Rural Health Transformation Program.
Current Law: No provision.

Provision: This section would make $3 billion, in each of fiscal years (FY) 2027 through FY 2031, for a total of $15 billion in funding, available to the 50 states. Under the program, a state would be required to submit an application to the CMS Administrator in order to receive federal funding to carry out specified activities. A state would only need to apply once in order to be approved for the entirety of the program's duration. States may use funding allocated from the program to develop this application, which would consist of a rural health transformation plan that describes how the state would use funds from the program to:

- improve access to hospitals, other health care providers, and health care items and services furnished to rural residents of the state;
- improve health care outcomes of rural residents of the state;
- prioritize the use of new and emerging technologies that emphasize prevention and chronic disease management;
- initiate, foster and strengthen local and regional strategic partnerships between rural hospitals and other health care providers in order to promote measurable quality improvement, increase financial stability, maximize economies of scale, and share best practices in care delivery;
- enhance economic opportunity for, and the supply of, health care clinicians through enhanced recruitment and training;
- prioritize data and technology driven solutions that help rural hospitals and other rural health care providers furnish high-quality health care services as close to a patient's home as is possible;
- outline strategies to manage long-term financial solvency and operating models of rural hospitals in the state; and
- identify specific causes driving the accelerating rate of stand-alone rural hospitals at risk of closure, conversion, or service reduction.

Of the annual $3 billion appropriation, $1.5 billion would be distributed equally to the 50 states. The remaining $1.5 billion would be distributed to states based on a procedure to be determined by the CMS Administrator. In determining the allocation procedure, the CMS Administrator would be required to consider a state's rural population, proportion of health care facilities in rural areas, and the situation of hospitals who serve low-income patients. States would be required to have an approved application to receive funds.

Allotments distributed to states would remain available for use through the end of the second succeeding FY. Beginning in FY 2029, amounts allotted but unused would be redistributed in accordance with a methodology specified by the CMS Administrator. Redistributed amounts would remain available for use by the state through the end of the second succeeding fiscal year. States would not be required to match awarded allotments. Funds could only be used for allowable activities, such as:

- Promoting evidence-based, measurable interventions to improve prevention and chronic disease management;
- Providing payments to health care providers, as defined by the Administrator, for the provision of health care items or services, as specified by the Administrator;
- Promoting consumer-facing, technology-driven solutions for the prevention and management of chronic diseases;
- Providing training and technical assistance for the development and adoption of technology-enabled solutions that improve care delivery in rural hospitals, including remote monitoring, robotics, artificial intelligence, and other advanced technologies;
- Recruiting and retaining clinical workforce talent to rural areas, with commitments to serve rural communities for a minimum of 5 years;

- Providing technical assistance, software, and hardware for significant information technology advances designed to improve efficiency, enhance cybersecurity capability development, and improve patient health outcomes;
- Assisting rural communities to right size their health care delivery systems by identifying needed preventative, ambulatory, pre-hospital, emergency, acute inpatient care, outpatient care, and post-acute care service lines;
- Supporting access to opioid use disorder treatment services (as defined in section 1861(jjj)(1)), other substance use disorder treatment services, and mental health services;
- Developing projects that support innovative models of care that include value-based care arrangements and alternative payment models, as appropriate; and
- Additional uses designed to promote sustainable access to high quality rural health care services, as determined by the Administrator.