TEXAS INSIGHT
HEALTHCARE INTELLIGENCE

Health and Human Services

Rural Health Transformation under OBBBA; Public Law No. 119-21 (07/04/2025), Chapter 4, Sec. 71401)

Rural Texas Strong

As of March 7, 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.

Transforming Rural Healthcare in America

The Rural Health Transformation (RHT) Program was authorized by the One Big Beautiful Bill Act (Section 71401 of Public Law 119-21) and empowers states to strengthen rural communities across America by improving healthcare access, quality, and outcomes by transforming the healthcare delivery ecosystem. Through innovative system-wide change, the RHT Program invests in the rural healthcare delivery ecosystem for future generations.

Strategic Goals

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.

Sustainable access

Help rural providers become long-term access points for care by improving efficiency and sustainability. With RHT Program support, rural facilities work together—or with high-quality regional systems—to share or coordinate operations, technology, primary and specialty care, and emergency services.

Workforce development

Attract and retain a high-skilled health care workforce by strengthening recruitment and retention of healthcare providers in rural communities. Help rural providers practice at the top of their license and develop a broader set of providers to serve a rural community's needs, such as community health workers, pharmacists, and individuals trained to help patients navigate the healthcare system.

Innovative care

Spark the growth of innovative care models to improve health outcomes, coordinate care, and promote flexible care arrangements. Develop and implement payment mechanisms incentivizing providers or Accountable Care Organizations (ACOs) to reduce health care costs, improve quality of care, and shift care to lower cost settings.

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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. Projects support access to remote care, improve data sharing, strengthen cybersecurity, and invest in emerging technologies.

RHT Program funding is $50 billion to be allocated to approved States over five fiscal years, with $10 billion of funding available each fiscal year, beginning in fiscal year 2026 and ending in fiscal year 2030.

- 50% to be distributed equally amongst all approved States
- 50% will be allocated by CMS based on a variety of factors including rural population, the proportion of rural health facilities in the State, the situation of certain hospitals in the State, and other factors to be specified by CMS in the NOFO

Uses of Funds

States must use RHT Program funds for three or more of the approved uses of funds:

- Promoting evidence-based, measurable interventions to improve prevention and chronic disease management.
- Providing payments to health care providers for the provision of health care items or services, as specified by the Administrator.
- Promoting consumer-facing, technology-driven solutions for the prevention and management of chronic diseases.
- Providing training and technical assistance for the development and adoption of technology-enabled solutions that improve care delivery in rural hospitals, including remote monitoring, robotics, artificial intelligence, and other advanced technologies.
- Recruiting and retaining clinical workforce talent to rural areas, with commitments to serve rural communities for a minimum of 5 years.
- Providing technical assistance, software, and hardware for significant information technology advances designed to improve efficiency, enhance cybersecurity capability development, and improve patient health outcomes.
- Assisting rural communities to right size their health care delivery systems by identifying needed preventative, ambulatory, pre-hospital, emergency, acute inpatient care, outpatient care, and post-acute care service lines.

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- Supporting access to opioid use disorder treatment services (as defined in section 1861(jjj)(1)), other substance use disorder treatment services, and mental health services.
- Developing projects that support innovative models of care that include value-based care arrangements and alternative payment models, as appropriate.
- Additional uses designed to promote sustainable access to high quality rural health care services, as determined by the Administrator.

Eligibility
In accordance with the authorizing statute, only the 50 U.S. states are eligible to receive an RHT Program award; the District of Columbia and U.S. Territories are not eligible.

Helpful Federal Resources

- Rural Health Transformation - Frequently Asked Questions
- Information on Applying for CMS Grants and Cooperative Agreements
- Current CMS Funding Opportunities
- Notice of Funding Opportunity (NOFO)
- Press Release: CMS Launches Landmark $50 Billion RHT Program (09-15-2025)
- Press Release: CMS Announces $50 Billion in Awards to Strengthen RHT in All 50 ...
- RHT Program State Project Abstracts
- Rural Health Transformation 50 State Spotlights

Texas Response: Rural Texas Strong

Rural health challenges in Texas are as vast as the state itself. Rural Texans face higher rates of illness with fewer resources than their urban counterparts—despite powering the nation with agriculture, energy, and economic contributions. The Rural Texas Strong project is a comprehensive, statewide strategy designed to reach residents in 100% of Texas's rural counties and make rural Texans healthy again. The initiatives are designed to have a statewide impact that will better the lives of all Texans by combining emerging technologies like artificial intelligence, homegrown workforce solutions, and aligned efforts around software and capital infrastructure that accelerate implementation while avoiding duplication. These projects were designed to maximize the impact – and the funds – awarded to Texas and ensure long-term sustainability. This Texas application represents a transformative investment in rural Texans' wellness—one that matches the

Texas-sized obstacles with the Texas grit to overcome them. rural-txstrong-prjct-narr.pdf.

