

# Rural Health Transformation

Key Elements of the CMS Notice of Funding Opportunity



# Highlights from the Rural Health Transformation Program NOFO

**Innovation is critical to maximizing score** – achieving the highest scores require "structural transformation" that is "sustainable", "ambitious", "supported by credible literature", "measurable", and potential for immediate impact

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**Portfolio of initiatives need to be balanced across holistic set of levers** – allocation of percentages of score different levers ("technical score factors") will require initiatives to address all those levers

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**Policy commitments could supplement the application** – States can earn conditional points upfront with existing or new policy changes (e.g., licensure compacts, SNAP waivers, nutrition CME). Most commitments must be enacted by end of 2027 to prevent funding claw back

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**Stakeholder engagement should be balanced with speed and focus** – States are asked to secure buy-in for their proposed initiatives (e.g., letters of support) – States will need a plan to manage input and competing demands

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**A concrete, plausible, and sustainable execution plan is key for continued funding** – CMS will re-evaluate and re-score States every year against proposed progress, raising the criticality of getting the roadmap right from the start

# Restrictions on uses of funds

Category	Cap	Max Allowed (at \$200M/yr)	Notes
Provider Payments	≤ 15%	\$30M	For direct payments to providers for care delivery (non-reimbursable or gap-filling services). Cannot duplicate billable services.
Capital Expenditures / Infrastructure	≤ 20%	\$40M	Includes minor renovations, and equipment. No new construction or major expansions.
EMR Replacement	≤ 5%	\$10M	Cap only applies if <i>replacing</i> existing certified HITECH EMR systems; optimization/training not capped.
Rural Tech Catalyst Fund Initiative	≤ 10% or \$20M (whichever is less)	\$20M	For tech innovation fund investments; must meet program design and oversight requirements.
Administrative & Indirect Costs	≤ 10%	\$20M	Combined cap for direct + indirect administrative expenses (includes overhead and management).
Clinician Salaries (with non-compete clauses)	Prohibited	-	Funding cannot support salaries in facilities that impose non-compete clauses.
Broadband & Household Telecom	Prohibited	-	Household internet installation and monthly service are not allowable expenses.
Pre-award Costs / Lobbying / Research	Prohibited	-	Not allowed under 2 CFR 200 and HHS Grants Policy Statement.

## Other considerations

- **Healthcare workforce recruitment:** Requires commitments to serve rural communities for a minimum of 5 years for any workforce retention or placement incentives; cannot fund salaries tied to non-compete contracts
- **Food as medicine programs:** Permitted if framed as nutrition & disease prevention—cannot fund direct food aid or SNAP replacement.
- **Remote monitoring:** Permitted as long as tied to patient care
- **Community wellness centers:** Permitted if clearly prevention-focused and non-duplicative.
- Generally, must ensure programs are **non-duplicative** of existing Medicaid/Medicare reimbursable services