



Rural Health Transformation Program Update

Public Health Funding and Policy Committee (PHFPC)

February 11, 2026

Acknowledgment of Support



Texas' Rural Health Transformation Program, Rural Texas Strong, is supported by the Centers for Medicare & Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS) as part of a financial assistance award totaling \$281,319,361 in budget period 1 with 100 percent funded by CMS/HHS.

The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.



Procurement Disclaimer

At this time, HHSC is not meeting with potential vendors or applicants so that we can maintain fairness for all interested participants and protect future procurements related to the federal Rural Health Transformation (RHT) Program.

Actual eligible participants, including the definitions that will be used to evaluate eligibility, and a final determination of who is eligible will be a contracting and procurement function.

Procurement details will be finalized as we work through the approval processes for our project design with CMS and then ultimately the internal procurement and contracting processes.

We are unable to discuss or answer questions related to procurement and eligibility information. Please see the “How to Stay in Touch” slide for additional information on how to sign up for updates as they are released.

Agenda



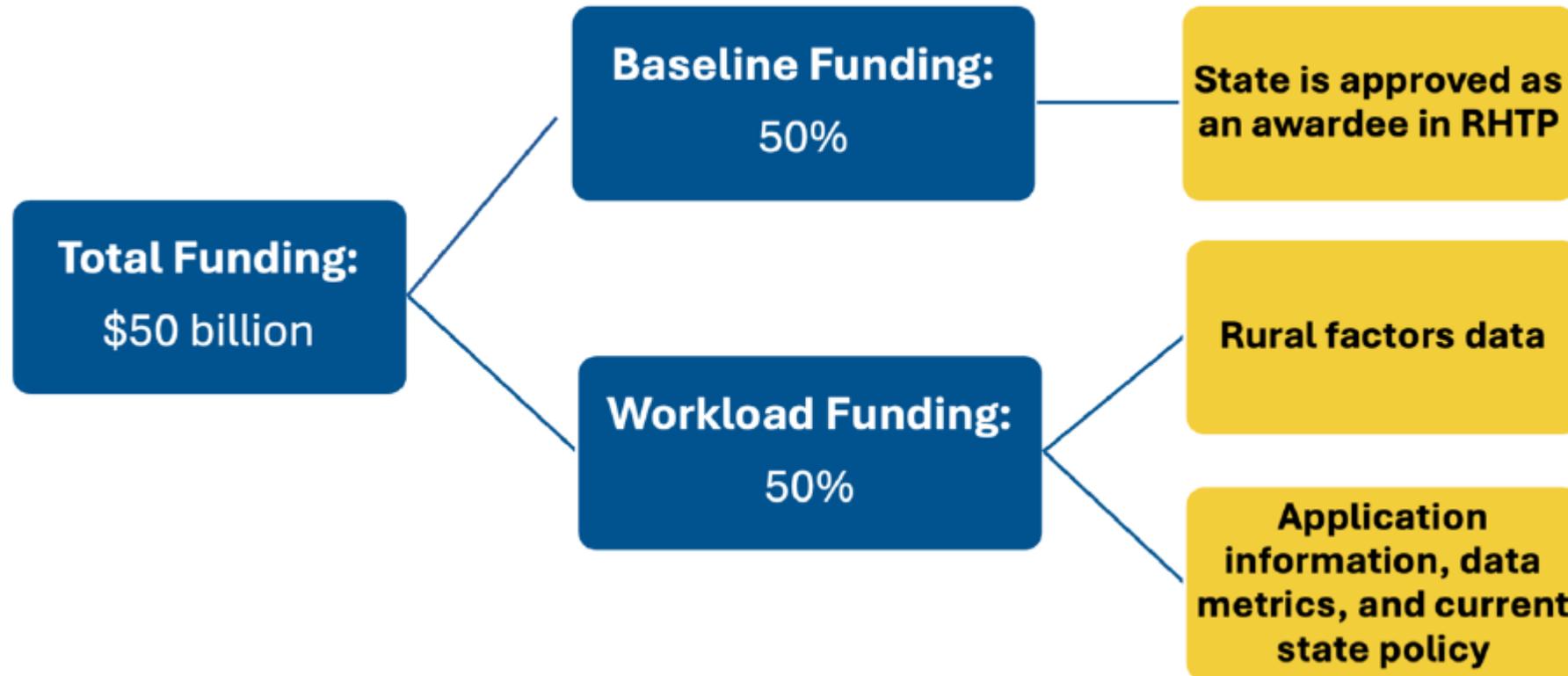
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1. Review of Rural Health Transformation Program Funding, including Allowable and Unallowable Uses of Funds
2. Rural Health Transformation Award Update
3. Overview of Submitted Initiatives
4. How to Stay in Touch