The Texas proposal consists of 6 initiatives presented below.

Initiative 1 Make Rural Texans Healthy Again

Eligibility for award: Rural Hospital Districts.

Key stakeholders: Public hospitals, rural health clinics, federally qualified health centers in rural counties, emergency medical services, all health care workers, and all residents of a participating jurisdiction.

Procurement process: Direct awards
HHSC will issue grants to rural hospital districts that choose to participate to enhance or create community-based prevention, wellness and nutrition programs, or services aimed at improving one or more of the following chronic disease conditions:

- Diabetes
- Cardiovascular disease
- Chronic respiratory disease
- Obesity

Diabetes education and management should be a major focus, as shown in the associated outcome measures in the state's application.
Local governments that receive this funding will be given significant flexibility in carrying out solutions to improve outcomes. Local governments will be required to identify vulnerabilities in the overall local rural health care ecosystem and to focus solutions on technological innovations that integrate mid-level practitioners and pharmacists, along with behavioral health and primary care clinics and providers.

Local governments will be required to carry out one or more of the following options:

- Purchase equipment, subsidize the facility cost of, or issue subcontracts or subgrants for a community wellness center. The center may offer preventive chronic disease screenings, gym equipment, group exercise classes, fitness and strength training, and nutritional education classes.
- Partner with regional grocery stores, farmers markets, or local food pantries to sponsor regular pop-up grocery markets to make available fresh U.S.-grown produce, dairy and meat, healthy cooking demonstrations for all ages, or

nutritional, ready-to-heat meals. (Funding cannot be used to purchase the food itself, based on CMS restrictions.)

- Establish and operate an after-hours primary care clinic to reduce non-urgent visits to an emergency department.
- Provide low- or no-cost chronic disease screenings (prevention) and low- or no-cost primary care visits.
- Provide non-urgent transportation support to improve access to pharmacies (to improve Texans' adherence to medication); grocery stores that sell U.S.-grown produce, dairy and meat; and primary or preventive health care appointments.
- Establish care systems for active remote monitoring for patients with more serious or complex health issues.
- Promote continuity of care by making technology (such as computers and electronic tablets) available at community partner organizations or entities for people who are dually eligible for Medicare and Medicaid. The technology and other resources will allow people to research and enroll in health coverage options, such as the Dual-Eligible Special Needs Plan, and understand what Medicare options include local behavioral and preventive care providers.
- Include other strategies designed to increase individual rural Texans' access to healthy foods, prescriptions and other items related to improving their health.

Hospital districts that receive the grants will be allowed to retain grant funding that exceeds their demonstrated costs as an incentive for achieving quality outcome measures. Targets for each grantee will be established at the time of the grant award but will be aligned with the overall outcome measures described in the Rural Texas Strong Project Narrative (.pdf).

These approaches can improve quality of life, mental health, worker productivity, and health outcomes while reducing patient expenses, hospital visits and disease. These local solutions will be sustainable. As chronic conditions improve among community residents, there will be a decrease in the overall cost burden for local health care.

Initiative 2 Rural Texas Patients in the Driver's Seat

Eligibility for award: Two or more clinically integrated networks, accountable care organizations or similar cooperatives.

Key stakeholders: Rural hospitals, rural health clinics, federally qualified health centers in rural counties, payers, pharmacists, independent physician practices, behavioral health providers, rural communities, patients, families and consumer tech innovators.
Procurement process: Request for proposal
This initiative will invest in technology to establish consumer-facing health portals that engage patients and facilitate the exchange of health information between patients, providers and payers.
Through consumer-facing portals, patients can:

- Communicate directly with their health care team through messaging.
- Access documentation about medical visits, conduct virtual visits, and provide 24/7 access to personal health information.

The health care portals will integrate with other applications and consumer technology to make them more attainable. These include:

- Devices that make sure consumers take medication.
- Smart watches that record heart rates, oxygen saturation levels and blood pressure.
- Continuous glucose monitors.
- Devices that monitor compliance with using a continuous or bilevel positive airway pressure machine.
- Portable in-home dialysis equipment.
- Other remote monitoring technology.

