



Health and Human Services

Rural Hospital Advisory Committee (RHAC)

February 3, 2026

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: Frank Beaman, John Henderson, Jerry Pickett, Todd Scroggins Susan Parker

1. Welcome, introductions, and roll call. The meeting was convened by Frank Beaman, Andres Duran.

2. Consideration of November 6, 2025, draft meeting minutes. The minutes were approved as drafted.

3. Consideration of Officer Election Procedures. The following is the proposed procedure for electing presiding officers. After laying out the procedure, we will entertain a motion for the adoption of this procedure.

HHS staff will announce a call for nominations for each officer position. Nominations may be called for prior to the meeting by being sent to a designated HHS staff member before the meeting, accepted on the day of the meeting, or both before and during the meeting. Members will be asked to nominate themselves or another member for chair. HHS staff will announce the name(s) of member(s) who made the nomination. If a member is nominated by someone else, staff will verify that the nominee is willing to accept the nomination for that position. Once all nominations for chair have been received, each nominee will be given two minutes to inform members of their qualifications for presiding office if they so desire.

ROLL CALL VOTE ACCO staff will call each voting member's name one at a time. The member will then state the name of his or her candidate. ACCO staff will record each vote. Once all votes have been recorded for each position, the nominee receiving the most votes will be announced.

SINGLE NOMINEE If only one person is nominated for Chair and after ensuring that, in fact, no members' present wish to make further nominations, ACCO staff can call for a motion to be made for the nominee to be elected by unanimous consent or



"acclamation" and conduct a voice vote [or a roll call vote for voting members that have called in via teleconference].

NOTE: A roll call vote will need to be conducted for a single nominee when a meeting is being conducted in a virtual setting.

MOTION: approval of voting procedures prevailed

4. Officer election Frank Beaman was elected Chair

5. Announcements from the Office of Rural Hospital Finance

Regional Rural Hospital Stakeholder meetings: Upcoming North Regional Meeting Scheduled for Wednesday, February 18, 2026, at Palo Pinto General Hospital. Other site visits with area hospitals are scheduled.

Rural Hospital Finance Annual Survey: The survey will be opening soon. A survey link will be emailed to all rural hospital leaders and is estimated to take 10 minutes to complete.

Discussion

How long will the survey stay open? HHSC stated about three weeks.

Th Chair commented that it was a very good effort in the past.

6. Update on the State's One Big Beautiful Bill Act, Rural Health Transformation Program, Section 71401 of Public Law 119-21, Rural Texas Strong Program.

Summary. Staff Presented on the Rural Texas Strong Program and \$281.3 million CMS award for the first budget period; there is a potential for ~\$1.4B over five years depending on state performance.

Funding expenses must be sustainable and long-lasting, focusing on prevention, workforce, tech, infrastructure, behavioral health, and collaboration.



Restrictions include limits on construction, provider payments, EMR, and workforce funding stipulations. HHSC is waiting on final CMS approval and will update the program website as guidance is received. There are six major initiatives proposed:

- Community-based wellness programs
- Consumer-facing health tech
- AI/telehealth solutions
- Provider recruitment/retention
- Cybersecurity/unified infrastructure
- Equipment/capital improvement

Stakeholders are encouraged to sign up for updates; hiring for program staff ongoing.

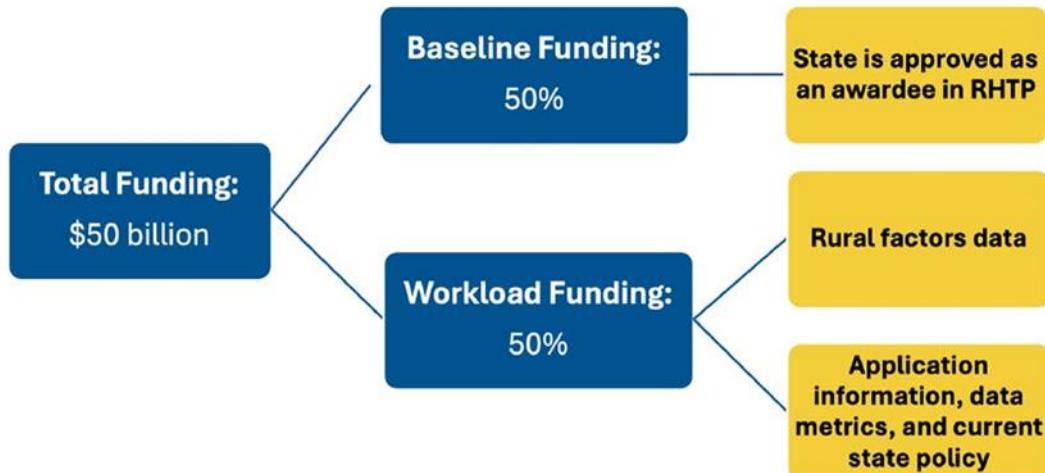
Questions addressed regarding fund spend-down periods, performance affecting future awards, inclusion of various hospital types, and cyber procurement details. The Committee discussed potentially increasing meeting frequency or extending meeting time but was cautioned about procurement-related conflicts of interest for applicants as well as quorum and logistic issues. HHSC legal and procurement teams will draft guidance to help committee members avoid conflicts.

