



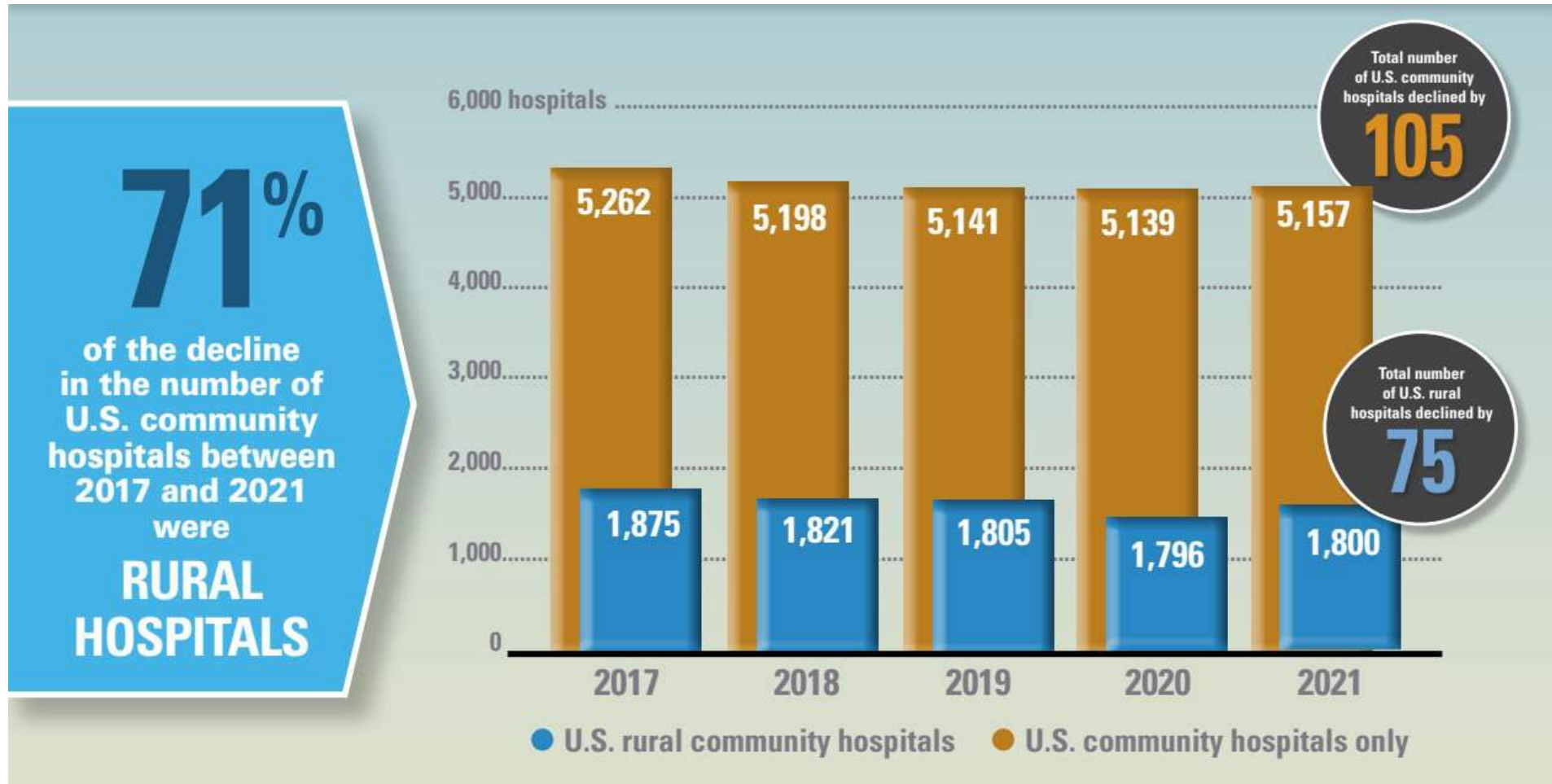
**American Hospital
Association™**

Advancing Health in America

