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# The Rural Health Transformation Fund: What It Is, How States Are Using It, and Where Nonprofits Fit In

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Rural communities have been navigating serious health challenges for a long time—hospital closures, workforce shortages, long drives to see a specialist, and higher rates of chronic disease, to name just a few. These issues are deeply connected, and for many communities, they’ve reached a breaking point.

That’s why Congress created the Rural Health Transformation (RHT) Fund, part of the One Big Beautiful Bill Act (HR1) passed last July. The RHT Fund represents a historic federal investment—designed not just to keep rural health systems afloat, but to help them evolve into models that are more stable, preventive, and community centered over the long term.

And at the same time, while the RHT Fund is key in strengthening rural health access, with the level of Medicaid funding cuts overall including in HR1, resources will continue to be a challenge more broadly. And because the funding for the RHT Fund is for five years, sustainability also needs to be further considered. Now that states are moving from planning into implementation, the RHT Fund is starting to shape how rural health care is financed, organized, and delivered. While states receive the funding directly, nonprofits and community-based organizations are essential partners in turning system level investments into real improvements in people’s lives.

If your organization works in or alongside rural communities, understanding how the RHT Fund works—and how your state is approaching it—is becoming increasingly important.

## So, What *Is* the Rural Health Transformation Fund?

At its core, the RHT Fund is a five-year program administered by CMS, created through federal legislation in 2025. Nationwide, it provides \$10 billion per year, distributed to states through a competitive application process followed by a multi-year cooperative agreement.

To receive funding, states had to submit detailed rural health transformation plans. These plans spell out how each state intends to:

- Improve access to care
- Strengthen the rural health workforce
- Address chronic disease and population health
- Put rural health systems on firmer financial footing

### **Funding to states includes:**

- A base amount shared across all approved states, and
- A variable portion based on rural population size, system need, and the scale and impact of proposed initiatives.

One thing CMS has been very clear about: this is not a short-term bailout. The RHT Fund is meant to drive long term, outcomes-focused change—tackling root causes of poor health and financial instability, not just plugging gaps year to year.

### **What Does “Rural Health Transformation” Actually Mean?**

While state plans vary, several core themes show up again and again. Together, they form the backbone of rural health transformation efforts nationwide.

#### **Expanding Access to Care**

States are working to improve access to primary care, behavioral health, maternal health, and emergency services—often by:

- Stabilizing and strengthening rural hospitals and clinics
- Expanding telehealth and virtual care
- Supporting care delivery in community settings, not just traditional clinics

#### **Building and Supporting the Workforce**

Workforce shortages remain one of the biggest challenges in rural health. RHT investments often support:

- Recruitment and retention of clinicians
- Training pipelines and loan repayment programs
- Expanded care teams, including community health workers, pharmacists, and behavioral health providers

#### **Focusing on Prevention and Chronic Disease**

CMS is pushing states to look beyond episodic care and toward population health. Common priorities include:

- Diabetes prevention and management
- Integrated behavioral health
- Maternal health and early childhood interventions
- Nutrition, physical activity, and lifestyle-based approaches

## Creating Financially Sustainable Care Models

States also have to show how today's investments will lead to durable change. That often means:

- Regional collaboration and shared services
- Hub and spoke hospital models
- Preparing providers for value-based payment
- Investing in data systems, technology, and care coordination

## How Nonprofits Can Navigate RHT in Their State

For nonprofits, the RHT Fund doesn't look like a traditional grant program. States control the funding, and dollars usually flow through health systems, regional collaboratives, or designated implementation partners. That means successful engagement starts with strategy, not applications.

### 1. Start With Your State's RHT Plan

Look closely at your state's application, implementation updates, or public summaries. Pay attention to:

- Priority populations and health conditions
- Geographic focus areas
- How the state plans to move money (grants, procurements, regional hubs)

The goal isn't just to see what's funded—it's to understand what the state is trying to change.

### 2. Connect Your Work to System Level Outcomes

RHT is fundamentally outcomes driven. Be ready to explain how your work including:

- How it improves access, quality, or continuity of care
- Reduces avoidable costs or utilization
- Supports workforce stability
- Strengthens the financial health of rural providers

Programs framed as system enabling rather than standalone services are more likely to align with RHT goals.

### 3. Build Relationships with Anchor Institutions

In most states, RHT dollars flow through:

- Rural hospitals and health systems
- FQHCs and behavioral health providers
- State designated regional collaboratives

Early engagement matters. Relationships built now can shape implementation later—rather than leaving nonprofits to react once decisions are already made.

#### 4. Speak the Same Language

Nonprofits that succeed under RHT tend to:

- Use the language of transformation (access, sustainability, system change)
- Align metrics with state and CMS reporting requirements
- Clearly connect community impact to clinical and financial outcomes

#### 5. Engage Community and State Health Foundations Early to Align Interests

Given the five-year funding commitment associated with the RHT Fund, it is important to seed the interest of other funders and stakeholders early.

- Research community and state health foundations to understand their current priorities and interest in rural health care access.
- Seek out meetings that look for co-design opportunities that reflect shared needs and desired outcomes.

This makes it easier for states and health systems to see your organization as a high value partner.

#### Why This Moment Matters

The Rural Health Transformation Fund is one of the most significant federal investments in rural health in decades. More than that, it reflects a shift in how success is defined—from volume and crisis response to prevention, integration, and long-term sustainability.

Understanding the RHT Fund—how it works, how states are using it, and how to engage strategically—is no longer optional. It's essential for anyone committed to improving health in rural communities.

#### Key Resources for Learning More and Staying Engaged

For nonprofits looking to stay informed, it helps to track both federal guidance and state-level implementation. The resources below offer reliable, up to date insights into how the RHT Fund is unfolding.

##### Federal and National Resources

CMS – Rural Health Transformation Program Overview

<https://www.cms.gov/priorities/rural-health-transformation-rht-program/overview>

HHS – RHT Program Announcements

<https://www.hhs.gov/press-room/cms-rural-health-transformation-program-50-billion.html>

National Rural Health Association (NRHA) – RHT Program Hub

<https://www.ruralhealth.us/programs/center-for-rural-health-innovation-and-system-redesign/rural-health-transformation-program>

NRHA – RHT Application Resources and State Summary Guide

<https://www.ruralhealth.us/programs/center-for-rural-health-innovation-and-system-redesign/rural-health-transformation-program/rhtp-application-resources>

Kaiser Family Foundation (KFF) – RHT Policy Analysis

<https://www.kff.org/other-health/key-takeaways-from-cmss-rural-health-funding-announcement/>

### **State-level Planning and Tracking**

State Health and Value Strategies (SHVS)

<https://shvs.org/tracking-state-releases-of-rural-health-transformation-program-applications/>

National Conference of State Legislatures (NCSL)

<https://www.ncsl.org/health/rural-transformation-program-state-legislative-resources>

Rural Health Information Hub (RHInfo)

<https://www.ruralhealthinfo.org/resources/lists/rhtp>