RHT Program Funding Distribution



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Use of Funds



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1. **Prevention and chronic disease:** Promoting evidence-based, measurable interventions
2. **Provider payments:** Payments to health care providers for the provision of health care items or services.
3. **Consumer tech solutions:** Promoting consumer-facing, technology-driven solutions for the prevention and management of chronic diseases.
4. **Training and technical assistance:** Providing training and TA to improve care delivery in rural hospitals, including remote monitoring, robotics, artificial intelligence, and other advanced technologies.
5. **Workforce:** Recruiting and retaining clinical workforce talent to rural areas, with commitments to serve rural communities for a minimum of 5 years.

*Note: Additional details on the use of funds can be found in the CMS Notice of Funding Opportunity.

Use of Funds



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6. **IT advances:** Providing technical assistance, software, and hardware.
7. **Appropriate care availability:** Assisting rural communities to right size their health care delivery systems.
8. **Behavioral health:** Supporting access to opioid use disorder treatment services, other substance use disorder treatment services, and mental health services.
9. **Innovative care:** Support innovative models of care that include value-based care arrangements and alternative payment models.
10. **Capital expenditures and infrastructure:** Investing in existing rural health care facility buildings and infrastructure, including minor building alterations or renovations and equipment upgrades.
11. **Fostering collaboration:** Initiating, fostering, and strengthening local and regional strategic partnerships between rural facilities and other health care providers.

*Note: Additional details on the use of funds can be found in the CMS Notice of Funding Opportunity.

Funding Limitations and Unallowable Costs



- New construction is unallowable. Minor renovations or alterations are allowed if clearly linked to program goals; funding cannot exceed 20% of the total funding CMS awards States in budget period.
- Limits on using funding for EMR systems. No more than 5% of total funding CMS awards to a state in budget period.
- Purchase of covered telecommunications and video surveillance equipment for households.
- Limits on provider payments. Cannot use funds to replace payment for clinical services that could be reimbursed by insurance.
- Clinician salaries or wage supports for facilities that subject clinicians to non-compete contractual limitations.

*Note: This is not an exhaustive list of restrictions. Additional details can be found in the CMS Notice of Funding Opportunity and on the CMS RHT website.



Rural Texas Strong Update

- HHSC submitted its Rural Texas Strong application for the RHT Program to CMS on November 3, 2025. The submitted application and other materials are posted to HHSC's [Rural Health Transformation Program](#) website.
- CMS requested additional budget information in December, before announcing awards on December 29, 2025.
- Texas was awarded \$281.3 million for budget period 1 of the program. An approximate \$1.4 billion over five years. All future funding figures are estimates as CMS has not issued final budget awards for the remaining budget years of the program.
- HHSC must provide an updated budget to CMS since every state was required to draft an application using a hypothetical \$200 million per year. Revisions were due to CMS on January 30, 2026.
- CMS will take up to 30 days to review the updated information, ask questions, and provide additional guidance on the terms and conditions of the award.

Make Rural Texans Healthy Again

Initiative 1

- **Eligibility:** Rural hospital districts.
- **Procurement process:** Direct awards.
- **Description:** Funding will be used to enhance or create community-based prevention, wellness and nutrition programs, or services aimed at improving chronic disease conditions (diabetes, cardiovascular disease, chronic respiratory disease or obesity).