Rural Health Transformation Fund

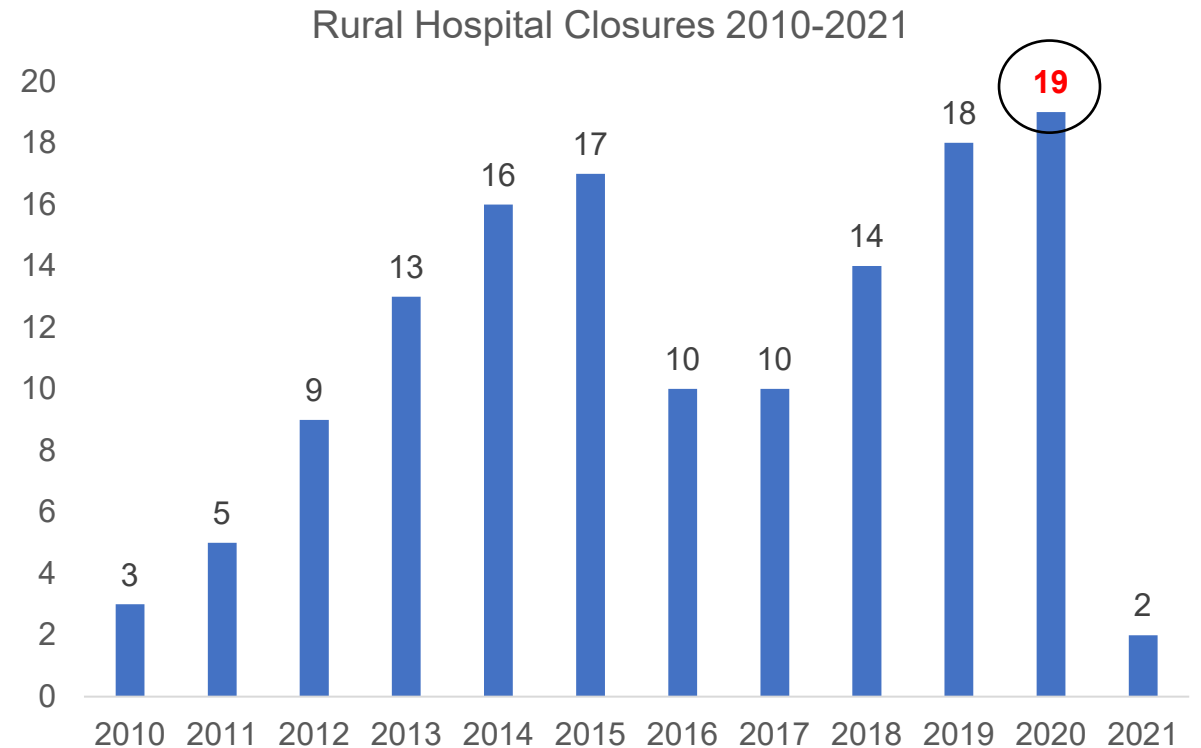
National Council of Insurance Legislators
April 17, 2026

