



# Rural Health Transformation Program: Frequently Asked Questions

## Background

The Rural Health Transformation Program (RHTP) was created by the budget reconciliation legislation signed into law on July 4, 2025 and aims to help state governments "...support rural communities across America in improving healthcare access, quality, and outcomes by transforming the healthcare delivery ecosystem. The RHTP [notice of funding opportunity](#) (NOFO) focuses on promoting innovation, strategic partnerships, infrastructure development, and workforce investment."<sup>1</sup> The deadline for states to apply for RHTP funding is November 5, 2025. There is only one opportunity to apply for funding and CMS will announce awardees by December 31, 2025.

Additional information about the Rural Health Transformation Program is available on the CMS RHTP [webpage](#) as well as the RHTP section of ANCOR's [Medicaid Resource Center](#).

## Can RHTP funding be used to support access to community-based disability services?

Yes! The RHTP offers states an opportunity to support people with disabilities, who often face significant challenges when attempting to access healthcare services in rural areas due to a lack of available transportation, limited choice of providers, reduced broadband infrastructure and other factors beyond their control.<sup>2</sup> This experience is amplified for people with intellectual and developmental disabilities (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 often forced to turn to more expensive and restrictive forms of care to have their needs met.

There is nothing within the law or the RHTP Notice of Funding Opportunity (NOFO) limiting this funding opportunity to hospitals or any specific provider types. States may submit RHTP applications to protect and further invest in community-based supports for people with I/DD in support of rural health. This approach supports the intent of both Congress and this administration in ensuring the sustainability of the Medicaid program for individuals with disabilities.

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<sup>1</sup> The Centers for Medicare and Medicaid Services; Notice of Funding Opportunity: CMS-RHT-26-001; September 2025.

<sup>2</sup> National Advisory Committee on Rural Health and Human Services; [Disability and Independence in Rural America White Paper](#); July 2024.

## How does supporting community-based disability services support state Medicaid budgets?

As a result of the challenges people with I/DD face in accessing community-based services, many people with I/DD in rural areas turn to hospitals and emergency rooms to seek support. Once admitted, many people with I/DD languish in hospital rooms for extended periods of time due to a lack of post-discharge community supports.<sup>3</sup> 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 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.<sup>4</sup> By contrast, the average per capita cost to serve someone with I/DD through a home and community-based waiver program is \$136.23 per day.<sup>5</sup>

## How much funding does the RHTP provide and how will CMS allocate that funding?

The RHTP provides \$10 billion per year for five years (\$50 billion total), beginning in fiscal year (FY) 26, to the Centers for Medicare and Medicaid Services (CMS) to provide allotments to states. The law mandates that half of the funds (\$25 billion) must be distributed equally among states with approved applications but provides CMS with broad discretion over the distribution of the remaining \$25 billion. 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.

## What activities could RHTP funding be used to support?

State applications to the RHTP must include a plan to carry out three or more activities from the following categories:

- Promoting evidence-based, measurable interventions to improve prevention and chronic disease management;

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<sup>3</sup> 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.

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

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

- 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.

### Can I provide input to my state on potential RHTP funding ideas?

Absolutely! According to tracking available through the State Health and Value Strategies program, most states are actively seeking input from the public for suggestions on how to leverage this funding opportunity.<sup>6</sup> In cases where states have not yet formally requested public input, ANCOR members are nevertheless encouraged to reach out to state policymakers to advocate for solutions through the RHTP to support rural health for people with I/DD. We also encourage members to connect with the provider association(s) in their states to coordinate RHTP outreach and recommendations.

While each state faces its own unique challenges to rural health, the following represent examples of potential programs to address trending barriers to accessing community-based services in rural areas:

- Expanding broadband infrastructure to support telehealth and remote supports in rural areas;
- Boosting DSP recruitment and retention through incentives such as bonuses, loan forgiveness, tuition reimbursement, and skill development for rural providers serving people with I/DD;

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<sup>6</sup> State Health and Value Strategies; [Tracking State Preparation for the Rural Health Transformation Program](#); accessed on September 23, 2025.