In addition to the patient portal, funds will be available to purchase equipment that remotely monitors the health of consumers, or other portable health technology that is compatible with the portal.
The following criteria will be used to select the entities:

- Subject matter expertise and commitment to improving access to technology, specifically for health information exchanges and provider technology solutions.
- At least 60% of the entity's membership includes rural providers.

HHSC will also use the CMS Health Tech Ecosystem framework for patient-facing apps to guide contracting criteria. Proposals should support exchanging data with patient identity verification, eliminate manual check-in forms, and provide tailored, data-driven support to people at risk of or living with diabetes and obesity.

Priority will be given to clinically integrated networks, accountable care organizations or companies identified as CMS Early Adopters with the ability to equip providers and patients with tools to manage and share their health information in a secure and easily

understood way. Subcontractors must be willing to provide value-added services, such as digital literacy training for rural residents and providers.
The contractors will coordinate activities with HHSC and meet at least quarterly throughout rural transformation periods to make sure they are following the implementation plan. The goal is that assessment and project planning happen in rapid succession, so contracts can be executed, and advancements make their way to consumers as soon as possible.

Initiative 3 Lone Star Advanced AI and Telehealth

Eligibility for award: Two or more clinically integrated networks, accountable care organizations or similar cooperatives.

Key stakeholders: Rural hospitals, rural health clinics, emergency medical services providers, federally qualified health centers in rural counties, community mental health centers, certified community behavioral health clinics, rural patients and tech innovators.

Procurement process: Request for proposal
Through this initiative, Texas will use artificial intelligence (AI) and telehealth to predict and improve patient outcomes, maintain care and more efficiently adjust medication and therapy for patients and providers. These innovations in health care delivery will bridge service gaps across rural Texas and address critical barriers to care in rural communities, including limited access to specialty providers, high rates of chronic disease, and health care workforce shortages.
Not all rural Texans have access to the internet or reliable cellular coverage at home, so this initiative will also include resources necessary to establish local, patient-focused hubs where they can receive telehealth care.

This initiative will involve close coordination with Initiative 2 and Initiative 5, which also prioritize tech innovation. Personalized AI-driven support, in alignment with the CMS Health Tech Ecosystem, can also be used as support for patients.

Early focus areas will include maternal health, behavioral health and preventive screening by:

- Supporting clinicians with administrative tasks.

- Giving payers the ability to receive appropriate medical information to process prior authorizations more quickly.
- Create more accurate coding for claim submission and processing.
- More easily recognizing care coordination opportunities for comprehensive health coverage.

Each site will measure outcomes across clinical quality, patient experience and cost reduction, creating evidence-based outcomes that can be scaled.
Telehealth can increase access to specialists, resulting in faster treatment and less travel. All telehealth services in this initiative will be directed toward prevention, behavioral health treatment, or remote monitoring of chronic conditions by relevant specialists. Telehealth can benefit providers by lessening the sense of isolation, while improving patient outcomes. This project aims not only to improve outcomes by county, but to create a scalable, evidence-based model that can endure beyond Rural Texas Strong.

HHSC will issue funding as a competitive request for proposals for two or more entities (such as clinically integrated networks or other similar accountable care organizations) with subject matter expertise and commitment to improving access to technology. Selected entities must devote effort to increasing access to provider-focused, ambient AI tools that will support clinical documentation, billing and prior authorization requests.

complies with CMS Health Technology Ecosystem criteria and is built to integrate with consumer-facing equipment and applications. Priority will be given to technology created by companies identified as CMS Early Adopters.

Clinically integrated networks, accountable care organizations or other cooperatives will be required to establish a communications framework where providers using the technology are able to regularly collaborate to share best practices and troubleshoot challenges as they integrate AI and telehealth into practice models. Additionally, the funding recipients must develop a comprehensive plan to identify how these tools will be used to support the independence of rural providers.

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

Eligibility for award: Rural health care providers

Key stakeholders: Rural hospitals, rural health clinics, federally qualified health centers in rural counties, community mental health centers, certified behavioral health centers, rural pharmacies, rural nursing homes, public health districts, pediatric long-term care providers, and rural emergency medical services.

