

CMS Issues Press Release for \$50 Billion of Rural Health Transformation Funding



A historic opportunity for states to reimagine rural and frontier health systems.

On September 15th, 2025, CMS issued a [press release](#) on the Rural Health Transformation Program (RHT) aimed to improve healthcare access, quality, and outcomes in rural communities. The federal government has allocated **\$50 billion over 5 years** for states that apply and meet the program's criteria. Yes... *that means only states can apply and the average funding award per state is \$1 billion or \$200 million annually for 5 years.* To apply:

- ✓ States must submit a one-time application and a rural health transformation plan by **November 5, 2025.**
- ✓ **Behavioral health is an essential component of rural health** so please engage in the discussion around this transformative funding opportunity. The application should include a project summary, goals, strategies, and a budget narrative.
- ✓ **50% evenly distributed to all states** with an approved application (*which is \$500 million per state if all states qualify*) and 50% on individual state metrics as well as applications that reflect the greatest potential for scale of impact on the health of rural communities (*represents \$500 million additional funding per average state*).

Key Goals

1. **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.
2. **Sustainable access:** Help rural providers become ***long-term access points for care by improving efficiency and sustainability.***
3. **Workforce development:** Attract and retain a highly skilled health care workforce by strengthening recruitment and retention of health care providers in rural communities.
4. **Innovative care:** Spark the growth of innovative care models to improve health outcomes, coordinate care, and promote flexible care arrangements.
5. **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.

CMS offers a multitude of examples of how the funding might be used within these broad categories with a significant amount of room for creative solutions and consulting support to meet the unique needs of rural and frontier communities.

Behavioral Health Examples

- ❖ Provide payments to health care providers for the provision of health care items or services in a manner that sustains and enhances access to behavioral health services in our rural and frontier communities.
- ❖ Contract for **technical assistance, software, and hardware** acquisition and support to improve health care efficiency, accountability, and patient health outcomes.
- ❖ Engage consulting support in our rural and frontier communities to **right size their health care delivery systems** by identifying needed behavioral health, crisis care, preventative, ambulatory, pre-hospital, emergency, acute inpatient care, outpatient care, and post-acute care service lines.
- ❖ **Improve access** to opioid use disorder treatment services (as defined in section 1861(jjj)(1)), other substance use disorder treatment services, and mental health services through data-informed system design and expansion of capacity in rural and frontier communities based on the assessed needs.
- ❖ Develop projects that support **innovative models of behavioral health care** that include value-based care arrangements and alternative payment models, as appropriate to meet the needs of our rural and frontier communities.
- ❖ **Promote sustainable access** to high quality rural health care services by engaging consultative support for rate setting and enforcement of parity law to reduce reliance on taxpayers to fund health care services.

Time is of the essence, and we encourage behavioral health leaders to engage with state Medicaid teams to incorporate mental health and substance use care resources within the Rural Health Transformation Program applications to CMS. This funding offers the opportunity to transform systems through sustainable, innovative, data-driven health care approaches that will positively impact rural and frontier communities for multiple generations.