



## The “One Big Beautiful Bill” Currently Appropriates \$50 Billion for Rural Health Care

[H.R. 1](#) (also known as the One Big Beautiful Bill) was passed by the Senate on July 1, 2025. H.R. 1 includes the creation of a rural health relief fund called the Rural Health Transformation Program. The Rural Health Transformation Program would be created as a result of amending 42 U.S.C. 1397ee. Essentially, the program will allow states (not individual providers or facilities) to access the rural health funding and then states would have discretion in how to allocate or spend the funds.

The Rural Health Transformation Program appropriates \$10 billion per fiscal year to Centers for Medicare & Medicaid Services (CMS) for fiscal years 2026–2030, for a total of \$50 billion over five years. Funding under the program would be dispersed to eligible states by CMS. States must apply for funding by December 31, 2025, (or sooner if CMS specifies).

To be eligible, a state must submit an application (in a process to be determined) with the following information:

1. A detailed rural health transformation plan detailing how the state plans to:
  - a. Improve health care access and outcomes
  - b. Prioritize the use of new technologies or technologies that connect providers to patients
  - c. Initiate collaboration between rural health care providers
  - d. Enhance the supply of health care providers through economic incentives
  - e. Outline strategies for the long-term financial solvency of rural hospitals
  - f. Identify risk factors for rural hospital closure
2. A certification that none of the funding under the program would be spent on expenditures attributable to an intergovernmental transfer, certified public

expenditure, or any other expenditure to finance the non-federal share of expenditures required under any provision of law.

If a state is selected to receive payments under the program, it will receive payments for all five program years. The amount each state receives under the program will be determined by CMS based on each state's rural population, number of rural health facilities, and the situation of hospitals in the state. If a state receives funding under the program, it must use the funding for at least three of the following purposes:

1. Promotion of evidence-based chronic disease prevention and management interventions;
2. Payment to health care providers for the provision of health care items or services;
  - a. Eligible items or services to be specified by CMS at a later date.
  - b. Health care provider is a provider enrolled under CHIP, Medicaid, or Medicare.
3. Promotion of consumer-facing technology solutions to prevent / manage chronic diseases;
4. Provision of training or assistance in the adoption of technology solutions by rural hospitals (remote monitoring, AI, etc.);
5. Recruiting / retaining a clinical workforce to rural areas if such workforce commits to serve in a rural community for at least five years;
6. Provision of technical assistance, software, and/or hardware to improve cybersecurity, efficiency, or patient outcomes;
7. Identification of needed preventative, ambulatory, hospital, emergency, acute inpatient care, outpatient care, and post-acute care in rural communities;
8. Supporting access to opioid use disorder, substance use disorder, and mental health treatment;
9. Developing value-based care or alternative payment models; or
10. Any other use identified by CMS as qualifying.

For an individual provider or facility to receive funding under the program, a state would have to apply for the program, be granted program funding, and then operationalize three or more of the above-listed uses for the funding. The provider or facility would then likely have to meet whatever eligibility criteria such state sets and apply to the agenc(ies) in that state administering the funding use(s).

H.R.1 is currently back in the House, where further changes could be made to the bill's language. The creation of the Rural Health Transformation Fund is an important addition to the Senate version of H.R.1 intended to help forestall some of the negative impacts other provisions of the bill could have on rural health care funding. We will continue to monitor H.R.1 and its impact on funding for rural health care.

*This blog post was drafted by [Aurora Kammerer](#), an attorney in the Overland Park, Kansas, office of Spencer Fane. For more information, visit [www.spencerfane.com](http://www.spencerfane.com).*

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