Procurement process: Request for application

Description: This initiative will provide funding to ensure the next generation of small-town doctors are surrounded by sufficient mid-level practitioners and allied health professionals to give rural residents access to all levels of care in their communities. Locally driven efforts will focus on at least one of four approaches:

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

Eligible provider types will include hospitals, behavioral health clinics, rural health clinics, federally qualified health centers, pharmacies, emergency medical services providers, independent primary care physicians, independent specialty physicians, and other allied health professionals.
Participating providers, together with community leaders (including local economic development corporations, local governments, philanthropic partners, and schools), will be contractually required to:

- Develop and update a health care worker retention plan.
- Implement retention strategies.

Grantees using local funding for relocation grants will be contractually responsible for supporting new physicians and practitioners through training, mentoring and succession planning by providing value-added services, such as:

- Social community engagement opportunities.
- Continuing medical education for burnout and resiliency.
- Local housing, such as in-kind or subsidized.

HHSC will issue at least one award per county that is identified as rural, with preference given to governmental, nonprofit or privately held entities headquartered in Texas. HHSC will also issue funds via intergovernmental contracts for information technology upgrades to make sure web-based licensing, certification or registration systems for newly trained health care professionals is efficient. Expenditures will be limited to those that are essential and directly related to provider types or professionals identified as a recruitment target for local providers.

To maximize the allocation of funds to eligible providers, providers within counties will qualify based on their health professional shortage areas (HPSA) score for one of three need-based tiers. Allocations will range for each entity. The higher the HPSA score, the more funding will be allocated. Before HHSC allocates funds, each grantee will develop and submit for approval a retention plan to make sure newly recruited staff are welcomed into a supportive community with an ongoing culture of mentorship. Applicants within a county will compete for their county-level award. If only one applicant applies and is eligible, it will receive funding. For counties with multiple applicants, HHSC will establish a process to give top applicants an opportunity to make an oral presentation with a selected team of reviewers. Applicants will be selected based on a predetermined scoring process.

Initiative 5. Unified Care Infrastructure and Rural Cyber Protection

Eligibility for award: Vendors listed as a Managed Security Services Provider with the Texas Department of Information Resources.

Key stakeholders: Rural hospitals, rural health clinics, federally qualified health centers in rural counties, behavioral health hospitals, rural veteran nursing homes and tech innovators.

Procurement process: Request for offer

Description: This initiative will 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.

Endpoint detection and response provide real-time, continuous monitoring and data collection. Its primary functions include:

- Virus and ransomware protection that actively scans for and prevents known and unknown malware.
- Exfiltration monitoring that detects and blocks attempts to maliciously transfer sensitive data.
- Analyses that identify suspicious behaviors and patterns that indicate potential compromise.

By mitigating ransomware and other cyberattacks, this investment preserves access to care, keeps hospital systems online, and prevents workforce disruption and burnout. It also protects revenue streams and improves the financial viability of rural providers by maintaining continuity in billing and operations.

The Texas plan will create a shared platform for hospitals, clinics, behavioral health providers and rural veteran nursing homes for significant, sustained technological advancements.

Initiative 6. Infrastructure and Capital Improvement for Rural Texas

Eligibility for award: 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.

Key stakeholders: Rural hospitals, rural health clinics, federally qualified health centers in rural counties, behavioral health hospitals and clinics, local mental health authorities, opioid recovery programs, emergency medical services, pharmacies, long-term pediatric care providers, and public health offices.

Procurement process: Request for application

Through this initiative, rural hospitals, clinics, behavioral health providers, opioid and substance abuse programs, EMS, pharmacies, and public health offices will be permitted to add and replace the equipment they need to improve patient care, within the required limitations on new construction and remodel projects.

Funds will be used to replace allowable equipment, including lab equipment, CT, ultrasound or mammography equipment, stretchers (especially self-loading), wheelchairs, patient beds, telemetry units, nurse call systems, ambulance buses, generators, defibrillators, crash carts, medication dispensing units, sleep labs, vital sign monitors, and oxygen tanks.

HHSC will use a scoring matrix for proposed projects categorized by urgency, impact, and alignment with strategic goals. Projects that contribute to a facility's long-term financial stability, or can demonstrate a high degree of confidence in the proposed scope, schedule, cost and purported benefits of the project, may receive priority. Preference will be given to projects that will use equipment or construction materials manufactured in the U.S.

The Texas proposal was submitted to CMS on 11/3/2025. The first revision was submitted 12/10/2025. The second (and most currently available) revision was submitted 01/30/2026. Selected sections are presented below.

