

ARIZONA’S RURAL FACILITIES & POPULATION FACTORS

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KEY POINTS:

- ▶ Arizona has an opportunity to transform rural health through the Rural Health Transformation Program (RHTP). The Governor’s Office will coordinate Arizona’s RHTP plan submission to the Centers for Medicare and Medicaid Services (CMS) by the 11/5/2025 CMS deadline.¹

BACKGROUND

H.R.1 (also known as the One Big Beautiful Bill Act or OBBBA) was signed into law 7/4/25. Title VII, Sec. 71401 details the RHTP² that allocates \$10 billion per year for five fiscal years 2026-30. The funding is provided in two allotments. The first is evenly divided among states (“baseline funding” of \$100M/yr X 5 yrs) and the second (“workload funding”) will be determined by multiple factors including rural facility and population factors:¹

- ▶ Absolute size of rural population in a state
- ▶ Proportion of rural health facilities in the state
- ▶ Uncompensated care in a state
- ▶ % of state population located in rural areas
- ▶ Metrics that define a state as frontier
- ▶ Area of a state in total square miles
- ▶ % of hospitals in a state that receive Medicaid Disproportionate Share Hospital (DSH) payments

DATA:

The tables below provide information on the rural facility and population elements of the “workload funding” scoring factors. The University of North Carolina (UNC) Sheps Center for Health Services Research compiled the information which can be accessed [here](#).

Table 1. Arizona’s Rural Population is 772,326 and Comprises 11% of the State Population³

	Arizona	U.S.
Rural Population	772,326	63,758,962
Land Area (sq. miles)	113,655.4	3,809,525
Percent Rural Population	10.8%	20%
Percent Frontier (FAR level 2)	4.3%	2.4%

Table 2. Uncompensated Care Comprises 2.5% of Hospital Expenses in Arizona³

	Total	Percent of Hospital Operating Expenses
Uncompensated Care	\$496 Million	2.5%
Percent of Hospitals Receiving Medicaid DSH		
Medicaid Disproportionate Share (DSH) Payments *		0.64%

Note: The CMS cost report data used in this analysis does not include Indian Health Services (IHS) facilities and may only include limited Tribal-operated (P.L. 638 Self-determination) facilities and so should be interpreted with caution.

*Inpatient rehabilitation and inpatient psychiatric facilities are not included.

A “rural health facility” is defined in H.R. 1, Title VII, Sec. 71401 as:²

- ▶ Hospital in a rural area
- ▶ Critical Access Hospital (CAH)
- ▶ Sole Community Hospital
- ▶ Medicare-dependent, small rural hospital
- ▶ Low-Volume Hospital
- ▶ Rural Emergency Hospital
- ▶ Rural Health Clinic (RHC)
- ▶ Federally Qualified Health Center (FQHC)
- ▶ Community Mental Health Center
- ▶ Health Center Receiving a PHSA Sec. 330 Grant
- ▶ Opioid Treatment Program in a rural census tract
- ▶ Certified Community Behavioral Health Clinic (CCBHC) in a rural census tract

This facility number is only used in the scoring approach for the second allotment of funds. This scoring approach does not determine eligibility to participate in a state’s RHTP Plan.

Table 3. Arizona Has 57 Hospital and 326 Non-Hospital Rural Health Facilities³

Facility	Included Facilities:	Arizona Count	U.S. Count
Hospital Facilities	Hospital in a rural area; CAH; Sole Community Hospital; Medicare-dependent, small rural hospital; Low-Volume Hospital; Rural Emergency Hospital	57	3,106
Non-Hospital Facilities*	RHC; FQHC; Community Mental Health Center, Health Center receiving a PHSA Sec. 300 grant, Opioid Treatment Program in a rural Census Tract*	326	23,018

*Excludes CCBHCs

Some of these rural health facilities (e.g., CAHs, FQHCs, and RHCs) are included in the AzCRH Rural and Safety Net Facilities Map. You can view a [PDF of the map here](#) and an interactive [GIS map here](#). Table 4 provides additional information on the Frontier and Remote Arizona populations. Frontier and Remote (FAR) Area Codes are created by the U.S. Department of Agriculture, Economic Research Service.⁴ The FAR level 2 population is the only level included in the RHTP criteria scoring.

Table 4. Arizona's Frontier and Remote Population is 802,450 and Comprises 12.6% of the State Population⁴

	Arizona	Percent of State Population
FAR level 1 FAR areas consist of rural areas and urban areas up to 50,000 people that are 60 minutes or more from an urban area of 50,000 or more people.	286,754	4.5%
FAR level 2 FAR areas consist of rural areas and urban areas up to 25,000 people that are: 45 minutes or more from an urban area of 25,000-49,999 people; and 60 minutes or more from an urban area of 50,000 or more people.	275,989	4.3%
FAR level 3 FAR areas consist of rural areas and urban areas up to 10,000 people that are: 30 minutes or more from an urban area of 10,000-24,999; 45 minutes or more from an urban area of 25,000-49,999 people; and 60 minutes or more from an urban area of 50,000 or more people.	172,372	2.7%
FAR level 4 FAR areas consist of rural areas that are: 15 minutes or more from an urban area of 2,500-9,999 people; 30 minutes or more from an urban area of 10,000-24,999 people; 45 minutes or more from an urban area of 25,000-49,999 people; and 60 minutes or more from an urban area of 50,000 or more people.	67,336	1.1%
Total	802,450	12.6%

REFERENCES:

1. Centers for Medicaid and Medicare Services. Rural Health Transformation Program Opportunity Number CMS-RHT-26-001. (2025). Retrieved from: <https://apply07.grants.gov/apply/opportunities/instructions/PKG00291485-instructions.pdf>
2. One Big Beautiful Bill Act of 2025, H.R. 1, 119th Cong. (2025-2026). Retrieved from: <https://www.congress.gov/bill/119th-congress/house-bill/1/text>
3. UNC The Cecil G Sheps Center for Health Services Research. Rural Health Transformation Program: Rural facility and population score estimates by state. (2025). Retrieved from: <https://www.shepscenter.unc.edu/programs-projects/rural-health/projects/rural-health-transformation-program-resources/>
4. USDA ERS. Frontier and Remote Area (FAR) Codes. (2025). Retrieved from: <https://www.ers.usda.gov/data-products/frontier-and-remote-area-codes/documentation>