

# Rural Health Transformation Program

## An overview

### Key points:

**Washington's rural communities will see major changes to their local health care delivery system because of federal policy changes.**

These changes will decrease federal funding for services for Medicaid enrollees, and many enrollees will lose their Apple Health (Medicaid) or Marketplace insurance coverage.

**The Rural Health Transformation Program offers \$10 billion annually from 2026–2030.**

All 50 states are eligible to apply. Funding for Washington depends on the number of approved states and discretion of the Centers for Medicare & Medicaid Services (CMS).

**Washington must create a Rural Health Transformation Plan by fall 2025.**

- Improving access to hospitals and other health care providers.
- Improving health care outcomes for rural residents
- Strengthening strategic partnerships between rural hospitals and other health care providers.
- Prioritizing the use of new and emerging technologies, emphasizing prevention and chronic disease management, and providing high-quality services.
- Increasing the number of clinicians through recruitment and training.
- Outlining strategies to manage long-term financial security and identifying specific causes that can lead to rural hospital closure, conversion, or service reduction.

RHTP will allocate funds to approved states as follows:

- 50% (\$5 billion/year) – distributed equally among approved states.
- 50% (\$5 billion/year) – distributed from CMS, with consideration of:
  - Population in rural areas
  - Proportion of rural health care facilities in the state relative to the country
  - Situation of hospitals
  - Other factors
- States may use no more than 10% of allocated funds for administrative expenses.

CMS will approve or deny applications by December 31, 2025. If approved, states are eligible for all five years of RHTP funding.



### How can this help rural Washington?

RHTP fund intends to decrease persistent disparities that come from where a person lives. Nationwide, people living in rural communities are **more likely to die early** from potentially preventable deaths compared to urban residents, as shown in Figure 1. This includes chronic lower respiratory disease (CLRD) and cancer.

### What is the Rural Health Transformation Program (RHTP)?

The One Big Beautiful Bill Act (**OBBBA**), signed into law in July 2025, made sweeping policy changes impacting financing and coverage in Medicaid and Affordable Care Act (ACA) marketplace plans.<sup>1</sup>

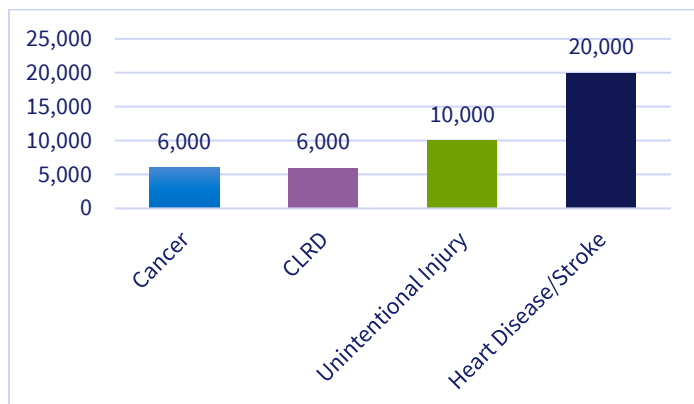
As a result, anywhere between 200,000–320,000 people in Washington **could lose Apple Health coverage**,<sup>2</sup> and 100,000–150,000 people could lose their coverage through Washington Healthplanfinder.

OBBBA authorizes funding for RHTP. This program intends to support rural health system transformation, including but not limited to:

<sup>1</sup> In our state, ACA plans are available on the individual marketplace, called Washington Healthplanfinder, overseen by the Washington Health Benefit Exchange (HBE).

<sup>2</sup> In Washington state, we call Medicaid “Apple Health.”

**Figure 1: Preventable deaths in rural America in 2022**



Source: Centers for Disease Control and Prevention (CDC) Rural Health

Of the 39 counties in Washington, **29 are considered frontier or rural**, where around 20% of Washington's population live. Table 1 shows the total Medicaid enrollment in the state by county.

Medicaid cuts could result in people in rural areas **losing access to care**. This includes 39 critical access hospitals (CAHs), 2 sole community hospitals, and 136 rural health clinics (RHCs).

These facilities rely heavily on federal dollars — \$346 million for CAHs and sole community hospitals and \$110 million for RHCs. This issue is made more serious by the current health professional shortage area in rural areas, showing a lack of primary care, mental health services, and dental care.



### Who will be involved?

The Health Care Authority (HCA) and departments of Health (DOH) and Social and Health Services (DSHS) are working together with the Governor's Office. Our agencies will also collaborate with partners, stakeholders, and others to understand:

- The needs of rural communities.
- Opportunities to lay the foundation for a sustainable, high-quality rural health care delivery system.

HCA will also consult with Tribal Nations to ensure that Tribes and providers who serve American Indian and Alaska Native people are included in RHTP.

View the [RHTP slide deck](#) for more details.

**Table 1: Total Apple Health and HBE enrollment in March 2025, by county**

County	Apple Health enrollees	HBE enrollees
Adams	9,907	467
Asotin	7,030	556
Benton	64,242	5,943
Chelan	24,685	3,646
Clallam	21,021	3,154
Clark	128,528	20,887
Columbia	1,254	118
Cowlitz	36,788	3,444
Douglas	13,725	1,414
Ferry	3,099	220
Franklin	38,093	2,158
Garfield	587	68
Grant	42,095	2,484
Grays Harbor	27,465	1,984
Island	14,789	3,442
Jefferson	7,717	1,911
King	451,852	101,050
Kitsap	54,057	9,221
Kittitas	10,124	1,913
Klickitat	6,755	1,066
Lewis	28,571	2,572
Lincoln	3,379	444
Mason	21,348	1,867
Okanogan	17,008	1,714
Pacific	7,198	806
Pend Oreille	5,650	491
Pierce	241,260	27,073
San Juan	3,559	1,721
Skagit	35,770	4,660
Skamania	2,918	420
Snohomish	183,009	28,633
Spokane	169,922	18,978
Stevens	16,798	1,553
Thurston	71,111	8,731
Wahkiakum	1,252	149
Walla Walla	16,577	1,745
Whatcom	57,049	12,146
Whitman	9,063	1,199
Yakima	115,841	6,478