NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

Rural Health Transformation Program

Virtual Town Hall

October 3, 2025

For Your Information

A copy of today's slide deck and recording will be available on our website at/ Una copia de la presentación y de la grabación de hoy estará disponible en nuestro sitio web

https://www.ncdhhs.gov/divisions/office-rural-health/rural-health-transformation-program

- **Quick tips on attending a Microsoft Teams Live Event / Consejos rápidos para asistir a un evento en vivo de Microsoft Teams.**
- **To view the webinar with captions/subtitles / Para ver el seminario web con subtítulos:**
  - **Click the settings (gear icon) / Haga clic en el icono de configuración**
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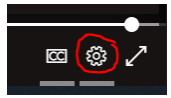

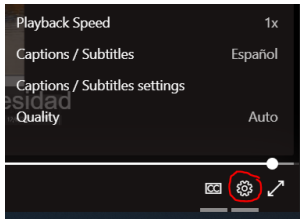

Use the Q&A feature at the top right of the screen to ask questions and provide comments, please include your name and organization when asking a question. We will try to answer as many questions as possible in the Q&A session at the end of the webinar.

Dr. Devdutta Sangvai,
Secretary,
North Carolina Department of Health and Human Services

Today's session

- Welcome & Purpose of Briefing
- Background and NC Context
- Brief Overview of the RHTP NOFO
- What's Not Allowed
- NC's Approach
- Timeline and Key Milestones
- Next Steps & Partner Engagement

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Background and NC Context

- RHTP is part of H.R. 1 federal legislation
  - H.R. 1 also made changes to Medicaid that will reduce funding by $49.9B over 10 years.
  - Rural hospitals will see $3.7B in losses over 10 years.
- RHTP is designed to transform rural health care beyond federal Medicaid cuts.
- RHTP is temporary funding that will not cover the losses NC hospitals face due to H.R. 1.
- What this means for N.C.?
  - NC's rural population is the second largest in the country.
  - NC's strong safety net system provides a strong foundation for transformation.
- RHTP is an opportunity
  - NC can build on the innovative models that work, spur sustainable innovation, support North Carolina's rural workforce, and improve access to care for the over 3.4 million individuals living in rural areas.

Our focus remains rooted in improving the health and well-being of all North Carolinians.

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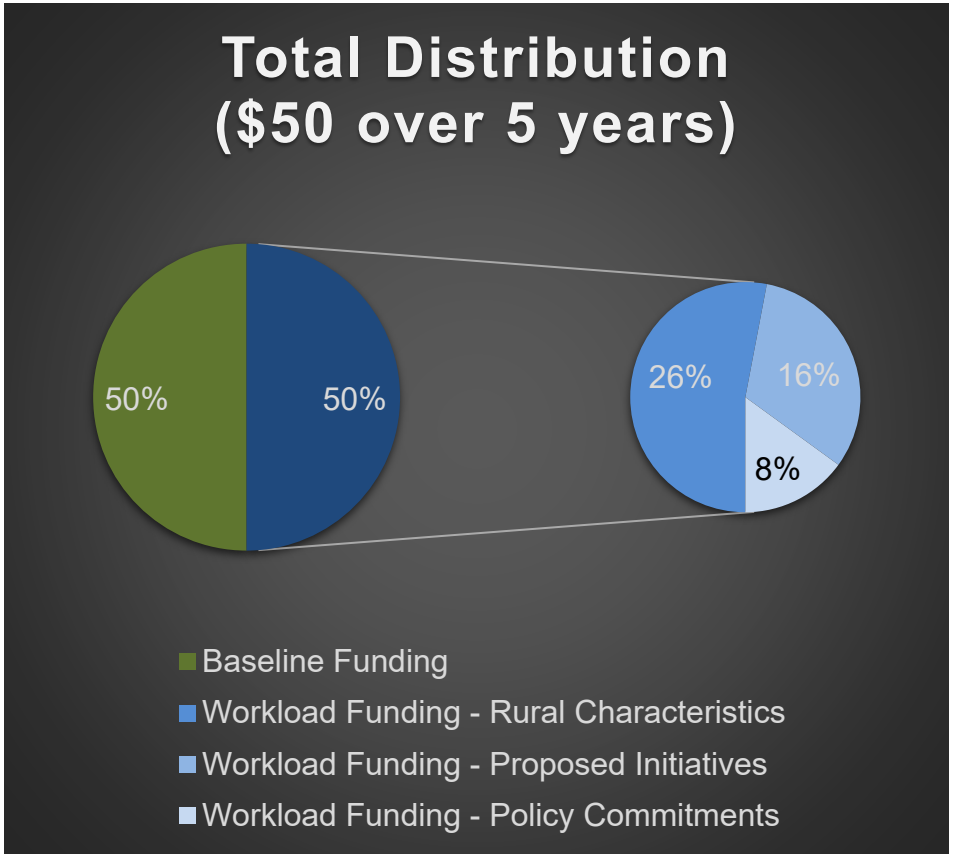
Funding Overview and our plan will be evaluated