Revised Budget Submission submitted 1/30/26 (Selected Sections)

The Texas Health and Human Services Commission (HHSC) uses the Year 1 award amount of $281,319,361 million to formulate a revised budget for Years 1 to 5. This is an increase from the $200 million per year originally proposed during the application period. HHSC acknowledges the funding policies and limitations in the Notice of Funding Opportunity CMS-RHT-26-001 and the Notice of Award RHTCMS332068-01-00. HHSC also certifies that Rural Health Transformation (RHT) Program funding will not be used to supplant existing State, local, tribal, or private funding of infrastructure or services, such as staff salaries. Below is a summary of the budget proposal, including the yearly allocation to each of the initiatives described in the Project Narrative. Revised program narrative.

Table 1. Summary Budget (amounts in millions)

Item	Year 1	Year 2	Year 3	Year 4	Year 5	$ Total	% Total
Initiative 1 Subaward	$250.00	$87.59	$47.48	$32.98	$15.48	$433.52	30.82%
Initiative 2 Contract	$0.00	$37.50	$37.50	$37.50	$37.50	$150.00	10.66%
Initiative 3 Contract	$0.00	$37.50	$37.50	$37.50	$37.50	$150.00	10.66%
Initiative 4 Subaward	$0.30	$75.18	$93.52	$85.52	$75.52	$330.05	23.46%
Initiative 5 Contract	$0.00	$25.00	$25.00	$25.00	$25.00	$100.00	7.11%
Initiative 6 Subaward	$24.44	$9.34	$30.00	$52.50	$80.00	$196.28	13.95%
Performance Monitoring	$0.12	$0.12	$0.12	$0.13	$0.13	$0.62	0.04%
External Monitoring Contract	$1.90	$1.90	$3.00	$3.00	$3.00	$12.80	0.91%
Personnel	$2.44	$3.84	$3.84	$3.84	$3.84	$17.80	1.27%
Fringe	$0.69	$1.09	$1.09	$1.09	$1.09	$5.06	0.36%
Travel	$0.02	$0.02	$0.02	$0.02	$0.02	$0.10	0.01%
Indirect	$1.41	$2.24	$2.24	$2.24	$2.24	$10.36	0.74%
Total	$281.32	$281.32	$281.32	$281.32	$281.32	$1,406.60	100.00%

Yellow highlights reflect revised items on all charts

Table 2 provides a Budget Period 1 breakout. The categories and activities are described in additional detail throughout the revised budget narrative and project narrative.

Table 2. Budget Period 1 (December 29, 2025 – October 30, 2026) Summary

Category	Activity/Description	Award Amount
Initiative 1	Part 1 - Hospital Districts, Direct Award	$250,000,000.00
Initiative 1	Part 2 - All Rural Hospitals, Competitive	$0.00
Initiative 2	Request for Proposal	$0.00
Initiative 3	Request for Proposal	$0.00
Initiative 4	Part 1 - Open to all providers	$0.00
Initiative 4	Part 1- Board of Nursing IAC	$0.00
Initiative 4	Part 1 – Department of State Health (DSHS) Community Health Workers Program	$304,083.00
Initiative 4	Part 2 - Focus on Behavioral Health Providers	$0.00
Initiative 5	Request for Offer	$0.00
Initiative 6	Part 1 - Open to all providers	$4,438,836.00
Initiative 6	Part 1 - DSHS AMBUS IAC	$20,000,000.00
Initiative 6	Part 2 - Focus on IDD providers	$0.00
External Monitoring	External Monitoring	$1,900,000.00
Performance Monitoring	Performance Monitoring – DSHS BRFSS Survey Tool Oversampling IAC	$115,875.00
Personnel	Personnel	$2,440,052.00
Fringe	Fringe	$693,463.00
Travel	Travel	$15,984.00
Indirect	Indirect	$1,411,068.00
Total		**$281,319,361.00**

Implementation Funding (Personnel) Salaries and Wages HHSC will hire and dedicate 30 full-time equivalents (FTEs) to the RHT Program from fiscal year 2026 until the end of the Project Period, which is an increase of 10 FTEs due to an increase in the procurement workload that will be associated with the increased funding. Table 3 lists the positions of personnel who will be 100% dedicated to the project and their estimated hire dates. There will be staff assigned to manage certain initiatives, while others will provide overall program guidance and procurement support. The program director will dedicate 100% time and effort to manage and provide program oversight including regular communication with the Centers for Medicare & Medicaid Services (CMS). An updated organizational chart has been included in the revised submission as an attachment.

