Year One of the Rural Health Transformation Program Awards

Key Insights from Awards and Early Implementation

5 Slide Series, Volume 136

April 2026

The Menges Group

Strategic Health Policy & Care Coordination Consulting

Introduction

- This edition focuses on the Rural Health Transformation Program (RHTP), a $50 billion fund established by H.R. 1 (One Big Beautiful Bill Act) and distributed across all 50 states from FY26 through FY30.
- In the ensuing slides, we describe the program structure, Year 1 implementation timeline, and state-by-state variation in funding and approach.
    - Provide an overview of the RHTP, including a timeline
    - Describe state funding disbursement strategies, with illustrative state examples
    - Contextualize award amounts by factors such as rural population size and compare state funding rankings

Rural Health Transformation Fund Overview

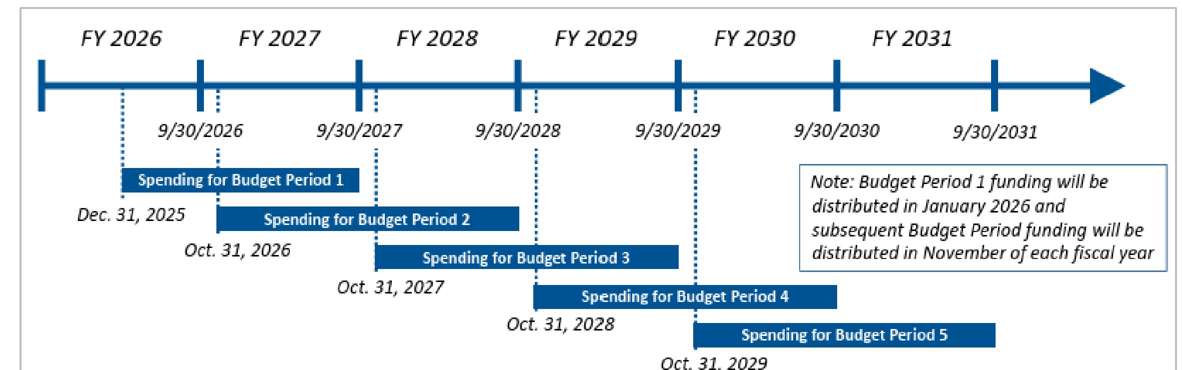
- The Rural Health Transformation (RHT) Program was established by HR 1, also known as the One Big Beautiful Bill Act (OBBBA). The RHT consists of $50 billion in funding, with $10 billion distributed each year from 2026-2030. Through the RHT, CMS aims to advance its goals in five key categories:

- $25 billion, called “baseline funding”, will be distributed equally to all states with approved applications over five years from FY26-FY30.
  - As all states’ applications were approved for FY26 (Year 1), each state received $100 million.
  - Each state will receive $100 million in baseline funding per year, unless CMS has determined it will reduce, withhold, or recover funding from the state due to non-compliance with the terms of the award.
- The other $25 billion, called “workload funding,” will be allocated to states with approved applications (all states).
  - $5 billion in workload funding was allocated for Year 1. The allocation was based on a formula developed by CMS, composed of 23 Rural Facility and Population Score and Technical Score factors.
  - Each year, CMS will recalculate state workload funding allocations, based on initiative progress and state advancements on policy commitments made in their application.

Rural Health Transformation Initial Implementation Timeline

- **09/16/2025:** CMS released the Notice of Funding Opportunity (NOFO)
- **11/05/2025:** State applications were due to CMS
- **11/2025 – 12/2025:** CMS reviewed state RHTP applications
- **12/29/2025:** CMS announced FY26 (Year 1) award decisions
- **1/30/2026:** States submitted revised budgets for CMS review/approval, to align initiatives with awarded amounts, replacing the $200 million per year hypothetical in their initial application
- **Q1 2026:** Following CMS review/approval of the revised budgets, many states have begun to post funding opportunities, with others indicating they will post opportunities as they are finalized
- **07/31/2026:** Year 1 Reporting Period End Date
- **08/30/2026:** Annual Report Year 1 Due
- **10/30/2026:** Budget Period 1 ends (all funds must be obligated or can be clawed back by CMS)
- **09/2026 – 10/31/2026:** CMS will determine the FY27 (Year 2) funding awards by re-calculating each state's technical score, using the data provided by each state's Annual Report Year 1

