

Summary: "Sec. 71401. Rural Health Transformation Program"
Updated July 14, 2025

In the Senate-amended version of the One Big Beautiful Bill Act (H.R. 1), Section 71401 provides funding for a "Rural Health Transformation Program." This section would make $10 billion, in each of fiscal years (FY) 2026 through FY 2030, for a total of $50 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 one to be approved for the entirety of the program's duration.

States must submit a rural health transformation plan to the CMS Administrator detailing how the state would use funds from the program to:

1. Improve access to hospitals, other health care providers, and health care items and services furnished to rural residents of the State;
2. Improve health care outcomes of rural residents of the State;
3. Prioritize the use of new and emerging technologies that emphasize prevention and chronic disease management;
4. 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;
5. Enhance economic opportunity for, and the supply of, health care clinicians through enhanced recruitment and training;
6. 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;
7. Outline strategies to manage long-term financial solvency and operating models of rural hospitals in the State; and
8. Identify specific causes driving the accelerating rate of stand-alone rural hospitals becoming at risk of closure, conversion, or service reduction.

Of the annual $10 billion appropriation, $5 billion would be distributed equally to the 50 states (ie. if all 50 states submitted an application, a state would receive $100 million for one year). The remaining $5 billion would be distributed to states based on a procedure determined by the CMS Administration, which could include:

- The percentage of the State population that is located in a rural census tract of a metropolitan statistical area;
- The proportion of rural health facilities in the State relative to the number of rural health facilities nationwide;
- The situation of hospitals in the State; and
- Any other factors that the Administrator determines appropriate.



Allotments distributed to states would remain available for use through the end of the following FY. Beginning in March 31, 2028, 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. CMS is directed to approve applications for allotted funding by December 31, 2025.

Funds must be used for three or more of the following health-related activities:

- Promoting evidence-based, measurable interventions to improve prevention and chronic disease management.
- Providing payments to health care providers 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.
- Additional uses designed to promote sustainable access to high quality rural health care services, as determined by the Administrator.

Funding Breakdown:

Year	**Amount**
2026	$10 billion
2027	$10 billion
2028	$10 billion
2029	$10 billion
2030	$10 billion
TOTAL FOR FIVE YEARS	**$50 billion**



Year	50% equally to all states approved	50% to states
2026	$5 billion to all 50 states	Remaining $5 billion to states via CMS methodology (rural proportion)
2027	$5 billion to all 50 states	“”
2028	$5 billion to all 50 states	“”
2029	$5 billion to all 50 states	“”
2030	$5 billion to all 50 states	“”

SCENARIO A – All 50 states submit a rural health transformation plan.

Year	50% equally to all states approved (50 states)
2026	$100 million to one state
2027	$100 million to one state
2028	$100 million to one state
2029	$100 million to one state
2030	$100 million to one state
TOTAL FUNDING FOR 5 YEARS	$500 million

Each state would receive $500 million for FY 2026-2030 ($100 million x 5 years) to use in their rural health transformation plan.

States could be selected for additional funding depending on the rurality of their state.