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## Introduction

The Texas Health and Human Services Commission (HHSC) uses the award amount of **\$281,319,360.67** to formulate a revised budget for Budget Period 1. This is an increase from \$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.

Following additional discussions with the Centers for Medicare & Medicaid Services (CMS), HHSC revised the Budget Period 1 funding structure to align the timing of obligation, disbursement, and liquidation of Budget Period 1 funds with CMS guidance. Under the revised approach, HHSC restructured the timing and composition of Initiative 1 funding in Budget Period 1 by limiting Initiative 1 – Part 1 direct awards to startup implementation funding and incorporating Initiative 1 – Part 2 competitive awards, while also preserving significant Budget Period 1 investments in Initiative 4 and Initiative 6 so that those funds may be obligated in Budget Period 1 for allowable project-specific costs and liquidated within the required timeframe. This revised approach preserves the long-term intent of the Rural Texas Strong Program while ensuring that Budget Period 1 funding is concentrated on activities that can be timely implemented, monitored, and liquidated in accordance with CMS guidance and applicable grant management requirements.

Below is a summary of the budget proposal, including the yearly allocation to each of the initiatives described in the Project Narrative. Percentages and totals may not sum exactly due to rounding.

**Table 1. Summary Budget (amounts in millions)**

Item	Budget Period 1	% Total
Initiative 1 -- Subaward	<b>\$116.25</b>	<b>41.32%</b>
Initiative 2 – Contract	\$0.00	0.00%
Initiative 3 – Contract	\$0.00	0.00%
Initiative 4 – Subaward	<b>\$98.89</b>	<b>35.15%</b>
Initiative 5 – Contract	\$0.00	0.00%
Initiative 6 – Subaward	<b>\$56.26</b>	<b>20.00%</b>
External Monitoring Contract	\$1.90	0.68%
Performance Monitoring	\$0.12	0.04%
Grants Management System (GMS) Support	\$1.75	0.62%

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Item	Budget Period 1	% Total
Personnel	\$3.29	1.17%
Fringe	\$0.93	0.33%
Travel	\$0.01	0.00%
Indirect	\$1.91	0.68%
<b>Total</b>	<b>\$281.32</b>	<b>100.00%</b>

Table 2 provides a detailed Budget Period 1 breakout. The categories and activities are described in additional detail throughout the revised budget narrative and project narrative. The revised Table 2 reflects the updated allocation table, including Budget Period 1 funding for both Initiative 1 – Part 1 direct awards and Initiative 1 – Part 2 competitive awards, while maintaining zero Budget Period 1 funding for Initiatives 2, 3, and 5 and reflecting the revised allocation of Budget Period 1 funding across Initiative 1, Initiative 4, and Initiative 6 to support activities that can be validly obligated in Budget Period 1 and liquidated by September 30, 2027.

**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	\$60,000,000.00
Initiative 1	Part 2 - All Rural Hospitals, Competitive	\$56,250,000.00
Initiative 2	Request for Proposal	\$0.00
Initiative 3	Request for Proposal	\$0.00
Initiative 4	Part 1 - Open to all providers	\$73,585,880.87
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	\$25,000,000.00
Initiative 5	Request for Offer and Interagency Cooperative Agreement with GLO	\$0.00
Initiative 6	Part 1 - Open to all providers	\$26,263,872.33
Initiative 6	Part 1 - DSHS AMBUS IAC	\$20,000,000.00
Initiative 6	Part 2 - Focus on IDD providers	\$10,000,000.00
External Monitoring	External Monitoring	\$1,900,000.00
Performance Monitoring	Performance Monitoring – DSHS BRFFS Survey Tool Oversampling IAC	\$115,875.00
GMS Support	Personnel and Stakeholder technical support for the GMS	\$1,750,000.00
Personnel	Personnel	\$3,289,746.87
Fringe	Fringe	\$934,946.06
Travel	Travel	\$13,753.74
Indirect	Indirect	\$1,911,203.00
<b>Total</b>		<b>\$281,319,360.67</b>

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## **Implementation Funding**

