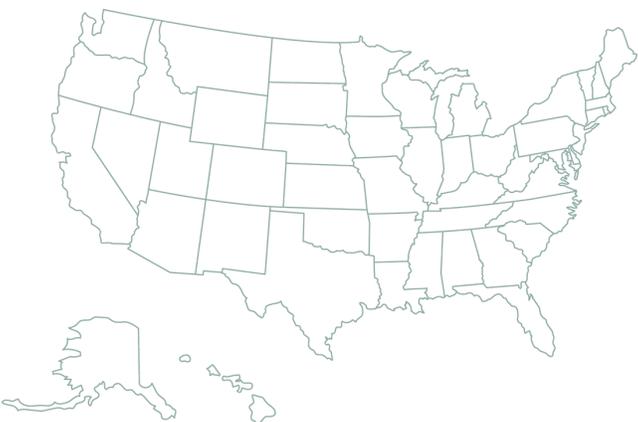


UNDERSTANDING THE RURAL HEALTH FUND

Mapping out the timelines, priorities, and shifts from the OBBBA Rural Health Transformation Program, commonly referred to as the Rural Health Fund.

The Rural Health Fund.

\$50 Billion will be distributed over five years (2026-2030). One half (\$25 B) will be distributed equally to all States that have approved applications. The other half (\$25 B) will be awarded by an approach determined by CMS, which is not clarified currently.



Who is Eligible?

Any State may apply for a grant, except DC and the U.S. territories, and the law states each approved application (State) will “receive equal shares” of \$25 Billion to be distributed over 5 years. The law does not provide clarification on whether states with few hospitals will receive the same amount as those with many rural hospitals. There are currently about 1800 rural hospitals in the U.S., 47% of which are critical access (25 beds or less) according to American Hospital Association (AHA).

When Will Determinations Be Made?

According to CMS, applications will be distributed to states in **early September, 2025**. States are to submit their applications in September, 2025 to be included in the consideration for funds. CMS will process applications and distribute the first set of funds **by the end of 2025** to be available for fiscal year 2026. Funds are to be spent by the end of the following fiscal year. States must be approved in 2025 to be eligible for funding in subsequent years.



When do Changes Start?

Some changes of the OBBBA took effect on July 4, 2025 at the enactment of the bill. Others will begin in Fall 2025 and still others will be implemented starting in 2026 and subsequent years. The time to act is NOW.

What Are the CMS Funding Criteria?

CMS has been granted broad discretion on the distribution of their half of the RHF. CMS will approve the use of funds, but they must be used for at least three of the purposes listed here.



1. Interventions to promote **chronic disease prevention & management**



2. **Provider payments** for provision of health care items or services (as specified by CMS...not specified yet)



3. **Patient-facing technology** solutions to help prevent and manage chronic disease.



4. **Training for improving tech. enhancements in care delivery**, including remote monitoring, robotics, AI, other technology.



5. **Recruiting and retaining clinical workforce** talent to rural areas (with five year commitment to serve rural communities).



6. Providing technical assistance, software, hardware for **significant IT advances** to improve efficiency, enhance cyber security, improve patient outcomes.



7. Assisting rural communities to **right size their health care systems** by identifying needed services, units, care and service lines.



8. Supporting **opioid use disorder treatment services, other SUD services, and mental health services.**



9. Developing **innovative models of care** projects that include value-based care and alternative payment models.



10. Additional uses to promote **sustainable access to high quality rural health care** services (as determined by CMS administrator...not specified yet).

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