- Designing and implementing initiatives to enhance the physical and programmatic accessibility of community-based services for people with I/DD;
- Cross training local government staff members to more efficiently and effectively serve the needs of rural residents with I/DD;
- Establishing mobile health and dental clinics to serve people with I/DD who live in rural parts of the state;
- Developing collaborative initiatives between hospitals and community-based services better to facilitate post-discharge placements of people with I/DD; and
- Creating payment incentives for community providers to serve children and adults with I/DD who are currently residing in out-of-state placements due to a lack of in-state options.

### Who is eligible to apply for RHTP funding?

Pursuant to the NOFO, only state governments are eligible to apply for and receive RHTP funding. States can use RHTP funding to support contracts that may be necessary to carry out their proposed activities as long as certain guidelines and criteria are followed. Funds are intended to support state-driven solutions to rural health challenges and are not meant to replace routine reimbursement or cover operating losses. States must select at least three of the allowable use-of-funds categories listed above in their applications, and providers who wish to enter into contracts with states to draw down this funding must shape their proposals around those state-selected categories.

States should specify any known sub-recipients in the budget narrative section of the application. If a state chooses to award some of its RHTP funds to another entity, the state must make its process and criteria for selecting such sub-recipients, contractors, or subcontractors clear to CMS. More information is provided in the NOFO.

### What type of scoring methodology will CMS use during its review of RHTP applications?

CMS will utilize scoring factors designed to assess the potential impact of a state's rural health transformation plan on improving healthcare access, quality, and outcomes. The scoring methodology includes:

- Rural Facility and Population Score Factors: These factors are based on the state's rural facility and population characteristics, such as rural population share, facility density, and hospital financial status;
- Technical Score Factors: These factors include the state's administrative capacity, stakeholder engagement, evaluation framework, and alignment with federal priorities; and
- Alignment with Federal Priorities: This factor measures the degree to which a state's plan supports CMS goals for rural health transformation and sustainability.

The scoring methodology, provided in Table 4 of the NOFO, is designed to ensure that states which have already adopted or are willing to adopt certain federal policy priorities score higher for eligibility to receive more funding. For example, states will receive additional points if they have, or intend to, reestablish the Presidential Fitness Test in schools, enact policies supportive of increased access to remote care/telehealth services, prohibit the use of SNAP benefits for the purchase of non-nutritious items, and limit/eliminate Certificate of Need (CON) requirements.

Pursuant to the NOFO, CMS will re-calculate each state's technical score and corresponding funding amount for each subsequent budget period based on the information and data the state provides in its required annual reporting.

### Can funding be used to replace or increase Medicaid reimbursement?

According to the NOFO, RHTP funding cannot be used to duplicate or supplant current federal, state, or local funding used to pay for health care services or be used to cover the nonfederal share of Medicaid payments. CMS will also not approve proposed initiatives that would pay for services where payment for such services is available from another coverage source, including where the initiative would increase the payment amount.

The intent of this funding is not to be used for perpetual operating expenses, but rather for investments that can be made within the duration of the program that will have sustainable impact beyond the end of the program. The application further includes a program duplication assessment to ensure that funding from this program is not being used to pay for the same activities or for the same services to the same beneficiaries as other federal funding programs.<sup>7</sup>

### Are there circumstances where a state must return any funding that it has already received?

Yes. In accordance with the law, using funds in a manner inconsistent with activities described in a state's application and/or on activities CMS has not approved may result in withholding, reducing, or recovering funding. Additionally, any funds the state has not spent by the end of the fiscal year following the fiscal year in which the funds were allotted will be redistributed according to the mechanism described in the "Funds Distribution" section of the NOFO.<sup>8</sup>

### Contact Us

For additional information or questions about the Rural Health Transformation Program, please contact Tom Rice, Director of Policy and Regulatory Affairs, at [trice@ancor.org](mailto:trice@ancor.org).

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<sup>7</sup> [Rural Health Transformation: Frequently Asked Questions](#); accessed from CMS website on September 23, 2025.

<sup>8</sup> Ibid.