### **(Personnel) Salaries and Wages**

HHSC will hire and dedicate 31 full-time equivalents (FTEs) to the RHT Program from fiscal year 2026 until the end of the Project Period, which is an increase of 11 FTEs due to an increase in the procurement workload that will be associated with the increased funding and the revised sequencing of implementation activities. Table 3 lists the positions of personnel who will be 100% dedicated to the project. Per CMS guidance and the Notice of Award, HHSC has budgeted all personnel for the entire 10 months in Budget Period 1. As of February 2026, HHSC is actively interviewing and onboarding staff, but will not have personnel in place for the full 10-month Budget Period 1. Therefore, actual expenses for salaries, fringe, and indirect costs are anticipated to be lower than those budgeted. HHSC may redirect unspent salary and fringe expenses to allowable subawards and will reflect changes in the SF-424A and Budget Narrative as a grant note within GrantSolutions, as directed by the CMS Office of Acquisition and Grants Management.

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).

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 are estimated using the full 10-month budget period. Total estimated Budget Period 1 personnel costs shown in Table 3.

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Although HHSC has budgeted personnel for the full 10-month Budget Period 1 consistent with CMS guidance, HHSC anticipates that actual personnel expenditures may be lower due to the timing of staff onboarding. To the extent personnel-related savings are realized, HHSC may propose, subject to CMS approval and applicable grant requirements, to redirect those funds to allowable initiative-based activities that support the revised Budget Period 1 implementation strategy.

**Table 3. Budget Period 1 Requested Salaries**

<b>Primary Role</b>	<b>Position Title</b>	<b>Annual Salary</b>	<b>Time</b>	<b>Budget Period</b>	<b>Total Amount Requested</b>
RHT Program	Director VI	\$208,449	100%	10 months	<b>\$173,707.50</b>
RHT Program	Portfolio Project Manager I	\$172,272	100%	10 months	<b>\$143,560.00</b>
RHT Program	Project Manager V	\$156,612	100%	10 months	<b>\$130,510.00</b>
Initiative 1	Grant Specialist V	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiative 1	Program Specialist VII	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiative 4	Grant Specialist V	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiative 4	Program Specialist VII	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiative 6	Grant Specialist V	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiative 6	Program Specialist VII	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiatives 2,3,5	Program Specialist VII	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiatives 2,3,5	Information Technology Business Analyst III	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiatives 2,3,5	Information Technology Business Analyst III	\$114,099	100%	10 months	<b>\$95,082.50</b>
Procurement Support/Contract Management	Contract Administration Manager I	\$129,430	100%	10 months	<b>\$107,858.33</b>
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	10 months	<b>\$88,861.67</b>
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	10 months	<b>\$88,861.70</b>
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	10 months	<b>\$88,861.70</b>
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	10 months	<b>\$88,861.70</b>

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Primary Role	Position Title	Annual Salary	Time	Budget Period	Total Amount Requested
Procurement/ Contract Support	Attorney IV	\$156,612	100%	10 months	<b>\$130,510.00</b>
Procurement/ Contract Support	Attorney IV	\$156,612	100%	10 months	<b>\$130,510.00</b>
Procurement Support	Contract Administration Manager I	\$129,430	100%	10 months	<b>\$107,858.33</b>
Initiative 4	Program Specialist VII	\$114,099	100%	10 months	<b>\$95,082.50</b>
Initiative 6	Grant Specialist V	\$114,099	100%	10 months	<b>\$95,082.50</b>
Procurement Support/Contract Management	Portfolio Project Manager I	\$172,272	100%	10 months	<b>\$143,560.00</b>
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	10 months	<b>\$88,861.70</b>
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	10 months	<b>\$88,861.70</b>
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	10 months	<b>\$88,861.70</b>
Procurement/ Contract Support	Attorney IV	\$156,612	100%	10 months	<b>\$130,510.00</b>
Initiatives 2,3,5 Support	Program Manager IV	\$129,430	100%	10 months	<b>\$107,858.33</b>
Initiatives 2,3,5 Support	Program Manager IV	\$129,430	100%	10 months	<b>\$107,858.33</b>
Initiatives 2,3,5 Support	Information Technology Business Analyst III	\$142,374	100%	10 months	<b>\$118,645.00</b>
Procurement Support/Contract Management	Contract Specialist V	\$106,634	100%	10 months	<b>\$88,861.67</b>
Total	-	-	-	-	<b>\$3,289,746.87</b>

### **Fringe Benefits**

Benefits include federally mandated programs such as Social Security contributions and unemployment compensation, as well as the core benefits of health insurance and retirement programs.

