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## Client Alert: Ohio Receives \$202 Million for Rural Health Transformation—What Health Care Providers Should Know

On December 29, 2025, the Centers for Medicare and Medicaid Services (CMS) announced the first wave of funding awards under the **Rural Health Transformation Program (RHTP)**. The State of Ohio has been awarded **\$202 million** for Fiscal Year 2026. This award puts Ohio slightly above the national state average of \$200 million. Across the country, first-year allocations ranged from a high of \$281 million to a minimum of \$147 million. These funds are the first installment of a five-year federal commitment aimed at modernizing care delivery and stabilizing the health care infrastructure in non-metropolitan areas.

### Background: The One Big Beautiful Bill Act

The funding is authorized under the federal budget (the **One Big Beautiful Bill Act** or the **Act**), which established the RHTP. The Act provides **\$50 billion** in total grants to states between fiscal years 2026 and 2030, largely in response to significant reductions in federal health care spending also memorialized in the Act. While Congress debated reductions in federal Medicaid spending by \$911 billion over 10 years purported to result in 10 million more people losing health insurance by 2034 based on Congressional Budget Office estimates, members of Congress raised concerns about the potential impact on rural hospitals, particularly given the trend of rural hospital closures. In response, the Senate added to the Act \$50 billion in funding for the RHTP.

**How Funding is Distributed:** The Act utilizes a two-part formula to distribute the \$10 billion available annually:

### INDUSTRY SECTOR

Health Care

### SERVICE LINE

Health Law

### RELATED PROFESSIONALS

Daphne L. Kackloudis

Grant P. Dearborn

Mara J. Rendina

### MEDIA CONTACT

Wendy M. Byrne

wbyrne@shumaker.com

- **Fixed Allotment (50 percent):** Distributed equally across all 50 states with approved applications.
- **Variable Allotment (50 percent):** Distributed by CMS based on specific state metrics, including:
  - Rural populations residing within metropolitan statistical areas (MSAs).
  - The state's percentage of the total number of rural health facilities nationwide.
  - The specific financial and operational situation of hospitals serving a disproportionate number of low-income patients with special needs.

## Ohio's Rural Health Transformation Project

Ohio's project abstract outlines five core pillars designed to address chronic disease and disparities in access to care in the state's 73 non-urban counties.

- **Rural Health Innovation Hubs:** Establishing Clinically Integrated Networks and Regional Centers of Excellence to link hospitals, clinics, emergency medical services (EMS), pharmacists, and community partners to coordinate care and expand capacity. Legislative reforms will allow **birthing centers** within rural hospitals.
- **Emergency Care Transformation:** Scaling a successful pilot that enables EMS to provide **treat-in-place** or **alternate-destination care**. This initiative aims to reduce unnecessary emergency department visits through advanced training and improved connectivity.
- **School-Based Health Centers:** Establishing clinics on K–12 and college campuses to offer primary, behavioral, dental, and telehealth services. These centers will also serve as vital clinical training sites for the rural workforce.
- **OH SEE Expansion:** Expands statewide mobile vision, hearing, and dental care based on a successful 13-county pilot to ensure early diagnosis and treatment for children.
- **Rural Workforce Pipeline:** Create a "continuum" of professional development from high school through professional training and employment. This includes upskilling for community health workers and pharmacists and requires **five-year rural service commitments** and partnerships among schools, universities, and employers.

## Next Steps for Providers

Providers in Ohio should prepare for the rollout of these initiatives and determine how they can participate. For more information, contact Daphne Kackloudis, Grant Dearborn, or Mara Rendina.