The State Classification Team, located within the State Auditor's Office, is responsible for maintaining the State's compensation and classification system, analyzing state workforce issues – including turnover rates, and providing information on employee compensation issues to the state legislature. The State's Position Classification Plan

provides the salary structure for the State's 147,527 classified, regular full-time and part-time employees. Each biennium the Team conducts a study on the average market pay for similar positions in the job market using benchmarks. The benchmarks are based on job classification titles within the Plan that match public and private sector jobs in terms of duties, scope, and responsibility. The Biennial Report on the State's Position Classification Plan for the 2026-2027 Biennium indicates that on average, the State's salary range midpoints for the benchmark job classification titles were 7.4 percent behind the market average pay.

Annual salaries are estimated using the maximum allowable salary established within the State's Classification Plan. Actual salaries will depend on the education and experience levels of the candidates hired. The personnel salaries have been updated with estimated hiring dates to align when funding will be received. Total personnel costs are broken down by year in Table 3. Summary Budget above.

Table 3. Salaries and Estimated Hire Date

Primary Role	Position Title	Annual Salary	Time	Estimated Hire Date	Estimated Months	Total Amount Requested
RHT Program	Director VI	$208,449	100%	2/2/2026	57	$990,133
RHT Program	Portfolio Project Manager I	$172,272	100%	3/2/2026	56	$803,936
RHT Program	Project Manager V	$156,612	100%	3/2/2026	56	$730,856
Initiative 1	Grant Specialist V	$114,099	100%	4/1/2026	55	$522,954
Initiative 1	Program Specialist VII	$114,099	100%	4/1/2026	55	$522,954
Initiative 4	Grant Specialist V	$114,099	100%	4/1/2026	55	$522,954
Initiative 4	Program Specialist VII	$114,099	100%	4/1/2026	55	$522,954
Initiative 6	Grant Specialist V	$114,099	100%	4/1/2026	55	$522,954
Initiative 6	Program Specialist VII	$114,099	100%	4/1/2026	55	$522,954
Initiatives 2,3,5	Program Specialist VII	$114,099	100%	4/1/2026	55	$522,954
Initiatives 2,3,5	Information Technology Business Analyst III	$114,099	100%	4/1/2026	55	$522,954

For Year 1, HHSC requests $2,440,052 in salaries and associated fringe benefits of $693,463 for Year 1 total personnel costs of $3,133,515. For Years 2-5, HHSC requests $3,841,062 in salary and associated fringe benefits of $1,091,630 per year, for total salary costs for Years 2-5 of $15,364,248 and total fringe costs of $4,366,519. Total estimated salary costs for Years 1-5 are $17,804,300 and fringe costs are $5,059,982 for total personnel costs of $22,864,282.

Table 5. Salary and Fringe Benefits by Year

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Salary	$2,440,052	$3,841,062	$3,841,062	$3,841,062	$3,841,062	$17,804,300
Fringe	$693,463	$1,091,630	$1,091,630	$1,091,630	$1,091,630	$5,059,982
Total	**$3,133,515**	**$4,932,692**	**$4,932,692**	**$4,932,692**	**$4,932,692**	**$22,864,282**

Travel detail was broken out but not included in this report

Contracts

HHSC intends to award funds from the Rural Health Transformation Program through six initiatives, one external monitoring contract, and one performance monitoring interagency agreement (IAC) as outlined in Table 11 below. The initiatives have been revised to account for updates to the total award amount and the table below provides additional detail on the different components of each award, which might require different procurement processes.

Additional information on these updates have also been included in the updated Project Narrative (link provided above). More information is provided below on the anticipated consultant, subrecipient and contractual costs for Budget Period 1. In Budget Period 1, HHSC intends to initiate the following agreements:

An estimated 80 direct awards totaling $250 million, $3,125,000 per award, to rural hospital districts with a publicly owned and operated hospital in their jurisdiction for the implementation of Initiative 1: Make Rural Texans Healthy Again. HHSC has identified 80 to receive a direct award under Year 1 in Initiative 1 – Part 1. HHSC will review spending proposals in line with options discussed in the Project Narrative.

- 1 initiative-based interagency contract (IAC) for $304,083 for 5.0 FTEs for the Community Health Worker (CHW) Program. This includes 3.0 Program Specialist IIs and 2.0 Program Specialist Vs. This program manages the policy framework and rules for the training and certification of CHW. FTEs will prioritize requests from rural areas to ensure there is sufficient training to increase the number of mid-level practitioners and allied health professionals in rural areas for the implementation of Initiative 4: The Next Generation of the Small Town Doctor and Team. Future costs are estimated in Table 11.