Rural Hospital Landscape



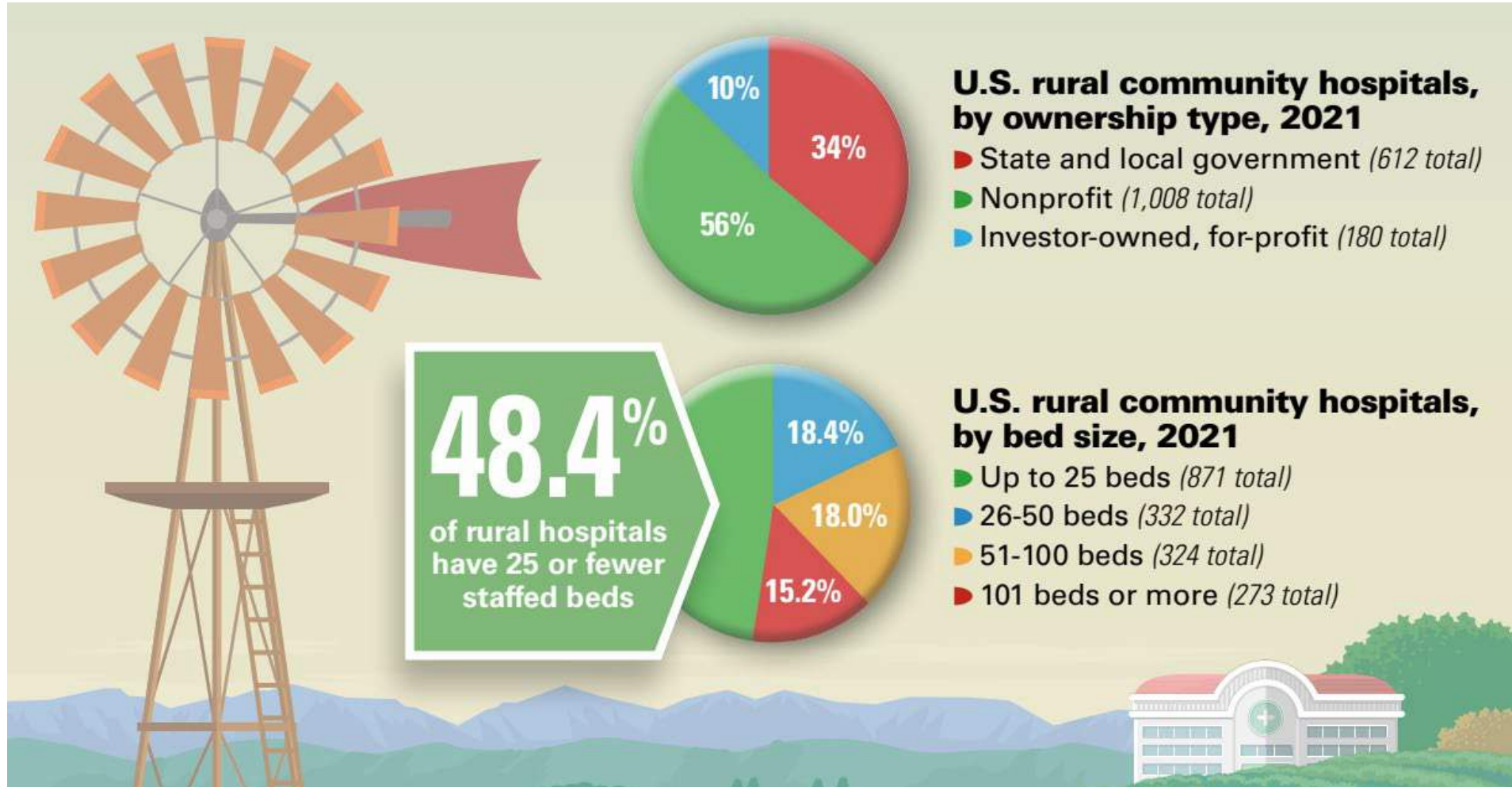
Rural Hospital Environment

- From 2010 to 2021, 136 rural hospitals closed.
 - Slightly more than half were independent hospitals.
- In addition to impacts on care delivery in rural areas, this also impacts the economy of rural communities.
 - Rural hospitals supported 1:12 rural jobs in the U.S.
 - Provided \$220 billion in economic activity in rural communities

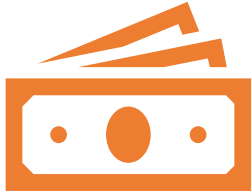


SOURCE: <https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>

Rural Hospital Landscape



Factors Challenging Rural Hospitals



Lower reimbursement

- Higher proportion of Medicare, Medicaid and uncompensated care



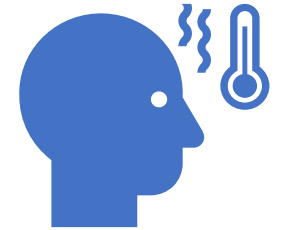
Lower volumes

- Half of rural hospitals have 25 beds or less



Staffing shortages

- 10% of physicians work in rural areas despite the fact that 14% of population lives in rural areas