Presentation

Stevens Amendment: Texas' Rural Health Transformation Program, Rural Texas Strong, is supported by the Centers for Medicare & Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS) as part of a financial assistance award totaling \$281,319,361 in budget period 1 with 100 percent funded by CMS/HHS. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.

Disclaimer: At this time, HHSC is not meeting with potential vendors or applicants so that we can maintain fairness for all interested participants and protect future procurements related to the federal Rural Health Transformation (RHT) Program. Actual eligible participants, including the definitions that will be used to evaluate eligibility, and a final determination of who is eligible will be a contracting and procurement function. Procurement details will be finalized as we work through the approval processes for our project design with CMS and then ultimately the internal procurement and contracting processes. We are unable to discuss or answer questions related to procurement and eligibility information. Please see the "How to Stay in Touch" slide for additional information on how to sign up for updates as they are released.

RHT Program Funding Distribution



Use of Funds

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

**Note: Additional details on the use of funds can be found in the CMS Notice of Funding Opportunity.*

Funding Limitations and Unallowable Costs

- New construction is unallowable. Minor 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.

**Note: This is not an exhaustive list of restrictions. Additional details can be found in the CMS Notice of Funding Opportunity and on the CMS RHT website.*

Rural Texas Strong Update

- HHSC submitted its Rural Texas Strong application for the RHT Program to CMS on November 3, 2025. The submitted application and other materials are posted to HHSC's Rural Health Transformation Program website. [Rural Health Transformation Program | Provider Finance Department](#)
- CMS requested additional budget information in December, before announcing awards on December 29, 2025.
- Texas was awarded \$281.3 million for budget period 1 of the program. An approximate \$1.4 billion over five years. All future funding figures are estimates as CMS has not issued final budget awards for the remaining budget years of the program.
- HHSC must provide an updated budget to CMS since every state was required to draft an application using a hypothetical \$200 million per year. Revisions were due to CMS on January 30, 2026.
- CMS will take up to 30 days to review the updated information, ask questions, and provide additional guidance on the terms and conditions of the award.



Initiative 1 Make Rural Texans Healthy Again

- **Eligibility:** Rural hospital districts.
- **Procurement process:** Direct awards.
- **Description:** Funding will be used to enhance or create community-based prevention, wellness and nutrition programs, or services aimed at improving chronic disease conditions (diabetes, cardiovascular disease, chronic respiratory disease or obesity).

Table 1: Implementation Options

Community wellness center (exercise, nutrition classes, etc.)	Non-emergent transportation support to improve access to pharmacies (to improve medication adherence), grocery stores, and primary or preventive healthcare appointments
Grocery stores, farmer's markets, or local food pantries to increase access to fresh U.S.-grown produce, dairy, and meat (Funds cannot be spent on meals themselves, per CMS)	Active remote monitoring for high acuity patients
After-hours primary care clinic to reduce non-emergent emergency department visits	Support and technology for enrolling individuals who are dually eligible for Medicare and Medicaid in care plans that include local behavioral and preventative care providers
Low or no-cost chronic disease screenings (prevention) and low or no-cost primary care visits	Other strategies, as approved by HHSC

Initiative 2 Rural Texas Patients in the Driver's Seat

- **Eligibility:** Two or more clinically-integrated networks, accountable care organizations, or similar cooperatives supporting hospitals, clinics/physicians, and behavioral health providers
- **Procurement Process:** Request for Proposal, Competitive Procurement.
- **Description:** Funds will be used for patient portal creation, health information exchange (HIE) compatibility and advancement, and other consumer-facing health technology equipment and applications.

Initiative 3 Lone Star Advanced AI and Telehealth

- **Eligibility:** Two or more clinically integrated networks, accountable care organizations or similar cooperatives.
- **Procurement Process:** Request for Proposal, Competitive Procurement.



- **Description:** Fund HIE and electronic medical record compatible artificial intelligence tools, including ambient listening, to improve patient record keeping, correct coding, and streamline medical administrative costs; support creation and establishment of telehealth networks for specialty and behavioral health services.

Initiative 4. The Next Generation of the Small Town Doctor and Team

- **Eligibility:** Rural health care providers, with at least one award per rural county.
- **Procurement Process:** Request for application.
- **Description:** Funding will support locally driven efforts with a focus on at least one of four approaches, described on the next slide.

Locally-driven efforts will focus on at least one of four approaches:

1. Developing career paths for local high school students.
2. Providing scholarships for recent high school graduates.
3. Offering relocation or signing bonuses for early, mid, or late career professionals.
4. Creating a new residency training program, fellowship or combination program, including partnering with academic institutions or an existing teaching hospital.