The benefit rate for state fiscal years 2026 and 2027 is 28.42%, and is categorized in the following manner:

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**Table 4. Fringe Breakdown**

Category	Percentage
Social Security/Medicare	7.65%
Insurance	11.27%
Retirement	9.50%
<b>Total</b>	<b>28.42%</b>

For the 10-month Budget Period 1, HHSC estimates \$3,289,746.87 in salaries and associated fringe benefits of \$934,946.06 for total personnel costs of \$4,224,692.93.

**Table 5. Salary and Fringe Benefits for Budget Period 1**

Item	Budget Period 1
Salary	\$3,289,746.87
Fringe	\$934,946.06
<b>Total</b>	<b>\$4,224,692.93</b>

## Travel

HHSC Rural Texas Strong program staff will travel across the state over the course of the program to keep stakeholders informed, monitor initiative progress, and provide any necessary training, technical assistance, and program guidance. Due to a lack of commercial airports in rural areas<sup>1</sup>, traveling to rural destinations in Texas can be achieved more efficiently by driving or a combination of flying and driving. Due to the distance from Austin to any rural area in Texas, all travel to rural locations will require overnight hotel stays.

The locations and dates for statewide travel have not been finalized and are dependent on onboarding new staff for the program. As a result, budgeted amounts have been included for Budget Period 1. HHSC understands that the funding for in-state travel will stay restricted until dates and destinations are finalized. HHSC will submit another lifting of restriction amendment for the travel, per CMS guidance.

The travel budget in Table 6 assumes the following trips in Budget Period 1: Four rural Texas regions will be visited by three program staff.

In addition to the above rural area visits, the Program Director and one additional staff member will travel to attend the annual Rural Health Summit in Budget Period 1.

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<sup>1</sup> [Rural Access to Intercity Transportation | BTS Data Inventory](#)

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Travel to the CMS Rural Health Summit will be over the three days and two nights, from March 17 – March 19, 2026. The Program Director will fly from Las Vegas, Nevada to Baltimore, Maryland. One other staff member will travel from Austin, Texas to Baltimore, Maryland. At this time, flights and hotels have not been purchased, and the amounts below are updated estimates based on the location of incoming staff and the final dates.

**Table 6. Travel**

<b>Trip</b>	<b>Item</b>	<b>Additional Details</b>	<b>Budget Period 1</b>
<b>Regional Trips: Stakeholder Engagement and Monitoring</b>	Car Rental	Standard SUV rate of \$72.82/day plus additional fees incurred at airport rental location. As GSA rates are not available for non-federal employees, rates will not exceed reasonable and allowable rates per state and HHSC policy. Corrected to 4 Days/3 Nights	\$1,265
	Fuel	18 mpg at \$2.50/gallon.	\$230
	Airfare	3 people	\$2,118
	Ground Transportation	Uber/taxi/public transportation allowance of \$25/trip to and from home airport for 3 people	\$300
	Lodging		\$3,960
	Tax		\$514
	Per Diem	Corrected to 4 Days/3 Nights	\$2,544
	<b>In-State Subtotal</b>		<b>\$10,932</b>

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<b>Trip</b>	<b>Item</b>	<b>Additional Details</b>	<b>Budget Period 1</b>
<b>Annual Trip to Rural Health Summit in Baltimore, Maryland</b>	Air Travel to Baltimore Maryland from Austin, Texas	Round trip flight from Austin to Baltimore on Southwest Airlines March 17-19	\$587.80
	Air Travel to Baltimore Maryland from Las Vegas, NV	Round trip flight from Las Vegas to Baltimore on Southwest Airlines March 17-19	\$725.94
	Ground Transportation	Uber/taxi/public transportation allowance of \$25/trip to and from home airport for 2 people and Uber/taxi/public transportation allowance of \$50/day for 3 days for 2 people	\$400.00
	Lodging in Baltimore Maryland	Utilizing GSA rates for Baltimore, Maryland 2 nights for 3 people at \$150/night	\$600.00
	Lodging Tax	Utilizing GSA rates for Baltimore, Maryland 2 nights for 2 people at \$150/night, 13% Hotel Lodging	\$78.00
	Per Diem in Baltimore, Maryland	Utilizing GSA rates for Baltimore, Maryland for 1 day at \$86 per day and 2 days at \$64.50 per day for 2 people	\$430.00
<b>Out-of-State Subtotal</b>			<b>\$2,821.74</b>
<b>Total Travel</b>			<b>\$13,753.74</b>