- **Total Funding:** $50 billion
- **Award Type:** Cooperative agreement (notice of funding released on 9/15 via grants.gov)
- **Number of Awards:** Up to 50 (one per State)
- **Funding Structure:**
  - **Baseline Funding:** $25B equally distributed
  - **Workload Funding:** $25B based on application quality and rural metrics



Rural Health Transformation Strategic Goals

Make rural America healthy again

Support rural health innovations and new access points to promote preventative health and address root causes of diseases. Projects will use evidence-based, outcomes-driven interventions to improve disease prevention, chronic disease management, behavioral health, and prenatal care.

Sustainable access

Help rural providers become long-term access points for care by improving efficiency and sustainability. With RHT Program support, rural facilities work together—or with high-quality regional systems—to share or coordinate operations, technology, primary and specialty care, and emergency services.

Workforce development

Attract and retain a high-skilled health care workforce by strengthening recruitment and retention of healthcare providers in rural communities. Help rural providers practice at the top of their license and develop a broader set of providers to serve a rural community's needs, such as community health workers, pharmacists, and individuals trained to help patients navigate the healthcare system.

Innovative care

Spark the growth of innovative care models to improve health outcomes, coordinate care, and promote flexible care arrangements. Develop and implement payment mechanisms incentivizing providers or Accountable Care Organizations (ACOs) to reduce health care costs, improve quality of care, and shift care to lower cost settings.

Tech innovation

Foster use of innovative technologies that promote efficient care delivery, data security, and access to digital health tools by rural facilities, providers, and patients. Projects support access to remote care, improve data sharing, strengthen cybersecurity, and invest in emerging technologies.

RHT Program Use of Funds Requirements

Approved states may use funds awarded by CMS to invest in at least 3 of the permissible uses:

- **Prevention and chronic disease**
- **Provider payments** (no more than 15% of total funds)
- **Consumer tech solutions**
- **Training and technical assistance**
- **Workforce** (commitment to serve rural communities for 5 years)
- **IT advances** (subject to restrictions)
- **Appropriate care availability**
- **Mental health (MH) and substance use disorder (SUD)**
- **Innovative care**

Additional uses, as determined by the Administrator:

- **Capital expenditures and infrastructure** (including minor building alterations or renovations and equipment upgrades, subject to restrictions; no more than 20% of total funds)
- **Fostering collaboration** (strengthening local and regional partnerships; both rural and other participating providers)

Note: No more than 10% of the amount allotted to a state for a budget period may be used by the state for administrative expenses. This 10% limit applies to administrative costs for the entire budget, including indirect and direct costs. See appendix for more information unallowable costs.

Flash Poll: RHT Program Use of Funds Requirements

Approved states may use funds awarded by CMS to invest in at least 3 of the permissible uses.
Use the QR code to vote on where we should prioritize!

Prevention and chronic disease	**Provider payments** (no more than 15% of total funds)	**Consumer tech solutions**
Training and technical assistance	**Workforce** (commitment to serve rural communities for 5 years)	**IT advances** (subject to restrictions)
Appropriate care availability	**Mental health (MH) and substance use disorder (SUD)**	**Innovative care**

https://www.menti.com/aloqwvd4ki61; Passcode: 6700 0815

Who is eligible to apply?

Only the 50 U.S. states are eligible to receive an RHTP award; while H.R. 1 requires CMS to consider the number of rural health facilities in a state when determining funding allocations, the law doesn't explicitly define how providers are eligible.

