

Rural Health Transformation (RHT)

House Committee on Appropriations
January 8, 2026

JILL MAZZA OLSON, MEDICAID & HEALTH SYSTEMS DIRECTOR, AGENCY OF HUMAN SERVICES
TRACY O'CONNELL, CHIEF FINANCIAL OFFICER, AGENCY OF HUMAN SERVICES

Key RHT Program Details

Dates:

- Notice of Funding Opportunity (NOFO) released: 9/15
- Application submitted: 11/5
- Award notification received: 12/29
- Revised budget due to CMS 1/30

- **Opportunity:** A \$50 billion Centers for Medicare and Medicaid Services (CMS) initiative (FFY 2026–2030) to help *states* modernize rural health systems — improving access, quality, and sustainability through infrastructure, workforce, and care model transformation.
- **Goals:** Strengthen rural access, modernize care delivery, grow and retain the workforce, expand innovative care and payment models, and advance technology and data interoperability.
- **Funding Design:** Half of funds (\$25 billion) are distributed equally among approved states; the other half (\$25 billion) is weighted by rural population, state policies, and quality of application.

Funding Award Amount and Next Steps

- Each state was allowed to apply for \$200 million dollars, and awards ranged from \$147 million to \$281 million.
- Vermont's award, of **\$195,053,740**, represents nearly full funding of the State's proposal.
- Vermont has one of the highest per-capita awards of any state and the second highest in New England.

Application Parameters

Notice of Funding Opportunity outlined areas of focus for the application, along with funding restrictions

RHT is Essentially One-time Funding, best used for activities such as launching initiatives, transitions to new models, purchasing of technology and equipment, promoting collaboration

Notable Funding Limitations include:

- Restrictions on "supplantation" of the state budget
- Restrictions on otherwise billable services
- Restrictions on funding clinician salaries

At this writing we believe **Budget Period 1 funding must be spent by September 30, 2027**

Vermont's RHT Proposal Overview

Build Stronger Rural Health Networks: Strengthen primary care via the Blueprint, support regional transformation, improve transfers, enlist EMS in a new way, create new mobile health and dental options, build out mental health urgent care, expand access to complex care in nursing facilities, expand recovery housing, implement pharmacy “test-to-treat”

Technology and Shared Operations: Shared EHR for interested providers, remote patient monitoring, “closed-loop” referrals, shared back office systems, support for AI transcription

Strengthen the Rural Health Workforce: Tuition assistance with a service obligation, training programs at clinical sites across the continuum, “critical occupations” tuition support

Planning: Exploring strategies for health care exchange reinsurance model, consumer-facing price and quality transparency tools, data and expert support to regionalize some services

Public Engagement

- AHS has an [RHT Program page](#) on the Office of Health Care Reforms website, including a **public contact form**, and will continue to do so throughout the life of the RHT Program.
- We have publicly posted the [project narrative](#), [summary](#) and [list of projects](#) on the HCR website as well. The budget is not publicly posted, pending negotiations with CMS.
- Existing advisory committees on workforce, primary care, and the Act 68 Strategic Plan
- Communication plan for next phase of implementation