



NARHC 2026 Policy Summit

## **POLICY PRIORITY 4: Rural Health Transformation Program & Other Government Resources**

### **POLICY ISSUES**

**The President's proposed Department of Health and Human Services (HHS) budget for Fiscal Year 2027 slashes funding for integral rural health programs, ultimately threatening rural provider stability and patient access.**

The following rural health programs are proposed for elimination in the FY2027 HHS Budget: State Offices of Rural Health (SORHs), Rural Hospital Flexibility Grants, Rural Hospital Stabilization Pilot Program, Area Health Education Centers (AHECs), & various workforce programs (Primary Care Training and Enhancement, Nurse Education, Practice, and Retention, and many others). These programs provide essential resources and support to rural communities. Their elimination would be a dangerous further disinvestment in all facets of rural.

**While Congress injected \$50 billion into rural healthcare via the Rural Health Transformation Program (RHTP), no one is exactly sure how this money will actually be spent over the next five years.**

The legislative text of H.R.1 created the program is quite open-ended and as such, almost every entity in healthcare is interested in receiving this funding to help be part of the 'transformation.' The distribution of funds is ultimately left to the discretion of the Centers for Medicare and Medicaid Services (CMS) Administrator, Dr. Oz, and each state. As a result, funding could be directed to other healthcare facilities beyond rural hospitals and RHCs, including urban providers, or used in statewide 'transformation' efforts in which no facility may see direct dollars from the fund.

### **SUPPORTING DATA**

**State Offices of Rural Health (SORHs) are critical resources for RHCs.** NARHC represents RHCs across the country and relies on SORHs for state-specific knowledge and support. They provide targeted programming and resources to support the RHCs within their states. Examples include:

- **Oregon:** Established a learning cohort supporting RHCs in developing and sustaining comprehensive regulatory compliance for survey readiness.
- **Michigan:** Provided targeted education specific to the National Health Service Corps (NHSC) to help address provider shortages in rural primary care clinics. In 2024, Michigan had 322 NHSC recipients serving rural areas, including 181 in primary care clinics.

**Workforce programs remain essential for rural healthcare access. RHCs face unique workforce challenges that directly impact healthcare access for rural patient populations.** Congress created several bipartisan programs to address these challenges and support new rural investment, including:

- Primary Care Training and Enhancement
- Nurse Education, Practice, and Retention
- Other rural workforce development programs

**RHCs continue to lack dedicated grant funding.** While these programs offer support, RHCs have never received dedicated grant funding unlike many of their peers in the safety-net provider community, including Federally Qualified Health Centers (FQHCs) and Critical Access Hospitals (CAHs).

Countless RHCs have already closed due to staffing shortages, while many others remain on the brink of closure. RHCs are critically in need of support to continue their lifesaving work. Therefore, NARHC supports grant opportunities specifically targeted to the RHC program.

**34 states referenced RHCs in their RHTP plans.** However, NARHC is concerned that RHCs may once again be overlooked in funding distribution despite their essential role in rural care delivery. As the dominant outpatient provider in rural, medically underserved communities, serving over 39 million Americans annually, we believe that RHCs are one of the best-positioned facility types to transform rural healthcare.

## SOLUTIONS



Ensure Congress fully funds integral rural health programs slated for removal, as outlined above.



Create dedicated grant funding for RHCs to expand nutritional support and related patient services in rural communities, similar to the proposed \$19 million increase for Community Health Centers.



Issue clear guidance and establish accountability measures to ensure RHCs can access RHTP funding intended to strengthen rural healthcare infrastructure and preserve patient access.



## CONSIDERATIONS

If this policy priority speaks to you, we encourage you to have the following information prepared for your Hill Day meetings:

- Example stories regarding support from resources funded through HHS (SORH support, FLEX funding, etc.)
- Financial strain that could be alleviated with RHTP support

**THANK YOU FOR ADVOCATING—**

your voice helps protect access to care in rural America.

