



Health and Human Services

Rural Hospital Advisory Committee

November 6, 2025

This summary contains supplemental information from reliable sources where that information provides clarity to the issues being discussed. Power Point tables used in the presentations may also be used in this summary. Names of individuals may be misspelled but every attempt has been made to ensure accuracy. Tables and Text have been used from executive and legislative agencies and departments' presentations and publications.





The Rural Hospital Advisory Committee (RHAC) is a subcommittee of HPAC mandated by Senate Bill 1621, 86th Legislature, Regular Session, 2019, to advise HHSC of issues relating specifically to rural hospitals.

In attendance: Rebecca McCain, Frank Beaman, John Henderson, Jerry Pickett, Todd Scroggins

1. Welcome, introductions, and roll call. The meeting was convened by Rebecca McCain, Chair.

2. Consideration of August 7, 2025, draft meeting minutes. The minutes were approved as drafted.

3. Announcement Office of Rural Hospital Finance and Coordination.

Introduction of new staff and changes. Staff were introduced. April Farino introduced new team members and their roles:

- Marcellus Creighton (Grants Support Specialist)
- Ernesto Cadena (moving to grant advisor role)
- Angelica Ortiz (new grants advisor)
- Mary Cloud (new project manager, leading Rural Hospital Officers Academy and curriculum development)

Mary will provide future updates to the committee.

4. Update on the State's One Big Beautiful Bill Act Rural Health Transformation Program Application

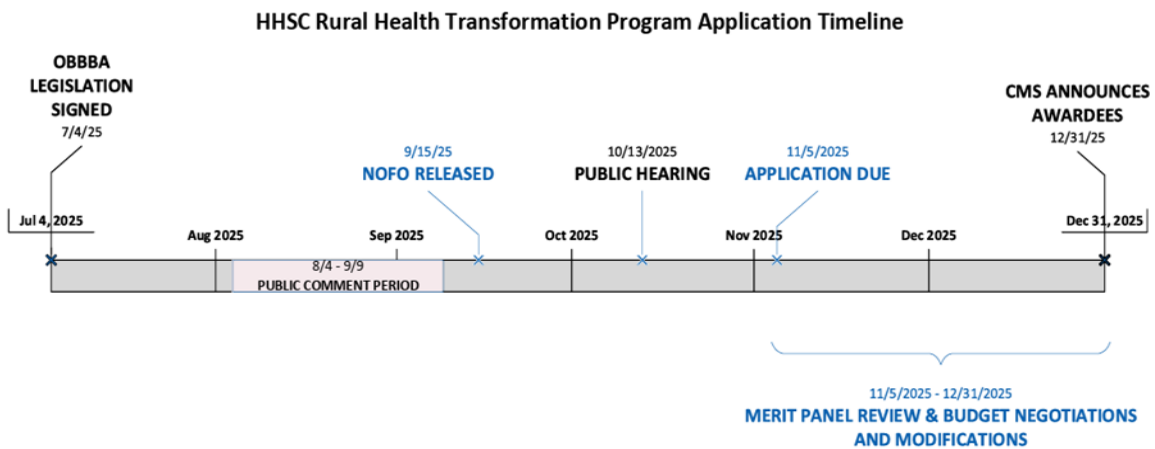
In summary: Claire Steeg (Provider Finance) gave an overview of Texas' application for federal Rural Health Transformation Program (\$50B funding opportunity under the One Big Beautiful Bill Act). Key points included application timeline, allowable and unallowable uses of funds, and stakeholder engagement process. Texas submitted its application early and awards are expected December 31 and funding will be disbursed in January. HHSC prioritized a lean administrative setup (approx. 3% of 10% cap for admin costs). Funding will be rolled out over five years, with annual fluctuations based on rural factors and program implementation. CMS has confirmed the required timeline for award announcements.

Committee clarified that HHSC's distribution plan is outlined in the application but subject to change based on CMS negotiations.

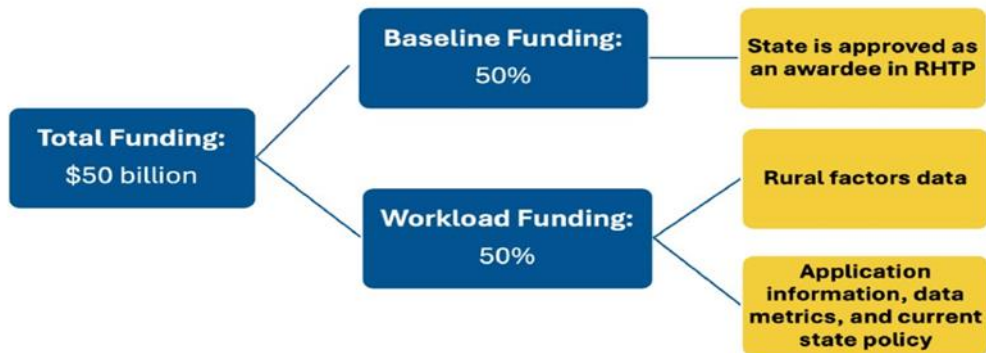
Presentation

Notice of Funding Opportunity

Notice of Funding Opportunity (NOFO) Timeline



Funding Distribution



Use of Funds- States must pick 3 or more

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.
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.

