

Rural Health Transformation (RHT) Update

Presentation to Vermont Legislature

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Key RHT Program Details

Dates:

- Notice of Funding Opportunity (NOFO) released: 9/15
- Application submitted: 11/5
- Award notification received: 12/29
- Funding starts: Early January 2026

- **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, need, and quality of application.

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

Unexpended and Unobligated Funds will be redistributed among states in the next funding year; year 1 ends September 30, 2027; annual report due August 30

Application Parameters - Continued

- As allowed in the **Notice of Funding Opportunity**, the application counted all FQHCs and “community mental health centers” as part of the rural metric scoring, regardless of location.
- Our current understanding is that **all providers are eligible for RHT funds** regardless of location.
- AHS is still working with the Centers for Medicare and Medicaid Services (CMS) for approval on methodology, process and specific criteria for funding

Vermont's RHT Proposal Overview

Build Stronger Rural Health Networks: Strengthen primary care, support transfers, enlist the 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 HR systems, support for AI transcription

Strengthen the Rural Health Workforce: Housing, training programs at clinical sites across the continuum, financial incentives for education

Planning: Exploring strategies to expand insurance options and a reinsurance model, consumer-facing price and quality transparency tools, data and expert support to regionalize some services

Ongoing Public Engagement

- AHS has maintained its [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.

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.
- Over the next several weeks, AHS staff will negotiate a final budget and terms and conditions with the federal government.