Implications for Implementation and Fund Disbursement Under Compressed Year 1 Timeline



- Year 1's expedited timeline requires states to quickly establish fund distribution pathways. Year 1 funds must be obligated by 10/30/2026 and spent by 9/30/2027, following CMS approval of the revised budget.
- 27 states submitted increased budgets, ranging from an increase of $30 thousand (South Carolina) to $81.3 million (Texas). 23 states submitted decreased budgets, ranging from a decrease of $524 thousand (West Virginia) to $52.7 million (New Jersey).
- Procurement timelines and approaches differ widely, even among the top three highest awarded states.
  - Alaska required interested organizations to submit a Letter of Interest between 2/17/2026 to 3/11/2026. Selected applicants will receive readiness/planning support, or asked to submit a full project application.
  - Texas has posted the procurement process for each initiative, will release additional details for one initiative in Spring 2026 and will begin planning for the other initiatives in Summer 2026.
  - California will release RFAs in Spring 2026 and select and finalize awardees between Summer - Fall 2026.

Variation in RHTP Funding Mechanisms and Early Implementation Progress

- Most states use multiple funding models across initiatives, with varying approaches to application and award cycles.
- States are making funds available through open grant opportunities for eligible applicants.
  - Kansas opened and closed the first-round grant for the Rural Emergency Hospital Conversion/Transformative (RFA issued 2/24/2026; due 3/20/2026), with four planned rounds over the RHTP period.
- States are establishing or contracting with third-party entities to manage applications, such as grant intermediaries who support grant processes and distribute awards competitively.
  - Alaska contracted with the Alaska Community Foundation to manage applications, awards, and reporting.
- States are contracting with third-party entities to administer defined pools of funding, who then subcontract with partners to implement initiatives in specific geographies or for specific purposes.
  - North Carolina issued an RFA seeking one organization per Medicaid region to serve as their region's programmatic and fiduciary lead to implement RHTP projects (released 2/27/2025; closed 4/2/2026). Participation across four grantee award periods will be contingent on performance and funds.
- States are using existing procurement channels to issue public RFPs, evaluate applications, and award contracts.
  - Texas will issue RFPs for two initiatives through one RFP cycle.
  - Nevada will issue RFPs for two initiatives on an annual basis (first contract runs from 09/15/2026 to 09/30/2026).

States with Highest FY26 Workload Awards

- Each state received $100 million for "baseline funding".
- Workload funding, was allocated across states based on a formula developed by CMS, comprised of 23 rural facility and population score and technical score factors.
  - The rural facility and population score factors are 7 data-driven metrics and comprise 50% of the weight of workload funding points available.
  - The technical score factors are based on a qualitative assessment of the state's initiative-based factors and state policy actions, comprising the other 50% of the weight of workload funding points.
- In this analysis, we rank states by workload funding (rather than the full FY26 amount) to provide a clearer view into how CMS targeted funding based on rural health need.
  - Workload funding represents the sole source of variation across states and reflects CMS's workload-based allocation criteria.

	FY26 Workload Funding	
State	Rank	Amount
Texas	1	$181,319,361
Alaska	2	$172,174,856
California	3	$133,639,308
Montana	4	$133,509,359
Oklahoma	5	$123,476,949

Note: Because the $100 million baseline award is identical across states, FY26 total award (baseline + workload) rankings mirror workload-only rankings.