Funding Limitations and Unallowable Costs

- New construction is unallowable. Certain 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.

Stakeholder Engagement

- Aug. 4 to Sept. 9 – Received public comment: Received over 300 concepts, exceeding \$100 billion, related to every type of rural healthcare provider



- Oct. 6 – Met with State Office of Rural Health: provided a program overview and discussed application logistics
- Oct. 7 – Met with Texas Tribal Liaisons: provided an overview of the program and addressed questions
- Oct. 6 to 10 – Conducted regional stakeholder meeting: Staff traveled over 2,215 miles gathering information on regional and constituent needs in the following areas: Starr County/Rio Grande City, Stanton, Lufkin, Childress, Giddings, Bell County
- Oct. 13 – Received public testimony: Received virtual and in-person testimony from nearly 90 participants to ensure members of the public and providers were able to provide information following the release of the Notice of Federal Opportunity.

Texas Application

- HHSC submitted the application for Texas to CMS ahead of the Nov. 5 deadline.
- The application will be posted on HHSC's Website:
<https://www.hhs.texas.gov/providers/medicaid-businessresources/medicaid-supplemental-payment-directed-paymentprograms/rural-hospital-finance>
- Goals of the initiatives proposed: Local control, enduring impact/sustainability, comply with federal and state law, avoid supplantation of existing funds, disperse funds as efficiently and quickly as possible

Next Steps

- Applications will be reviewed by a merit review panel composed of federal and non-federal subject matter experts.
- There will be a budget reconciliation process where the state and CMS will work closely together to ensure initiatives are aligned with program goals and can be reasonably executed.
- CMS will announce awards by Dec. 31, 2025, and Year 1 funding will be disbursed in January 2026.
- HHSC will begin establishing the infrastructure needed for implementation so work can begin as soon as funds are received.

Discussion.

Has HHSC decided on the Admin Fee? HHSC allocates each initiative and the balance (3%) will be spent by HHSC for admin.



Can the shut down impact this? Staff stated CMS stated that it will; not.

Do you get a sense that everything applied for will be approved. Staff stated that it is up to CMS.

5. 2025 Grant Updates on the 2024-2025 General Appropriations Act, House Bill 1, 88th Legislature, Regular Session, 2023; Health and Human Services Commission Article II, Rider 88 – Rural Hospital Grant Program

In Summary. April Farino provided grant updates related to Rural Hospital Grant Program (General Appropriations Act, Rider 88):

- Three major grants: hospital improvement, debt reduction, labor and delivery services.
- 33 Hospital Improvement Grants (\$350k each) for technology, equipment, infrastructure.
- 30 Labor and Delivery Grants (\$250k each) for modernizing equipment, education, resources, workforce recruitment.
- 21 Debt Reduction Grants (\$250k each) to address bond debt and loans.

All grants were competitive; entire \$50M distributed, minus a small remainder.

Presentation.

FY 25 Rural Hospital Grants Life Cycle



Rural Hospital Improvement Grant Updates



- Provides one-time funding to support hospital improvement activities aimed to improve the financial stability of the hospital.
- HHSC awarded 33 grants to eligible rural hospitals
- Each awardee received \$350,000
- Grantee Funds are being used for:
 - Technology Upgrades
 - Equipment
 - Infrastructure Repairs and Improvements

Rural Hospital Labor and Delivery Grant Updates

- Provides one-time funding to qualified rural hospitals to invest in activities that will sustain inpatient labor and delivery services.
- HHSC awarded 30 grants to eligible rural hospitals
- Each awardee received \$250,000
- Grantee Funds are being used for:
 - Modernizing labor and delivery equipment
 - Interdisciplinary staff education
 - Expanding patient resources
 - Staff recruitment and retention
- HHSC awarded 21 grants to eligible rural hospitals

Rural Hospital Debt Reduction Grant Updates

- Provides one-time funding to qualified rural hospitals to reduce their debt to improve financial stability of the hospital.
- Each awardee received \$250,000
- Grantee Funds are being used for:
 - Paying off loans
 - Reducing bond debt

Grant Related Questions can be addressed to
HHSCRuralHospitalFinance@hhs.Texas.gov

Discussion.

