letter with Association Executives to support engagement in state efforts on the RHT Program application. The National Council has also hosted a webinar with more

information on the RHT Program (view slides here and recording here). We are also tracking states that include behavioral health within their program applications.

CMS Resources: The CMS RHT website is available here, and the program Notice of Funding Opportunity (NOFO) is available here.