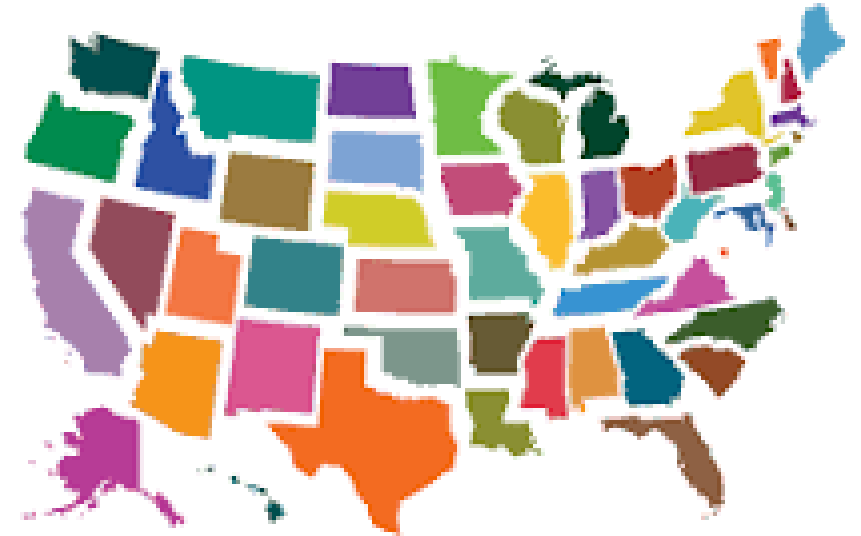


Higher acuity patient populations

- Demographics are generally older and sicker than general population

Rural Health Transformation Fund

- **\$5 billion/year equally distributed to all approved states**
- **\$5 billion/year distributed at CMS's discretion**
 - Payments to providers for "provision of health care items or services" limited to 15% of State's award.
 - Funding for "capital expenditures and infrastructure" limited to 20% of State's award



Rural Health Transformation Fund

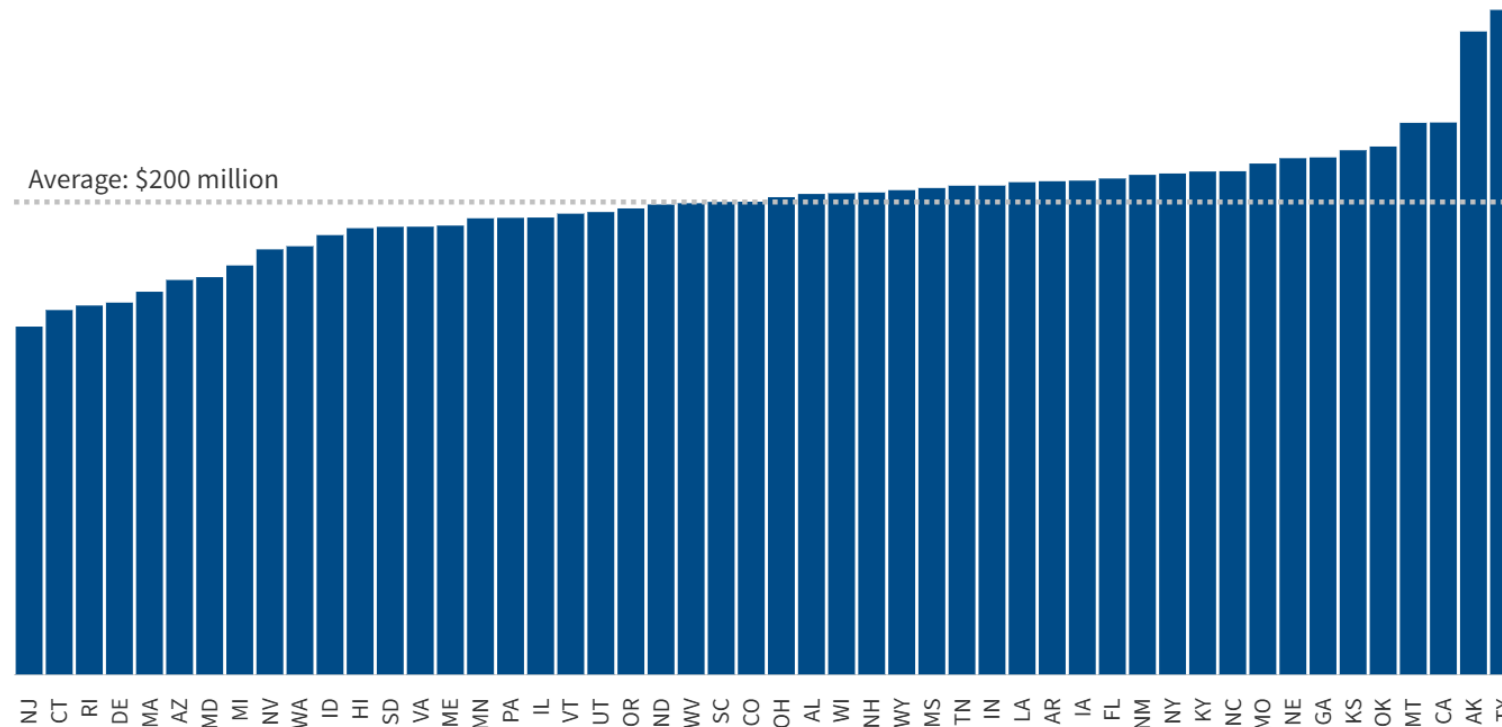
- **CMS announced awards on Dec. 29**
 - All states received awards
 - First-year awards range \$147M - \$281M
 - Established of Office of Rural Health Transformation
- **States highlighted initiatives and priorities related to:**
 - Technology innovation
 - Workforce recruitment and retention
 - Chronic disease management/MAHA