- 1 initiative-based IAC for $20 million for the acquisition of 10 Advanced Medical Buses (AMBUS), related to Initiative 6. AMBUSs are highly mobile and

flexible assets well suited to meet the needs of rural areas during emergencies and disasters. Each AMBUS is hosted, staffed, and maintained by local EMS/Fire Department members. An increase in the number of Emergency Medical Task Force AMBUSs will result in greater geographical coverage, significant reductions in response times, and improved support meeting the emergency and disaster medical needs of rural Texans.

- 1 administrative-based IAC for $115,875 in Year 1 for Behavioral Risk Factor Surveillance System (BRFSS) oversampling in rural communities to ensure Texas can generate valid estimates from survey responses for outcome measure monitoring. The DSHS Community Assessment Team reviewed the details BRFSS sampling for the RHTP outcome measure planning and recommended the oversampling strategy below to ensure the agency can generate valid estimates from the survey responses for the questions used for the outcome measures. Future costs are estimated in Table 11.

- Subawards for Initiative 6: Infrastructure and Capital Investments for Rural Texas totaling $4,438,836 million for rural healthcare providers. Award amounts will vary depending on the application process.

- HHSC will also contract with an external monitor to conduct an audit readiness assessment to proactively identify and address any potential compliance issues or gaps in controls of the subrecipients for a total of $1,900,000.

HHSC has assumed the Year 1 award amount of $281,319,361 in Years 2-5 and provides the following updates based on this amount. HHSC acknowledges that this amount and the proposed uses of spending are subject to change for Years 2-5. Adjustments to the budget in future years will be submitted to CMS for approval, as directed. In Years 2-5, HHSC will award a total of $183,524,850 in subawards for Initiative 1. This will include both continued funding for the estimated 80 direct awards and an estimated 65 competitive subrecipient agreements.

In Years 2-5, HHSC will award a total of $150,000,000 in contracts for Initiative 2. In Years 2-5 HHSC will award a total of $150,000,000 in contracts for Initiative 3. These amounts are unchanged from the submitted application.

In Years 2-5, HHSC will award a total of $329,748,298 in subawards for Initiative 4. This has been updated to include two parts: one award that is open to all providers to apply for and one that is focused on behavioral health providers. HHSC plans to conduct a singular request for application process to complete both parts, but with the second allocation serving as a targeted amount for awards. An interagency

agreement with the state Board of Nursing will be executed in Year 2 for information technology upgrades. In Years 2-5, HHSC will award a total of $100,000,000 in contracts for Initiative 5. A portion of this funding in future years will include an IAC with the General Land Office for veterans nursing homes. This will be updated in future budget revisions.

In Years 2-5, HHSC will award a total of $171,836,923 in subawards for Initiative 6. This has been updated to include two parts: the first allocation would be available to all rural healthcare providers through a competitive procurement process, and the second would be allocated to a competitive procurement for providers focused on Intellectual Developmental Disability Services. HHSC plans to conduct a singular request for application process to complete both parts, but with the second allocation serving as a targeted amount for awards.

In Years 2-5, HHSC will award a total of $10,900,000 for external monitoring. In Years 2-5, HHSC will also award a total of $499,321 to continue the administrative-based IAC with DSHS for BRFSS oversampling.

Table 11. Consultant, Subrecipient, and Contractual Costs

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Initiative 1 - Part 1 Direct Subaward	$250,000,000	$7,500,000	$7,500,000	$7,500,000	$7,500,000	$280,000,000
Initiative 1 - Part 1 Competitive Subaward	$0	$80,086,631	$39,983,131	$25,479,443	$7,975,645	$153,524,850
Initiative 2 Contract	$0	$37,500,000	$37,500,000	$37,500,000	$37,500,000	$150,000,000
Initiative 3 Contract	$0	$37,500,000	$37,500,000	$37,500,000	$37,500,000	$150,000,000
Initiative 4 - Part 1 Subaward	$0	$64,000,000	$68,000,000	$60,000,000	$55,000,000	$247,000,000
Initiative 4 - Part 1 DSHS IAC	$0	$5,663,158	$0	$0	$0	$5,663,158
Initiative 4 - Part 1 BON IAC	$304,083	$521,285	$521,285	$521,285	$521,285	$2,389,223
Initiative 4 - Part 2	$0	$5,000,000	$25,000,000	$25,000,000	$20,000,000	$75,000,000