Initiative 5. Unified Care Infrastructure and Rural Cyber Protection

- **Eligibility:** Vendors listed as a Managed Security Services Provider with the Texas Department of Information Resources.
- **Procurement Process:** Request for offer.
- **Description:** Funding will be used to establish a unified care infrastructure and bolster cybersecurity defenses across rural providers. By deploying a managed security solution
 - including endpoint detection and response; comprehensive, all-time security operations center monitoring, and comprehensive user training
 - risk can be significantly reduced, ensuring the security of sensitive patient data, and enhancing the overall security of an organization

Initiative 6. Infrastructure and Capital Improvement for Rural Texas

- **Eligibility:** Rural hospitals, rural health clinics, behavioral health providers, opioid and substance abuse programs, emergency medical services (EMS), pharmacies, public health offices and other eligible providers.
- **Procurement Process:** Request for Application.



- **Description:** Provide funding for providers to add and replace the equipment they need to improve patient care, within the required limitations on new construction and remodel projects.

The HHSC Rural Health Transformation Program website has been established and will be updated with new opportunities and information about the program.

New email: RuralTexasStrong@HHS.Texas.gov . . [Rural Health Transformation Program](#)
[| Provider Finance Department](#)

HHSC is actively working on hiring a new dedicated team, with postings available online at Jobs at HHS

[Jobs at HHS | Texas Health and Human Services](#)

Stakeholders, applicants, and vendors are encouraged to sign up for the new Rural Texas Strong Gov Delivery , where HHSC will issue public notices and announce procurement opportunities. [Texas Health and Human Services Commission](#)

Procurement opportunities will also be posted to the Electronic State Business Daily website. [ESBD Solicitations](#)

Discussion

Do the revisions have the potential to change the amount Texas will receive? HHSC stated the notice of award provided the funding level for year one. Subsequent years the amount can change up or down depending on all state's performance.

We have a federal fiscal year to spend the funding, is that correct? HHSC stated there is a difference between the budget period and the performance period. We have, as a state, 364 days after end of the fiscal year to spend the funds. We do not know how the feds will interpret the subsequent year funding.

We have to get the funding out and show how we can spend it effectively and then we will go after other states funding in subsequent years. (Chuckling)

The state is still figuring out the procurement strategies. Hiring for staff related to the grants are in process.



Are you receiving enough applications for the positions? The senior roles position have received very good applicants and there have not been challenges to hiring good people.

The Chair stated that this group should meet with limited HHSC involvement, Staff pointed out that quorum issues, scheduling issues and then issues related to precluding hospitals from getting funds if they are committee members and wanting to apply)

Has there been engagement with TMA or other stakeholders to work on the details. Staff stated that TMA decline to sign the letter of application but outside of that there has been little engagement.

7. Rural Health Stabilization and Innovation Act, House Bill 18, 89th Legislature, Regular Session, 2025 Update: Grants and Texas Rural Hospital Officers Academy

Summary. Financial Stabilization Grant (from House Bill 18) was presented.

Procurement opened Jan 15–Feb 5; 27 applications were submitted, 43 applications are in progress, 9 yet to start (of 79 eligible hospitals). The grant is non-competitive, and focused on addressing each facility's financial challenge, with three payments over two years. Eligibility was based on a Financial Vulnerability Index (FVI) developed via 20 indicators; updated biennially. \$44 million total was distributed over two years; \$22M per year after \$3M set aside for emergency hardship grants.

The Rural Hospital Officers Academy is progressing: MOUs signed with four public university systems and the curriculum advisory committee (to guide the effort) member selection is underway, including 19 rural hospital representative applications.

Presentation

Open Grant Opportunity Financial Stability Grant Applications due February 5 Status as of 1/29:

- Applications submitted: 19
- Applications in progress by eligible entities: 44



Texas Rural Hospital Officers Academy HHSC is required to contract with at least 2 but no more than 4 Institutions of Higher Education (IHEs).

Update:

- HHSC signed MOU with 4 IHEs in December 2025
- HHSC and IHEs agreed to execute interagency agreement (IAC) for IHEs to administer Academy
- Working sessions in progress to finalize IAC
- Nominations for state agency and IHE representatives are pending.
- Selection of rural hospital representative in process.
 - Solicited applications for rural hospital representative from Dec. 23, 2025, to Jan. 9, 2026.
 - Applications are under review.

Grant-Related Questions HHSCRuralHospitalFinance@hhs.Texas.gov

Technical Assistance Questions RuralHospitalHelp@hhs.Texas.gov

8. Public comment. No public comment was offered

9. Review of action items and agenda for next meeting

Next meeting May 5, 2026. No agenda items were offered.

10. Adjourn. There being no further business, the meeting was adjourned.

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