



FUNDING OPPORTUNITY FOR STATES: RURAL HEALTH TRANSFORMATION PROGRAM

Before the end of 2025, states may apply to the Centers for Medicare & Medicaid Services for funding to implement a rural health transformation plan under the Rural Health Transformation Program, created by Section 71401 of the [One Big Beautiful Bill Act](#) (OBBBA). This fact sheet provides an overview of the Program.

WHAT IS A RURAL HEALTH TRANSFORMATION PLAN?

To be eligible for funding under the Rural Health Transformation Program, states must submit a rural health transformation plan that includes how the state will:

- **Improve access** to hospitals, health care providers, and health care services for rural residents;
- **Improve health care outcomes** of rural residents;
- Prioritize the use of **new and emerging technologies** that emphasize prevention and chronic disease management;
- **Increase collaboration and strategic partnerships** between rural hospitals and other health care providers, including to increase financial security and maximize economies of scale;
- Enhance **recruitment and training** for health care clinicians;
- Prioritize **data and technology driven solutions** to help rural hospitals and providers deliver high-quality health care close to patients' homes;
- Strategically **manage long-term financial solvency and operating models** of rural hospitals; and
- **Identify causes for stand-alone rural hospitals being at risk of closure, conversion, or service reduction.**

WHAT CAN STATES USE THE FUNDING FOR?

States must use the funding for **at least three** of the following activities:

- Promoting evidence-based, measurable interventions to improve **prevention and chronic disease management**;
- Providing **payments to health care providers** (as specified by the CMS Administrator);
- **Promoting consumer-facing, technology-driven solutions** for the prevention and management of chronic diseases;
- Providing **training and technical assistance for the development and adoption of technology-enabled solutions**, such as AI, that improve care delivery in rural hospitals;
- **Recruiting and retaining a rural clinical workforce** that is committed to serve rural communities for a minimum of 5 years;
- **Providing technical assistance, software, and hardware** for improving efficiency, enhancing cybersecurity capability development, and improving patient health outcomes;
- **Assisting rural communities to “right size” their health care delivery systems** by identifying needed service lines;
- Supporting access to **substance use disorder treatment and mental health services**;
- Developing projects that **support value-based care arrangements and alternative payment models**, and other innovative models of care;
- **Additional uses--as determined by the CMS Administrator--to “promote sustainable access to high quality rural health care services.”**