Subgrantees and subrecipients for NC's program will be determined by the state's use of funds referenced earlier, but may include "rural health providers" defined in H.R.1.

Providers Included in Definition of "Rural Health Facility" in H.R. 1

- Hospitals located outside of metropolitan statistical areas (MSA)
- Hospitals that have reclassified as rural (this includes some hospitals in urban areas)
- Hospitals located in a rural census tract of an MSA
- Critical Access Hospitals (CAHs)
- Sole Community Hospitals (SCHs)
- Medicare-Dependent Small Rural Hospitals
- Low Volume Hospitals
- Rural Emergency Hospitals
- Rural Health Clinics
- Federally Qualified Health Centers
- Community Mental Health Centers
- Health Centers receiving Section 330 grants
- Opioid Treatment Programs (OTPs) located in a rural census tract of an MSA
- Certified Community Behavioral Health Clinics located in a rural census tract of an MSA

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What is not allowed per the NOFO 🚫

Medicaid-Related Restrictions

- No supplanting of Medicaid payments:
  - Cannot use RHTP funds to replace payments for clinical services that are already reimbursable by Medicaid, CHIP, Medicare, or other federal programs
- No use for non-federal share:
  - Funds cannot be used for intergovernmental transfers, certified public expenditures, or any other mechanism to finance the non-federal share of Medicaid
- No duplication of Medicaid-covered services:
  - Direct service payments must be justified as non-duplicative and transformative (e.g., covering gaps in care, not just supplementing fee schedules)

Capital and Infrastructure Limits

- No new construction:
  - Construction or building expansion is not allowed
- Renovations allowed only if:
  - Clearly linked to program goals and within the 20% cap for Category J (capital exp/infrastructure)

Other Prohibited Uses

- Lobbying, Meals, Cosmetic or experimental procedures:
- Technology purchases:
  - No purchase of covered telecommunications or surveillance equipment (per 2 CFR 200.216)

EMR replacements:

- Limited to 5% of total award if replacing an existing HITECH-certified system

Administrative Cost Cap

- Max 10% of total award may be used for administrative expenses, including indirect costs

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Rural Health Transformation Program: North Carolina Priorities

NCDHHS is preparing to submit its application now and will use the opportunity to continue its mission to address the financial strain rural providers, and hospitals, have faced for years.

NC's application to CMS will outline plans to:

- Improve access to rural hospitals and providers
- Strengthen the rural health care workforce
- Foster provider partnerships
- Improve outcomes for rural residents

Thank you for early feedback!

🚗 **Access to Care:**

Mobile clinics, telehealth kiosks, and transportation solutions

🧠 **Behavioral Health:**

Crisis response, integrated care, and peer support models

👷 **Workforce Development:**

Loan forgiveness, rural service commitments, and training pipelines

🌐 **Technology & Infrastructure:**

Broadband, EHR interoperability, and AI-enabled tools

🏘️ **Social Determinants of Health:**

Housing, food security, and transportation equity

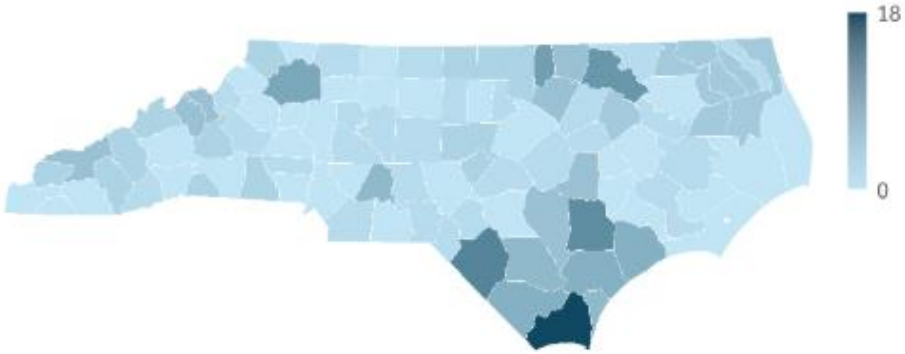
🤰 **Maternal & Pediatric Health:**

OB/GYN deserts, pediatric shortages, and tele-OB consults

📍 Regional Highlights

- **Eastern NC:** High engagement from Brunswick, Robeson, Duplin, Halifax, and Vance Counties
- **Western NC:** Increased submissions from Mitchell, Yancey, Swain, and Avery Counties
- **Sandhills Region:** Workforce and maternal health concerns emphasized

