



Last year, Congress passed and the President signed into law the One Big Beautiful Bill Act (or HR 1), which included the Rural Health Transformation Program (RHTP) to improve the rural health care system nationwide. Half of the RHTP's \$50 billion in funding will be allocated equally among all states as baseline funding over five years from FY2026-2030. The remaining half is being distributed through a competitive grant process based on applications submitted by states last year to the Centers for Medicare & Medicaid Services (CMS). CMS encouraged states to focus their proposals on bolstering the health care workforce; improving sustainable access to care; advancing care delivery to improve outcomes, coordinate care, and reduce costs; and leveraging innovative technology in care delivery.

## RHTP FUNDING AWARD HIGHLIGHTS

In December 2025, CMS announced its first-year RHTP state awards, totalling \$10 billion. When determining the size of each state's award, CMS relied on metrics such as the absolute size of a state's rural or uncompensated care population alongside "technical score factors" that compared state applications against CMS' stated agency policy priorities.

All 50 states applied for and received first-year funding awards, which ranged from \$147 million for New Jersey to \$281 million for Texas. While a vast majority of states requested and received approximately \$200 million for the first year, a handful received either significantly more or less than what they included in their application, which will require these states to revise their funding plans to account for the difference.

In general, states with larger rural populations (or larger rural populations per capita), such as Texas, Alaska, and California, received larger state awards compared to smaller, more urban states, such as New Jersey, Connecticut, and Rhode Island. However, there was variation among states in the amount of funding per rural resident. For example, Rhode Island received \$6,305 per rural resident, while Texas received \$66 per rural resident.

## TRENDS IN STATE RHTP APPLICATIONS

While all applications reflected each state's unique health care landscape and challenges, state summaries compiled by CMS showed common themes across states;

- **All states** included proposals to boost the rural health care workforce through initiatives like scope of practice changes, expanded roles for non-traditional clinicians like community health workers, and new incentives for rural providers.
- **All states but Michigan** prioritized investments in telehealth and digital health.
- **Forty-two states** established new or expanded payment models to promote access to patient-first care for people and predictability for hospitals and other providers.
- **Twenty states** included initiatives to promote access to mobile and emergency medical services, and all but three placed an emphasis on chronic disease prevention and management through greater emphasis on preventive care and care coordination.



## ADVANCING PATIENT-FIRST CARE THROUGH THE RHTP

A health care payment system grounded in fee-for-service hasn't worked for rural facilities and providers, which often lack the patient volume needed to ensure their long-term sustainability. Using RHTP funding to adopt innovative payment models, such as hospital global budgets, will provide hospitals with financial stability, improve health outcomes, and lower health care costs for people and employers in rural communities and beyond.



**Alaska** plans to use RHTP funding to shift its health care system toward one that aligns costs with measurable outcomes by prioritizing payment models that emphasize primary care and chronic disease management. It also includes “transitional planning grants” to support and incentivize providers, including those in rural areas, to adopt these payment models.



**Georgia** plans to apply to join the CMS' Achieving Healthcare Efficiency through Accountable Design (AHEAD) Model using RHTP funding that will provide hospitals with “financial sustainability through global budgets.” It also plans to use funding to allow additional rural hospitals and providers to participate by mitigating start-up costs and providing technical assistance.



**North Carolina** plans to use RHTP funding to support and invest in rural hospitals' and primary care providers' transition toward alternative payment models like hospital global budgets and primary care capitation payments.



**Rhode Island**, which already participates in the AHEAD Model, plans to use RHTP funding to support rural facilities transition toward hospital global budgets through incentive payments, technical assistance, and investments in clinical infrastructure like staff trainings and learning collaboratives.

## WHAT'S NEXT?

The awards announced by CMS in December 2025 represent the first of five years of funding to support state efforts to improve access to care and outcomes for rural communities. Looking ahead, states will have to move quickly to begin implementing the initiatives found in their RHTP funding applications and should focus on identifying and funding durable health care solutions that will benefit people well beyond the expiration of RFTP funding in 2032.