Were all the available grants applied for? HHSC stated there were more applicants than awards. The entire \$50 million was awarded.



6. Rural Health Stabilization and Innovation Act, House Bill 18, 89th Legislature, Regular

In Summary. New grant management system is launching, aiming for better efficiency and reporting; training to be provided for users before mandatory use (starting FY26).

Overview of three new major FY26 grants:

- Financial Stabilization Grant: targeted to moderate/high-risk hospitals, based on a new vulnerability index developed with Torch. Two-year award, with ongoing updates to the index every two years.
- Innovation Grant: competitive, supporting initiatives for rural health improvement, financial stability, and sustainability, with priority for maternal/child health, older adults, and uninsured. Timeline: spring/summer FY26.
- Pediatric Teleconnectivity Resource Program: \$10M/year competitive funding for telemedicine, IT upgrades, and equipment for hospitals and rural health clinics (without hospitals in county).

Updates on the Texas Rural Hospital Officers Academy: contracts with universities in the final stages, committee formation is ongoing, curriculum development progress noted.

Presentation.

New Grant Management System -- Purpose: Improve efficiency, transparency, and coordination in managing HHSC rural hospital grants.

- Developed by HHSC to streamline and standardize the full lifecycle of grant management across all programs.
- More information will be coming soon about:
 - how rural hospitals can access it
 - training opportunities
 - impact to rural hospitals with active grants

HHSC Upcoming Grants

- Financial Stabilization Grant
- Innovation Grant
- Pediatric Tele-Connectivity Resource Program for Rural Texas

Financial Stabilization Grant Purpose : To support and improve the financial stability of rural hospitals determined to be at moderate or high risk of financial instability. • Noncompetitive, 2-year grant • FY 26-27 - \$22 million annually • Eligibility determination made using hospital financial needs assessment and financial vulnerability index.	Innovation Grant Purpose : Provide funding for initiatives that increase the availability and quality of health care for rural residents, strengthen financial stability, and are sustainable without further state funds. • Competitive grant, all rural hospitals eligible • FY 26-27 - \$25 million annually • Priority given to projects impacting: ○ pregnant women or mothers who have recently given birth ○ children and young adults under age 20 ○ older adults living in rural counties ○ persons who are uninsured.	Pediatric Tele-Connectivity Resource Program for Rural Texas Purpose : To award grants to facilitate connections with pediatric specialists and pediatric subspecialists who provide telemedicine medical services. • Competitive grant, all rural hospitals and certain rural health clinics are eligible • FY 26-27 - \$10 million annually ○ ☐ Purchase equipment necessary for a telemedicine service ○ ☐ Modernize the hospitals' or clinics' information technology infrastructure ○ ☐ Pay a service fee to a pediatric tele-specialty provider ○ ☐ Pay for other activities, services, supplies, facilities, resources, and equipment the commission determines necessary for the hospital or clinic to use telemedicine.
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Texas Rural Hospital Officers Academy HHSC is required to contract with at least 2 but no more than 4 Institutions of Higher Education (IHEs). (Contract deadline: December 1, 2025).

HHSC is required to create an interagency advisory committee and appoint members to oversee the academy's curriculum development.

- Appointment deadline: January 1, 2026.
- Committee will expire the date it adopts curriculum or on September 1, 2027 (whichever occurs first).

4 IHEs have been contacted to identify their interest with the contract development nearing completion. IHEs would provide the Academy and support participants from their assigned regions.

State Agency members:

- Texas Health and Human Services Commission (HHSC)
- Department of state Health Services (DSHS)
- Texas Department of Insurance (TDI)



- State Auditors Office (SAO)
- Institutions of Higher Education

Public member:--Representative from a Rural Hospital Community

Contact Information

Grant-Related Questions HHSCRuralHospitalFinance@hhs.Texas.gov

Technical Assistance Questions RuralHospitalHelp@hhs.Texas.gov November 6, 2025

7. Public comment.

Jennifer Beirman, Gainwell Technologies addressed long travel distances and the need for technology. Credentialing is an issue and is split among many entities. Network adequacy gaps continue to exist. This is solvable through a trusted interoperable organization. A data hub allows the sharing of data among participating states. It is a one application/one approval model. [Gainwell Technologies: Public Health Services and Solutions](#)

8. Review of action items and agenda for next meeting

Rural Transformation and HB18 items should be standing items.

9. Adjourn. Next meeting is in February. There being no further business, the meeting was adjourned.

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