210+ comments submitted



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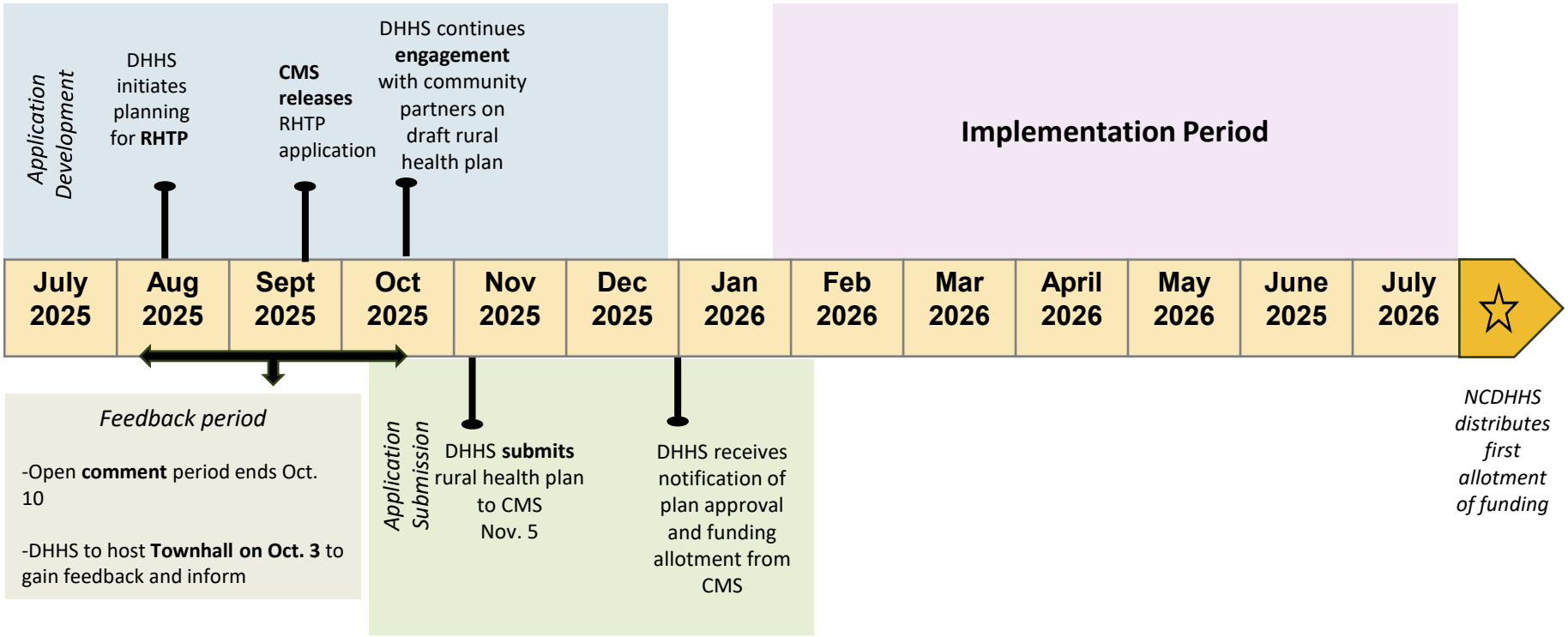
NC Rural Health Transformation Plan Timeline*



***Note:* Subject to change**

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Next steps and engagement

- **Dates to remember:**
  - October 10, 2025: Open feedback period ends
  - November 5, 2025: NCDHHS submits application to CMS
  - Dec. 31, 2025: Target for CMS approval of application
  - Early 2026: More guidance to be issued on how partners can apply for fund

- **For more information:**
  - Press Release: North Carolina to Apply for the Rural Health Transformation Program
  - Website: Rural Health Transformation Program
  - Feedback webpage: Rural Health Transformation Program: Submit Your Input

Submit your feedback by Oct 10 now using the QR code above

Questions?