FY26 RHTP Workload Funding, Adjusted for Rural Population

- We compared FY26 workload award size with workload funding per rural resident to assess how relative funding levels change when accounting for differences in rural population size across states.
- Although Texas, Alaska, California, Montana and Oklahoma rank among the top five in total workload awards, their rankings by workload funding per rural resident range from 2nd to 46th, indicating substantial variation in support relative to rural population size among top-funded states.
- Takeaway: Highest FY26 workload award states show wide variation in support per rural resident

	FY26 Workload Award		FY26 Workload Award per Rural Resident	
State	Rank	Amount	Rank	Amount
Texas	1	$181,319,361	46	$42
Alaska	2	$172,174,856	2	$626
California	3	$133,639,308	43	$48
Montana	4	$133,509,359	10	$225
Oklahoma	5	$123,476,949	30	$78

Key Takeaways from the RHTP Year 1 Awards

- The Rural Health Transformation Program represents a significant federal investment in rural health systems, but funding levels and per-resident support vary widely across states.
- Year 1 awards were implemented under a compressed timeline, requiring states to rapidly finalize procurement strategies and obligate funds, contributing to substantial variation in early execution.
- When adjusted for rural population size, several high-dollar award states fall in per-resident rankings, while others move into the top tier.
- As future RHTP funding is recalculated based on progress and reporting, early implementation decisions may have lasting implications for both funding levels and rural health outcomes.

Sources

Slide 3
- https://www.cms.gov/files/document/rural-health-transformation-frequently-asked-questions.pdf

Slide 4
- https://www.cms.gov/files/document/rht-program-reporting-rescoring-webinar-02-25-26.pdf
- https://www.cms.gov/files/document/rural-health-transformation-frequently-asked-questions.pdf

Slide 5
- https://health.ny.gov/facilities/transforming_rural_healthcare/docs/2026-01-16_presentation.pdf
- https://www.cms.gov/files/document/rht-program-reporting-rescoring-webinar-02-25-26.pdf
- https://www.manatt.com/insights/newsletters/health-highlights/rural-health-transformation-program-what-s-next-considerations-as-states-begin-implementation%E2%80%8B
- https://www.sellersdorsey.com/insights/blog/rural-health-transformation-forum-from-planning-to-implementation-whats-happening-now-in-rht/
- https://health.alaska.gov/en/education/rural-health-transformation-program/
- https://pfd.hhs.texas.gov/sites/default/files/documents/rural-hlth-prgm/rural-tx-strng-fact-sheet.pdf
- https://hcai.ca.gov/document/california-rural-health-transformation-program-briefing-march-2026/

Slide 6
- https://www.cms.gov/files/document/rht-program-reporting-rescoring-webinar-02-25-26.pdf
- https://www.manatt.com/insights/newsletters/health-highlights/rural-health-transformation-program-what-s-next-considerations-as-states-begin-implementation
- https://www.kdhe.ks.gov/m/NewsFlash/home/detail/1870
- https://health.alaska.gov/en/education/rural-health-transformation-program/
- https://www.in.gov/grow-rural-health/regional-grants/#Applications_and_Funding
- https://www.ncdhhs.gov/rfa-2026-ncroots/download?attachment
- https://pfd.hhs.texas.gov/rural-health-transformation-program
- https://pfd.hhs.texas.gov/sites/default/files/documents/rural-hlth-prgm/bdgt-prd-1-rvsd-prjt-narr.pdf
- https://nshe.nevada.edu/html/wp-content/uploads/file/BoardOfRegents/Agendas/2026/02-feb-mtgs/ref/hss/HSS-4.pdf

Slide 7
- https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states
- https://www.kff.org/state-health-policy-data/first-year-rural-health-fund-awards-range-from-less-than-100-per-rural-resident-in-ten-states-to-more-than-500-in-eight/

Slide 8
- https://www.cms.gov/newsroom/press-releases/cms-announces-50-billion-awards-strengthen-rural-health-all-50-states
- https://www.kff.org/state-health-policy-data/first-year-rural-health-fund-awards-range-from-less-than-100-per-rural-resident-in-ten-states-to-more-than-500-in-eight/

The Menges Group

5 Slide Series Overview

Our 5 Slide Series is typically a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements. The Menges Group has developed a variety of datasets that we use to support our 5 Slide Series and client projects.

To be added to our list to receive these as they are published (or to be removed), please email us at pcall@themengesgroup.com. If you have questions about the content or data sources we have available, please email us at jmenges@themengesgroup.com or call 571-312-2360.

Address: 4001 9th Street N., Suite 227, Arlington, VA 22203

Website: www.themengesgroup.com

The Menges Group