

# Rural Health Transformation Program


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Washington state application planning





# Background

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- ▶ The One Big Beautiful Bill Act (OBBBA), signed into law in July 2025, reduces federal funding for Medicaid and Affordable Care Act (ACA) marketplace plans.
  - ▶ An estimated **200,000–320,000 Apple Health (Medicaid)** and **100,000–150,000 Washington Healthplanfinder enrollees** could lose coverage.
  - ▶ Health care providers will lose revenue due to patients' lack of insurance coverage and OBBBA-related payment reductions.
  - ▶ OBBBA creates a **\$50 billion Rural Health Transformation Program (RHTP)**.
  - ▶ Federal funding through RHTP does not offset OBBBA federal Medicaid cuts in rural communities.
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# Rural Health Transformation Program: Fund allocation

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- ▶ \$10 billion in federal funds annually from 2026–2030.
  - ▶ Approved states may use up to 10% of funds for administrative expenses.
  - ▶ Each federal fiscal year's (FFY's) funds are available through the following year (e.g., FFY 2027 funds must be used by the end of FFY 2028)
  - ▶ Unexpended or unobligated funds will be redistributed by CMS
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- ▶ 50% (\$5 billion/year) – distributed equally among approved states
    - ▶ If all states are approved, WA would receive \$100 million annually
  - ▶ 50% (\$5 billion/year) – distributed by CMS, with consideration of:
    - ▶ Population in rural areas
    - ▶ Proportion of rural health care facilities in state
    - ▶ Situation of hospitals
    - ▶ Other factors
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# CMS discretionary component: Rural health facilities definition

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Critical access  
hospitals

Sole community  
hospitals

Low-volume  
hospitals

Other designated  
rural hospital

Rural health clinics

Federally qualified  
health centers

Community mental  
health centers

Health centers  
receiving Section  
330 grants

Opioid treatment  
programs

Certified  
community  
behavioral health  
centers

# Transformation plans and use of funds

## Required transformation plan components

The state must specify how it will:

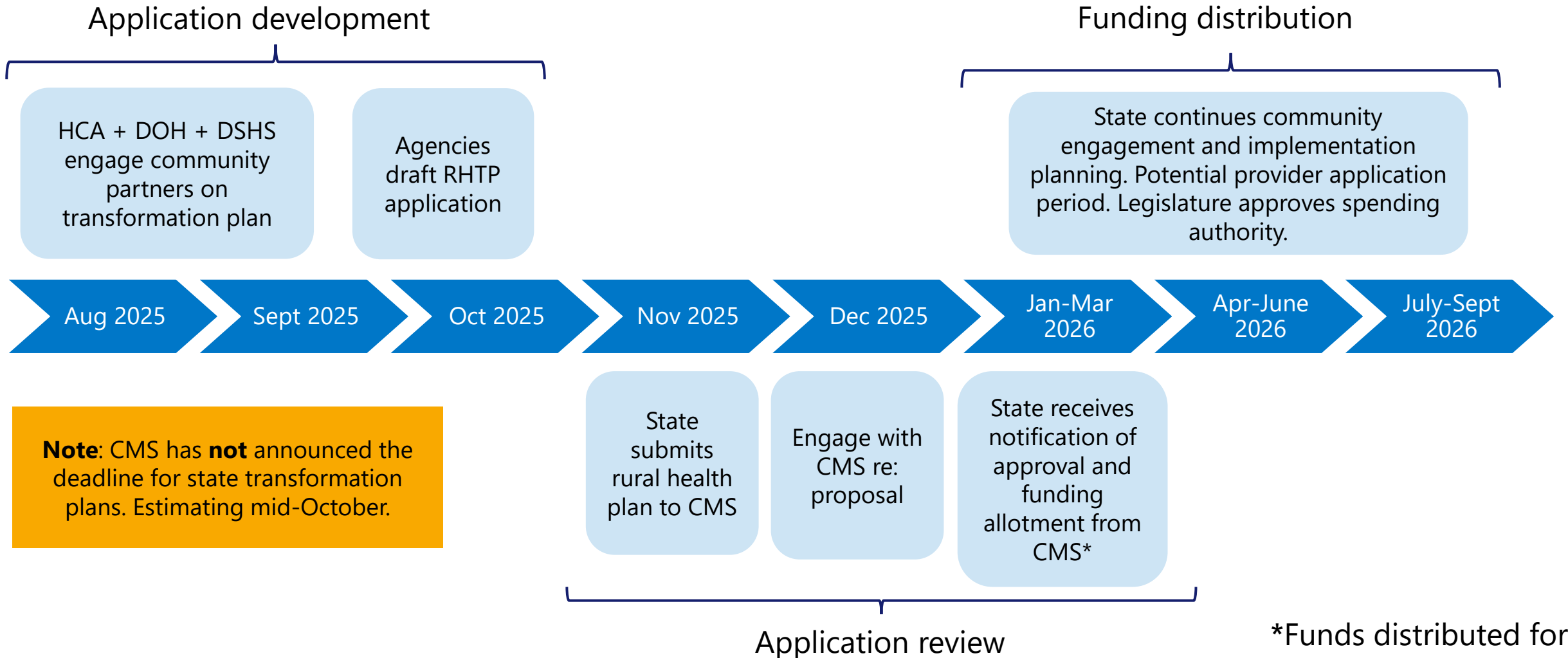
- Improve access to hospitals and other health care providers
- Improve health care outcomes for rural residents
- Prioritize the use of new and emerging technologies, including artificial intelligence (AI), emphasizing prevention and chronic disease management
- Foster local and regional strategic partnerships between rural hospitals and other providers
- Enhance the supply of clinicians via recruitment and training
- Prioritize data- and technology-driven solutions for rural hospitals and other rural providers
- Outline strategies to manage long-term solvency of rural hospitals
- Identify specific causes of stand-alone rural hospital closures or conversions

