



Fact Sheet: Community-Based Services & Rural Health Transformation Program

Overview

The One Big Beautiful Bill Act (OBBBA) established the Rural Health Transformation Program. The law appropriates \$10 billion per year for five years (\$50B total), beginning in FY 26, to the Centers for Medicare and Medicaid Services (CMS) to provide allotments to states for purposes of carrying out activities described below. Not later than December 31, 2025, the CMS Administrator shall approve or deny all applications submitted for an allotment. If approved, the state is eligible for an allotment each year from FY 2026 through FY2030.

State Applications

While additional detail on the application process is forthcoming, the OBBBA requires that, at minimum, state applications to the Rural Health Transformation Program must include a plan to carry out three or more listed activities below:

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

Funding Allotments

The OBBBA provides that half of the funds (\$25 billion) must be distributed equally among states with approved applications and provides CMS with broad discretion over the distribution of the remaining funds. At minimum, CMS must distribute the remaining funds to at least a quarter of states with approved applications and consider the following factors in disbursement:

- The share of the state population that lives in a rural census tract of a metropolitan statistical area;
- The proportion of rural health facilities in the state relative to the number of rural health facilities nationwide; and
- The situation of hospitals that serve a disproportionate number of low-income patients with special needs.

Investing in Community-Based Services is Fundamental to Improving and Transforming Rural Health

People with disabilities often face significant challenges when attempting to access healthcare services in rural areas, including lack of available transportation, limited choice of providers, and reduced broadband infrastructure.¹ This experience is amplified for people with I/DD seeking community-based supports, especially as the ongoing workforce crisis has shuttered programs and closed services at a rapid pace. Without access to community-based services, people with I/DD are forced to turn to more expensive and restrictive forms of care to have their needs met.

The recent results of ANCOR's the *State of America's Direct Support Workforce* survey found that 90% of community providers are experiencing moderate or severe staffing challenges in the past year with 69% turning away new referrals. Thirty-nine percent reported they were discontinuing programs and services due to insufficient staffing and 34% were considering further cuts to programs if recruitment and retention challenges fail to subside. As a direct consequence, 57% of community providers reported delivering services in areas where few or no other options for community-based services exist.²

As a result of the challenges people with I/DD face in accessing community-based services, many people with I/DD in rural areas are forced to turn to hospitals and emergency rooms to seek support. Once admitted, many people with I/DD often languish in hospital rooms for extended periods of time due to a lack of post-discharge community supports.³ This has had a direct impact on increased Medicaid costs and poses an increased risk of higher care needs without appropriate community-based supports in place, leading to unnecessary and more expensive

¹ National Advisory Committee on Rural Health and Human Services; [Disability and Independence in Rural America White Paper](#); July 2024.

² [The State of America's Direct Support Workforce Crisis 2024](#) (Alexandria, VA: ANCOR, 2024).

³ Friedman, C. & Luxama, C. M.; [Mental and behavioral health, and crisis services for people with intellectual and developmental disabilities in Medicaid Home and Community-Based Services](#); June 2024.

transitions to larger state-run facilities and nursing homes. For example, in a sample survey study of complex care, the longest delays in discharge occurred among children and people with intellectual and developmental disabilities, with one hospital system estimating the average cost of care for the most complex patients to be \$5,000 per day, often exceeding 100 days.⁴ By contrast, the average per capita cost to serve someone with I/DD through a home and community-based waiver program is \$49,669 (\$136.07/day).⁵

Even in cases where a person with I/DD does not have significant behavioral health needs, robust HCBS programs are correlated with fewer injuries, incidents of abuse and neglect, and emergency room visits.⁶ Providing additional support options for people with disabilities also supports rural communities and economies by allowing unpaid family caregivers to remain in the workforce and continue to earn wages. Without the option to maintain employment, family members lose thousands of dollars annually in unearned wages. Moreover, as unpaid family caregivers experience mounting out-of-pocket expenses and the physical and emotional strain of caregiving, they are more likely to need additional support through public assistance.

How Can States Help?

States should submit applications to the Rural Health Transformation Program to protect and further invest in community-based supports for people with I/DD, so as to reap the full social and economic benefits of serving such individuals in their homes and communities.

How Can Federal Agencies Help?

CMS should approve state funding requests to the Rural Health Transformation Program that are intended to strengthen community-based supports for people with I/DD. This approach supports the intent of both Congress and this administration in ensuring the sustainability of the Medicaid program for individuals with disabilities.

How Can Congress Help?

Congress should closely monitor the status of state funding applications to ensure requests to the Rural Health Transformation Program consider and account for the importance of investing in community-based services for people with I/DD.

Contact Us

For more information on the Rural Health Transformation Program, please contact Tom Rice, Director of Policy and Regulatory Affairs, at trice@ancor.org.

⁴ Health Care Association of New York State; [The complex case discharge delay problem](#); 2021.

⁵ Residential Information Systems Project; [In-Home and Residential Long-Term Supports and Services for Persons with Intellectual or Developmental Disabilities](#); University of Minnesota.

⁶ Friedman, C.; [The impact of Home and Community Based Settings \(HCBS\) Final Settings Rule outcomes on health and safety](#); Intellectual and Developmental Disabilities; 2020.