ARIZONA RURAL HEALTH TRANSFORMATION PROGRAM (RHTP)

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KEY POINTS:

- The Governor's Office will coordinate Arizona's response to the RHTP opportunity.
- Each State is eligible for $100 million/yr. X 5 yrs. upon CMS approval a State's RHTP Plan.
- States are eligible for additional funds based on certain CMS criteria.
- A State's RHTP Plan must include certain activities and rural facilities.

BACKGROUND:

The One Big Beautiful Bill Act (OBBBA) was signed into law 7/4/25. Title VII, Sec. 71401 details the RHTP. The RHTP allocates $10 billion per year for five fiscal years 2026-30. Half will be distributed to states equally, $100 million/yr X 5, per state, upon approval by the Centers for Medicare & Medicaid Services (CMS) of each state's RHTP Plan. CMS must approve or deny state 5-year proposals by 12/31/2025. If CMS approves a State's RHTP plan, it will be eligible for funding for each year FY 2026-30. States cannot use RHTP funding to finance their non-federal Medicaid match requirement. RHTP funding is unlikely to be approved to pay for routine clinical services.

THE RHTP PROPOSAL MUST INCLUDE A PLAN:

1) To improve access to hospitals, other providers, and health services furnished to rural residents of the State.
2) To improve health care outcomes of rural residents of the State.
3) To prioritize use of new and emerging technologies that emphasize prevention and chronic disease management.
4) To initiate, foster, strengthen local and regional strategic partnerships between rural hospitals and other health care providers in order to promote measurable quality improvement, increase financial stability, maximize economies of scale, and share best practices in care delivery.
5) To enhance economic opportunity for and supply of health care clinicians through enhanced recruitment and training.
6) To prioritize data and technology driven solutions that help rural hospitals and other rural health care providers furnish high-quality health care services as close to a patient's home as is possible.
7) That outlines strategies to manage long-term financial solvency and operating models of rural hospitals in the State.
8) That identifies specific causes driving the accelerating rate of stand-alone rural hospitals to becoming at risk of closure, conversion, or service reduction.

TIMING:

CMS will specify the RHTP application period. CMS must approve or deny State proposals by 12/31/2025. Once awarded:

- States have through the end of the fiscal year following the year in which the funds are received to spend the funds.
- Unspent funds will be returned to the Treasury for redistribution.
- States receiving redistributed funds will have until the end of the following fiscal year to spend the funds.

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▶ THE SECOND ALLOTMENT ($5B) OF FUNDS WILL BE DISTRIBUTED ACCORDING TO THE FOLLOWING CRITERIA AND ELIGIBILITY.

ADDITIONAL FUNDING IS BASED ON:

1) % State population located in a rural census tract of a metropolitan statistical area;
2) Proportion of rural health facilities in the State relative to the number of rural health facilities nationwide;
3) The situation of hospitals in the State; and
4) Other factors that CMS deems appropriate.

RURAL HEALTH FACILITIES

1) Hospital in a rural area
2) Critical Access Hospital (CAH)
3) Sole Community Hospital
4) Medicare-dependent, small rural hospital
5) Low-Volume Hospital
6) Rural Emergency Hospital
7) Rural Health Clinic (RHC)
8) Federally Qualified Health Center (FQHC)
9) Community Mental Health Center
10) Health Center Receiving a PHSA Sec. 330 Grant
11) Opioid Treatment Program in a rural census tract
12) Certified community behavioral health clinic in a rural census tract

STATE'S ALLOTMENT CAN BE USED FOR 3 OR MORE OF THE FOLLOWING IN THE RHTP PLAN:

The RHTP encourages transformational proposals, not traditional grant requests, to sustainably improve rural health care delivery systems – especially in ways that can be replicated or scaled.

1) Promoting evidence-based, measurable interventions to improve prevention and chronic disease management.
2) Providing payments to healthcare providers for health care items or services, as specified by CMS.
3) Promoting consumer-facing, technology-driven solutions for the prevention, management of chronic diseases.
4) Providing training, TA for development, adoption of tech-enabled solutions that improve care delivery in rural hospitals: remote monitoring, robotics, artificial intelligence, and other advanced technologies.
5) Recruiting, retaining clinical workforce to rural areas, with commitments to serve there for a minimum of 5 years.
6) Providing TA, software, hardware for significant information tech advances to improve efficiency, enhance cybersecurity capability development, and improve patient health outcomes.
7) Assisting rural communities to right size their health care delivery systems by identifying needed preventive, ambulatory, pre-hospital, emergency, acute inpatient care, outpatient care, and post-acute care service lines.
8) Supporting access to opioid use disorder and SUD treatment services [def: Sec.1861(jjj)(1)], and mental health services.
9) Developing projects that support innovative models of care: value-based care, alternative payment models.
10) Promoting sustainable access to high quality rural health care services, as determined by CMS.

REFERENCES:

One Big Beautiful Bill Act of 2025 (OBBBA) Link: https://www.congress.gov/bill/119th-congress/house-bill/1/text