



Center of Excellence

Rural Health Transformation

From Federal Initiative to Local Impact



Rural Health Transformation Utilization Requirements

Rural Health Transformation (RHT) empowers states to strengthen rural communities across America by improving healthcare access, quality and outcomes by transforming the healthcare delivery ecosystem. Through innovative system-wide change, the RHT Program invests in the rural healthcare delivery ecosystem for future generations. The information below outlines the key requirements and priorities for how RHT funding can be utilized.

Strategic Priorities for Advancing Rural Health Care Access and Innovation

- ▶ Promote evidence-based, measurable interventions to **improve prevention and chronic disease management.**
- ▶ **Provide payments to health care providers** for the provision of health care items or services, as specified by the Administrator.
- ▶ Promote consumer-facing, **technology-driven solutions for the prevention and management of chronic diseases.**
- ▶ Provide **training and technical assistance** for the development and adoption of technology-enabled solutions that improve care delivery in rural hospitals.
- ▶ **Recruit and retain clinical workforce** talent to rural areas, with commitments to serve rural communities for a minimum of 5 years.
- ▶ Develop projects that support **innovative models of care** that include value-based care arrangements and alternative payment models.
- ▶ Provide **significant IT advances** designed to improve efficiency, enhance cybersecurity capability development and improve patient health outcomes.
- ▶ Assist rural communities to **right size their health care delivery systems** by identifying needed preventative, inpatient and outpatient care.
- ▶ Support **access to opioid use disorder treatment services**
- ▶ Additional uses designed to **promote sustainable access to high quality rural health care services**, as determined by the Administrator.

Rural Health Transformation Funding Considerations

Policy shifts have materially altered the reimbursement and coverage landscape in which rural providers operate. Increases in the uninsured population could drive higher uncompensated care, elevate bad debt exposure and compress operating margins, particularly for rural hospitals already operating on thin margins. At the same time, reduced federal capacity for innovation and demonstration programs may slow alternative payment model development and limit near-term transformation support.

This creates a dual dynamic, new rural funding opportunities alongside heightened financial and operational risk. As funding is redirected to offset broader budget reductions, organizations will need proactive, strategic planning to effectively leverage available resources while maintaining financial stability.

Federal Health Policy Changes and Coverage Impacts

- ▶ Congress enacted significant funding reductions across several healthcare programs, most notably, **Medicaid reform** which includes an estimated \$930 billion in nationwide cuts, with approximately 11 million individuals projected to lose coverage. The introduction of new work requirements: mandating that adults ages 19–64 complete at least 80 hours per month of employment, education, or volunteer activity to maintain eligibility, further increases the risk of coverage loss.
- ▶ Concurrently, the expiration of **Affordable Care Act premium tax subsidies** is expected to result in an additional 4 million individuals becoming uninsured, as many relied on these subsidies to offset premium costs. Collectively, these coverage reductions will likely increase uncompensated care and place downward pressure on provider reimbursement rates due to a growing uninsured population.
- ▶ Additionally, **HHS downsizing** efforts include approximately 300 staff reductions at CMS. While federal officials indicate that core Medicaid and Medicare functions: such as eligibility, enrollment and claims oversight will remain intact, the reductions are expected to constrain innovation capacity and limit pilot and demonstration program expansion.

Rural Health Transformation

Industry Impact and ProspHire Expertise

Provider Impact

Limited rural funding combined with a growing uninsured population is expected to place significant pressure on provider revenue and long-term financial sustainability, particularly for rural hospitals and independent providers. The Rural Health Transformation (RHT) program creates a critical opportunity for providers to invest in operational, technological and care delivery improvements that stabilize finances while improving patient outcomes.

ProspHire can support providers in maximizing these funds by:

- ▶ Identifying administrative cost-saving opportunities through process optimization and operational efficiency improvements
- ▶ Modernizing technology infrastructure to reduce manual workflows, improve interoperability and enable data-driven care delivery
- ▶ Supporting adoption of value-based care models and enhanced care coordination aligned with RHT program priorities and long-term sustainability goals

Payer Impact

RHT will require payers to strengthen provider partnerships and expand care management and social determinant interventions to stabilize rural delivery systems while maintaining quality performance and risk adjustment accuracy. As coverage declines and rural providers face financial pressure, payers will play a critical role in supporting sustainable care models and targeted community interventions.

ProspHire can support payers by:

- ▶ Providing strategic guidance on risk adjustment optimization to protect revenue and maintain performance
- ▶ Supporting RFP development, vendor selection and program evaluation to ensure effective solution deployment
- ▶ Identifying and executing strategies that address disparities within the unique needs of rural communities

State Impact

RHT places significant fiscal, operational and oversight responsibilities on state governments, requiring strong cross-agency coordination and effective program implementation. States must develop and execute comprehensive RHT plans while ensuring compliance with CMS requirements and addressing systemic gaps in rural healthcare delivery.

ProspHire can support states by:

- ▶ Project managing and implementing large-scale initiatives, including development and execution of State RHT plans
- ▶ Facilitating multi-stakeholder coordination across state agencies, providers and community partners
- ▶ Developing reporting and performance monitoring capabilities aligned with CMS requirements
- ▶ Supporting RFP development and vendor procurement processes
- ▶ Conducting workforce gap analyses and supporting candidate identification to strengthen rural healthcare capacity



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