Rural Health Transformation Fund

First-Year Awards From the Rural Health Fund Range From \$147 Million in New Jersey to \$281 Million in Texas

- The spread in total awards is relatively in a narrow band.



Notes: DC and the U.S. territories were ineligible for funding.

Source: KFF analysis of rural health fund awards from the HHS Tracking Accountability in Government Grants System (TAGGS). [Get the data](#)

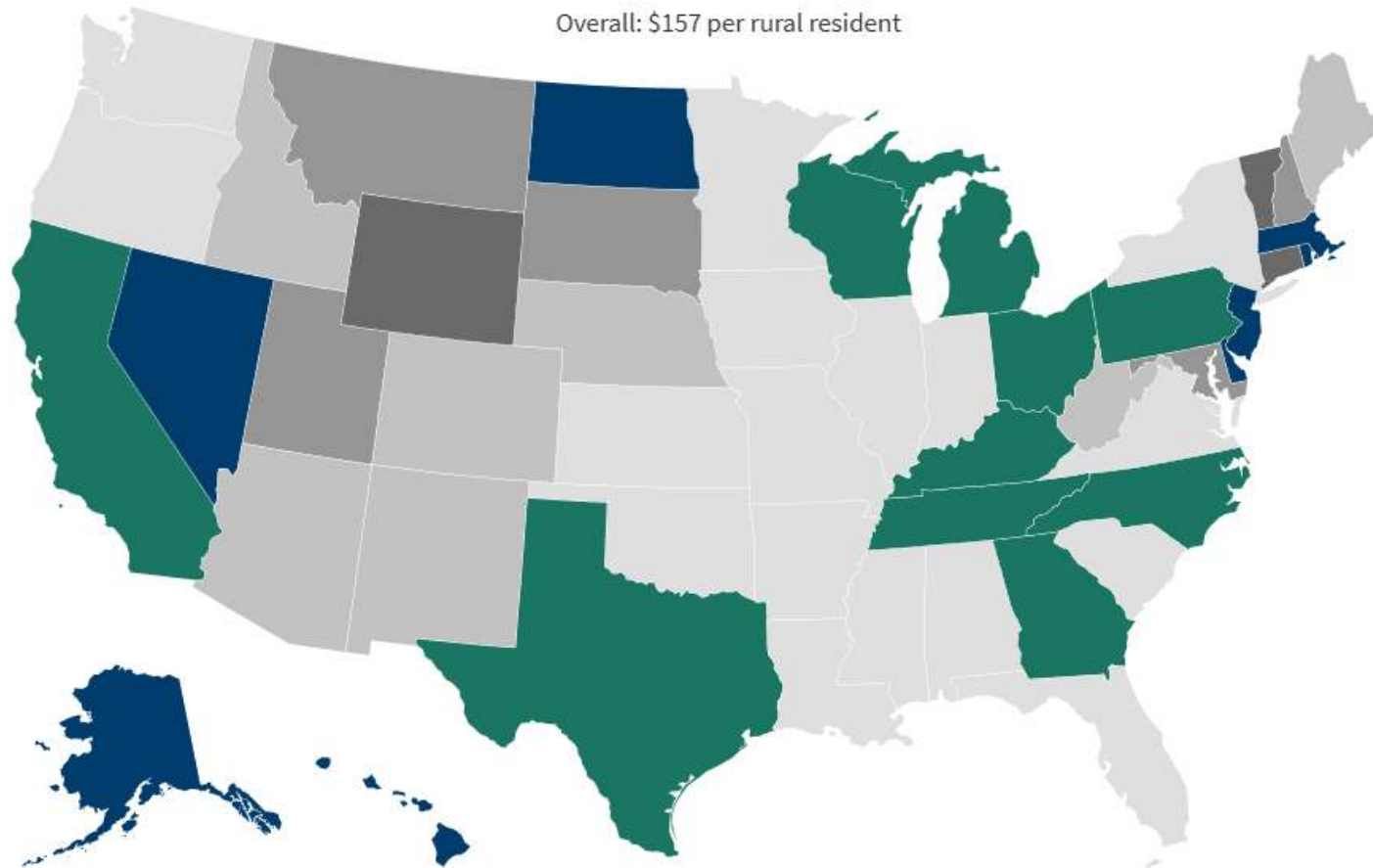
Rural Health Transformation Fund

First-Year Rural Health Fund Awards Range From Less Than \$100 Per Rural Resident in Ten States to More Than \$500 in Eight States

Award per rural resident from \$10 billion available through the rural health fund in the first year:

