

# Publications

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## \$50 Billion Rural Health Fund: State Applications Now Open, Provider Input Urged

The Centers for Medicare and Medicaid Services (CMS) announced this week that state applications for the new \$50 billion Rural Health Transformation Fund are now open and due no later than **Nov. 5, 2025**.<sup>1</sup>

For health care providers, this is a one-time opportunity to influence how billions in federal funds will be directed across provider payments, workforce stabilization, chronic disease care, digital infrastructure and more. The tight deadline means health care providers should move quickly to engage with state government to help shape how these dollars are prioritized.

### About the Rural Health Fund

The Rural Health Transformation fund was a last-minute addition to the “One Big Beautiful Bill Act” in response to bipartisan concerns over the Act’s Medicaid policy changes and their potential impact on rural health care providers. Beginning in 2026, the Act will allocate \$50 billion in grants over five years — paid out at \$10 billion annually — to states with approved rural health transformation plans.

Half of the program’s funds will be allocated equally among all states with approved plans; the other half will be distributed according to CMS-determined rural health metrics. Funds are earmarked for priorities like provider payments, chronic disease management, technology, training and staffing, and no more than 10% of a state’s program funds can be used on administrative expenses.

### How States Qualify for Funding

To qualify for funds, states must submit a detailed rural health transformation plan to CMS that supports the program’s five key goals:

1. Expanding preventative health and chronic disease management
2. Supporting financial sustainability of rural providers
3. Improving workforce recruitment and retention
4. Developing innovative care models

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These goals suggest a focus on long-term system transformation rather than short-term relief. Under the Act, states are not required to provide any matching funds to receive payment — a welcome relief for states with tight budgets.<sup>ii</sup>

### Key Dates and How Providers Can Weigh In

As noted, state applications for funding are due **Nov. 5, 2025**, and this is a one-time opportunity for states to qualify for program allotments. CMS expects to release additional application guidance via a forthcoming Notice of Funding Opportunity<sup>iii</sup> and has scheduled two informational webinars for applicants on **Sept. 19, 2025**, and **Sept. 25, 2025**.<sup>iv</sup> Providers should ensure they attend these educational opportunities to help inform their state agencies and leadership.

CMS will approve or deny submitted plans by **Dec. 31, 2025**, and has emphasized its intent to partner with states over the full five-year program to ensure strong oversight and successful initiative-implementation with lasting impact. Given the rapidly approaching deadline, health care providers have a limited window of opportunity to advocate for specific additions to their states' applications.

### Funds May Flow Beyond Rural Areas

Subject to CMS approval, states are permitted to use program dollars for a variety of purposes. And while funds are intended to support rural health transformation, the Act does **not** require all dollars to be specifically invested in rural areas.

For example, funding may be used to support access to opioid use disorder treatment, mental health services and other substance use disorder treatment services. With CMS approval, these investments could potentially extend to urban and suburban areas.

This flexibility may allow for broader health care infrastructure investments, but it also raises important questions about how program funds will be prioritized — and whether they will reach the intended rural health care providers.

### What Providers Should Do Now

The time for rural providers to engage with state agencies is now. States have broad discretion in how program funds are used, so provider input is critical to ensure that local needs — like behavioral health, workforce shortages and digital infrastructure gaps — are addressed.

While questions remain about CMS's priorities and the ultimate allocation of program funds, the only way to participate is to apply — and the clock is ticking.

For providers or other organizations looking to engage in state-level planning or evaluate strategic opportunities before the Nov. 5 deadline, our health care regulatory team is available to assist.

i CMS Launches Landmark \$50 Billion Rural Health Transformation Program, available at <https://www.cms.gov/newsroom/press-releases/cms-launches-landmark-50-billion-rural-health-transformation-program>.

ii States must certify that Program funds will not be used by the state and attributed to an intergovernmental transfer, certified public expenditure or any other expenditure to finance

the non-Federal share of expenditures required under any provision of law, including Medicaid.

iii Rural Health Transformation, Frequently Asked Questions, available at <https://www.cms.gov/files/document/rural-health-transformation-frequently-asked-questions.pdf>.

iv See CMS Rural Health Transformation (RHT) Program, available at <https://www.cms.gov/priorities/rural-health-transformation-rht-program/rural-health-transformation-rht-program>.