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Make Rural Texans Healthy Again

Initiative 1

Table 1: Implementation Options

Community wellness center (exercise, nutrition classes, etc.)	Non-emergent transportation support to improve access to pharmacies (to improve medication adherence), grocery stores, and primary or preventive healthcare appointments
Grocery stores, farmer's markets, or local food pantries to increase access to fresh U.S.-grown produce, dairy, and meat (Funds cannot be spent on meals themselves, per CMS)	Active remote monitoring for high acuity patients
After-hours primary care clinic to reduce non-emergent emergency department visits	Support and technology for enrolling individuals who are dually eligible for Medicare and Medicaid in care plans that include local behavioral and preventative care providers
Low or no-cost chronic disease screenings (prevention) and low or no-cost primary care visits	Other strategies, as approved by HHSC



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Rural Texas Patients in the Driver's Seat

Initiative 2

- **Eligibility:** Two or more clinically-integrated networks, accountable care organizations, or similar cooperatives supporting hospitals, clinics/physicians, and behavioral health providers
- **Procurement Process:** Request for Proposal, Competitive Procurement.
- **Description:** Funds will be used for patient portal creation, health information exchange (HIE) compatibility and advancement, and other consumer-facing health technology equipment and applications.



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Lone Star Advanced AI and Telehealth

Initiative 3

- **Eligibility:** Two or more clinically integrated networks, accountable care organizations or similar cooperatives.
- **Procurement Process:** Request for Proposal, Competitive Procurement.
- **Description:** Fund HIE and electronic medical record compatible artificial intelligence tools, including ambient listening, to improve patient record keeping, correct coding, and streamline medical administrative costs; support creation and establishment of telehealth networks for specialty and behavioral health services.



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The Next Generation of the Small Town Doctor and Team

Initiative 4

- **Eligibility:** Rural health care providers, with at least one award per rural county.
- **Procurement Process:** Request for application.
- **Description:** Funding will support locally driven efforts with a focus on at least one of four approaches, described on the next slide.



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The Next Generation of the Small Town Doctor and Team

Initiative 4

- Locally-driven efforts will focus on at least one of four approaches:
 1. Developing career paths for local high school students.
 2. Providing scholarships for recent high school graduates.
 3. Offering relocation or signing bonuses for early, mid, or late career professionals.
 4. Creating a new residency training program, fellowship or combination program, including partnering with academic institutions or an existing teaching hospital.



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Unified Care Infrastructure and Rural Cyber Protection

Initiative 5

- **Eligibility:** Vendors listed as a Managed Security Services Provider with the Texas Department of Information Resources.
- **Procurement Process:** Request for offer.
- **Description:** Funding will be used to establish a unified care infrastructure and bolster cybersecurity defenses across rural providers. By deploying a managed security solution — including endpoint detection and response; comprehensive, all-time security operations center monitoring, and comprehensive user training — risk can be significantly reduced, ensuring the security of sensitive patient data, and enhancing the overall security of an organization.



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Infrastructure and Capital Improvement for Rural Texas

Initiative 6

- **Eligibility:** Rural hospitals, rural health clinics, behavioral health providers, opioid and substance abuse programs, emergency medical services (EMS), pharmacies, public health offices and other eligible providers.
- **Procurement Process:** Request for Application.
- **Description:** Provide funding for providers to add and replace the equipment they need to improve patient care, within the required limitations on new construction and remodel projects.



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How to Stay in Touch

- The [HHSC Rural Health Transformation Program](#) website has been established and will be updated with new opportunities and information about the program.
- New email: RuralTexasStrong@HHS.Texas.gov.
- HHSC is actively working on hiring a new dedicated team, with postings available online at [Jobs at HHS](#).
- Stakeholders, applicants, and vendors are encouraged to sign up for the new Rural Texas Strong [Gov Delivery](#), where HHSC will issue public notices and announce procurement opportunities.
- Procurement opportunities will also be posted to the [Electronic State Business Daily](#) website.



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Thank you

RuralTexasStrong@HHS.Texas.gov