■ <\$100 ■ \$100-\$200 ■ \$200-300 ■ \$300-400 ■ \$400-500 ■ >\$500

Overall: \$157 per rural resident



- First-year awards per rural resident vary across states

Rural Health Transformation Fund

Make Rural America Healthy Again

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



Innovative Care

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



Sustainable Access

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



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



Workforce Development

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



- 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

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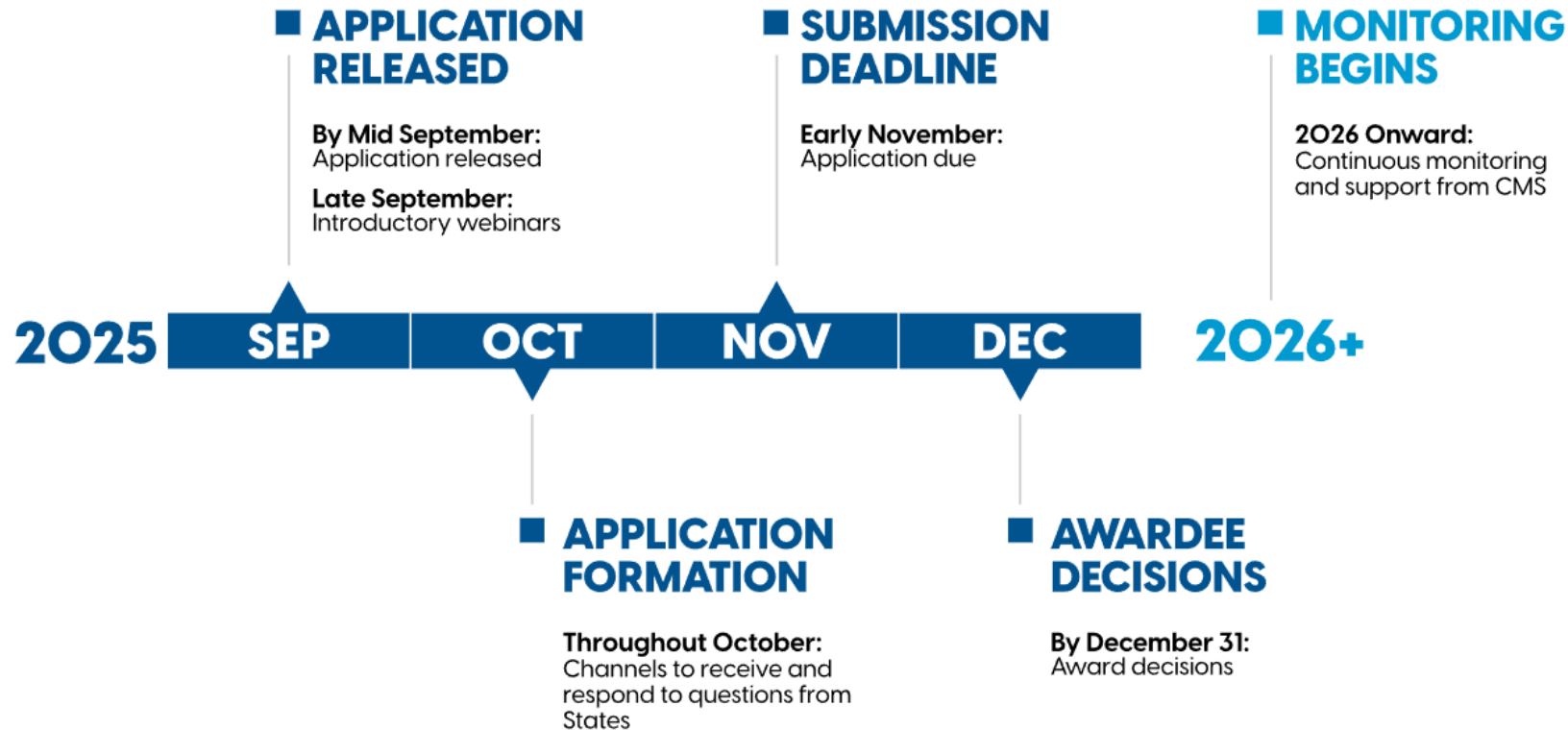
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Rural Health Transformation Fund



- **Late Jan.:** State plan amendments due to CMS
- **Spring (?):** CMS distributes money to states
- **Summer (?):** States distribute funds according to plan

Rural Health Transformation Fund

- **Funds should prioritize hospitals, especially those facing financial distress and aging infrastructure**
- **CMS and State do not enact undue administrative burdens to hospitals' ability to receive funds**
- **RHTP funds be separately reported on the Medicare Cost Report**
- **Require state transparency as to how they are distributing the funds**



August 11, 2025

The Honorable Mehmet Oz, M.D.
Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

RE: One Big Beautiful Bill Act (OBBBA) Rural Health Transformation Program (RHTP)

Dear Administrator Oz:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, our clinician partners — including more than 270,000 affiliated physicians, 2 million nurses and other caregivers, and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) urges the Centers for Medicare & Medicaid Services (CMS) to ensure that the Rural Health Transformation Program (RHTP) funding prioritizes payments to hospitals through an efficient and streamlined state application and award process.

Hospitals serve as a critical — and sometimes the sole — source of care for rural communities. One in seven Americans live in rural areas and rely on rural hospitals and health systems for their health and well-being.¹ The importance of these hospitals cannot be overstated, as individuals who live in these communities face greater challenges in accessing health care due to several factors, including geographic isolation, a shortage of health care providers and a lack of affordable coverage options².

The One Big Beautiful Bill Act (OBBBA) includes \$50 billion in funding for rural providers, with \$10 billion allocated each of fiscal years 2026-2030, through the RHTP. States will need to submit a one-time application to CMS to be eligible for these funds. As required by law, the application must include a rural health transformation plan that

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