## Activities eligible for funding

State must choose at least three of the following:

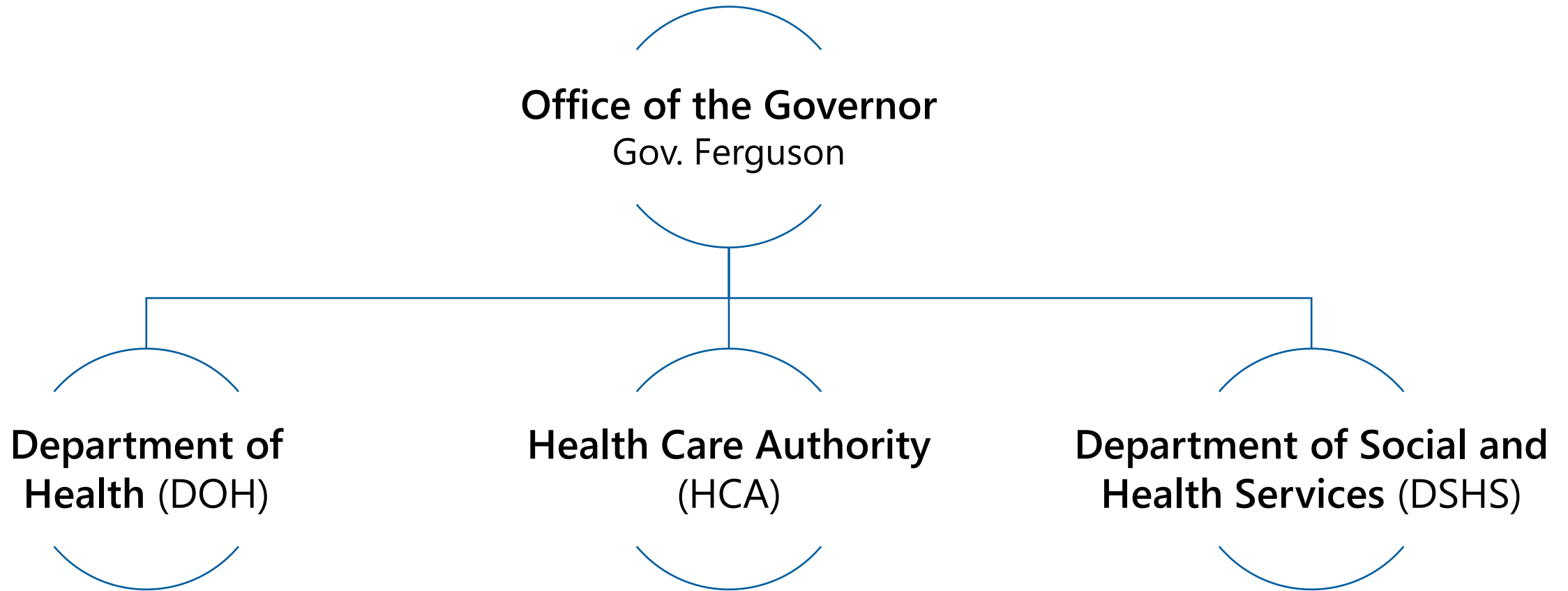
- Promoting chronic disease management interventions
- Providing payments to health care providers
- Promoting consumer-facing, technology-driven solutions for prevention and managing chronic disease
- Providing training and technical assistance for the development and adoption of technology-enabled solutions that improve care delivery in rural hospitals
- Recruiting and retaining clinical workforce to rural areas, with commitments to serve rural communities for at least five years
- Technical assistance, software/hardware for information technology (IT)
- Assisting rural communities to right-size their delivery systems
- Supporting access to behavioral health treatment
- Supporting innovative models of care that include value-based care arrangements and alternative payment models
- Designing/implementing other programs that support sustainable access to high-quality rural health care services

# Timeline



# State agencies supporting RHTP application

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# Partner, stakeholder, and community engagement

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- ▶ Tribal Consultation
  - ▶ Office of Tribal Affairs drafting a Dear Tribal Leader Letter
- ▶ Survey to solicit ideas and feedback (August)
  - ▶ Rural health transformation ideas for sustainable delivery system reform
  - ▶ Programs to attract and retain clinicians
  - ▶ Programs to improve prevention and chronic disease management
  - ▶ Technology tools
- ▶ Public webinar (mid-September)
  - ▶ Review transformation plan components
  - ▶ Offer public comment opportunity



# Contacts

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## ▶ DOH

- ▶ **Maria Courogen**  
Executive Director, Center for Access to Whole Person Care  
[maria.courogen@doh.wa.gov](mailto:maria.courogen@doh.wa.gov)

## ▶ HCA

- ▶ **Kahlie Dufresne**  
Deputy Policy Director  
[kahlie.dufresne@hca.wa.gov](mailto:kahlie.dufresne@hca.wa.gov)

## ▶ DSHS

- ▶ **Grace Kiboneka**  
Planning & Development Manager  
[grace.kiboneka1@dshs.wa.gov](mailto:grace.kiboneka1@dshs.wa.gov)
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