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Initiative 5 Contract and IAC	$0	$25,000,000	$25,000,000	$25,000,000	$25,000,000	$100,000,000
Initiative 6 - Part 1 Subaward	$4,438,836	$9,336,923	$25,000,000	$37,500,000	$50,000,000	$126,275,759
Initiative 6 - Part 1 IAC	$20,000,000	$0	$0	$0	$0	$20,000,000
Initiative 6 - Part 2 Subaward	$0	$0	$5,000,000	$15,000,000	$30,000,000	$50,000,000
External Monitoring Contract	$1,900,000	$1,900,000	$3,000,000	$3,000,000	$3,000,000	$12,800,000
Performance Monitoring Contract	$115,875	$119,351	$122,932	$126,620	$130,418	$615,196
Total Contractual	**$276,758,794**	**$274,127,348**	**$274,127,348**	**$274,127,348**	**$274,127,348**	**$1,373,268,186**

Texas law requires that all state contracts, including grants, be procured competitively when feasible. In addition, HHSC procurement and contracting policy requires competition to the extent possible, even when direct awards are permissible by law.

For subawards and contracts requiring competitive procurement, specific budgets will not be available until completion and award of the contract or subaward. The amounts listed for these subawards and contracts are HHSC's current best estimate of the costs that will be incurred.

HHSC acknowledges that CMS cannot release funds for any subrecipient, consultant, or contractor that is TBD until submission of a detailed budget for each contractual agreement and the applicant/recipient receives CMS approval. HHSC understands that detailed categorical budgets must be submitted to CMS prior to funding being expended, and detailed information will be provided once it is available. CMS has confirmed to HHSC that CMS does not need to review the solicitation and application materials, nor does CMS need to review the contract language. HHSC is prepared to provide any additional information, based on CMS guidance, that will be needed to approve the release of funding for Year 1 subrecipient and IAC agreements.

Indirect Costs

As a public assistance administering agency, Subpart E of 45 CFR Part 95 requires HHSC to submit and have approved a Public Assistance Cost Allocation Plan (PACAP). Allocable costs are assigned to “Cost Objectives” based on allocation methodologies

outlined in HHSC's PACAP in accordance with Subpart E of 2 CFR Part 200. The amount included under indirect costs is a projection of the allocated cost for agency administration based on approved allocation methodologies.

For Year 1, HHSC has budgeted $1,411,068 for indirect costs. For Years 2-5, HHSC has budgeted $2,237,423 in indirect costs each year for a five-year total of $10,360,760

For administrative costs, HHSC is requesting $6,576,442 or 2.34% for Year 1. Estimated administrative costs for Years 2-5 are included in Table 12. HHSC's budget request for administrative costs will not exceed the 10% cap, which includes RHT Program personnel, fringe, travel, and state indirect costs as communicated by CMS. The state will track these expenditures over the program period. The state understands that administrative expenses for vendor and subrecipient awards of initiative-based items are not included in the state's 10% administrative cap. HHSC's estimated direct and indirect administrative costs are listed in the table below.

Table 12. Indirect Costs and Administrative Costs by Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Personnel	$2,440,052	$3,841,062	$3,841,062	$3,841,062	$3,841,062	$17,804,300
Fringe	$693,463	$1,091,630	$1,091,630	$1,091,630	$1,091,630	$5,059,983
Travel	$15,984	$21,898	$21,898	$21,898	$21,898	$103,576
External Monitoring	$1,900,000	$1,900,000	$3,000,000	$3,000,000	$3,000,000	$12,800,000
Performance Monitoring	$115,875	$119,351	$122,932	$126,620	$130,418	$615,196
Indirect	$1,411,068	$2,237,423	$2,237,423	$2,237,423	$2,237,423	$10,360,760
Total Administrative	**$6,576,442**	**$9,211,364**	**$10,314,945**	**$10,318,633**	**$10,322,431**	**$46,743,815**
Total Award	$281,319,361	$281,319,361	$281,319,361	$281,319,361	$281,319,361	$1,406,596,805
% of Total Award	2.34%	3.27%	3.67%	3.67%	3.67%	3.32%

Additional Resources

- Rural Texas Strong – Fact Sheet (.pdf)
- Rural Texas Strong – Frequently Asked Questions (.pdf)

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.

This report contents are those of ***Texas Insight*** and do not necessarily represent the official views of, nor an endorsement, by HHSC or the state of Texas; CMS/HHS, or the U.S. Government.