Travel in Budget Period 1 will support statewide implementation of the revised Rural Texas Strong Program approach, including stakeholder engagement, technical assistance, site monitoring, program launch activities, workforce and infrastructure initiative support, and coordination with CMS and other state partners. Final travel activity will align to the revised sequencing of initiatives and awarded projects.

In-state-travel uses anticipated locations in six regions across Texas. These locations are outlined in more detail in Tables 8 and 9. Out-of-state travel is estimated using the airport in Baltimore, Maryland as the destination. Rates for air travel, per diem, mileage, and lodging for in-state and out-of-state travel were estimated using General Services Administration (GSA) rates, when available. Final travel costs must also comply with all State of Texas and HHSC travel policies. Table 7 below illustrates the rates for car rental, lodging, mileage, and standard meals and incidental expenses.

The Texas Comptroller of Public Accounts created Textravel to provide information on state travel laws and rules to state agencies and institutions of higher education. Textravel is based on Texas Government Code Chapter 660, General Appropriations Act, Article IX, Part 5, and Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter C, Section 5.22. Pursuant to the 2026-27 General Appropriations Act, Senate Bill 1, 89th Legislature, Regular Session, 2025 (Article IX, General Provisions, Sec. 5.05, Travel Meals and Lodging Expenses), rates for certain travel expenses align with rates allowed by the General Services Administration.

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If purchasing airfare and/or renting a car, HHSC staff must complete Form 4186, Travel Authorization for Public Transportation and must reserve flights and car rentals through HHSC's travel portal, National Travel Systems.

If an HHSC employee must travel by car, the employee must utilize the Trip Optimizer tool located on the Textravel website to establish the most cost-effective method of travel; using a personal car with mileage reimbursement or car rental and fuel cost reimbursement.

A state employee is entitled to reimbursement for the cost of renting a vehicle to conduct state business, per Texas Government Code, Section 660.091. The reimbursement includes all applicable taxes and mandatory charges. It also may include a charge for a collision damage waiver or a loss damage waiver if not already included in the contracted rate for the rental. A charge for an additional driver may only be reimbursed if incurred for a business reason. A charge for a liability insurance supplement, personal accident insurance, safe trip insurance or personal effects insurance is not reimbursable.

Fuel expense for car rental is reimbursed at the actual expense incurred. Additionally, for budgeting purposes, ground transportation (taxi, Uber, public transportation) for site travel while out-of-state is estimated, since allowable rates are not stated on the GSA website. These costs will be reimbursed based on actual expense, as per state travel policy.

When employees from the same agency travel on the same dates with the same itinerary, they must coordinate travel. When four or fewer employees travel on the same itinerary, only one may be reimbursed for mileage. When more than four employees travel on the same itinerary, only one out of every four may be reimbursed for mileage. See Texas Government Code, Section 660.044.

**Table 7. Travel Rates**

Travel Expense Item	In-State	Out-of-State
	State Travel Rates Not to exceed GSA Rates	GSA Rates
Car Rental	Standard daily rate	N/A
Lodging	\$110/night	\$150/night
Mileage	.70/mile	.70/mile
Per Diem: Meals & Incidentals	\$53/day	\$86/day \$64.50/first & last day

Using the rates in Table 7, Table 8 shows a breakdown of the travel costs (per person) by travel category and the total cost per person for each planned trip. In-state travel costs per person for Budget Period 1 total \$3,644, corrected to reflect in-state travel for 4 days and 3 nights. In-state

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travel for three people and out-of-state travel costs for two people total \$13,753.74 in Budget Period 1.

**Table 8. Budget Period 1 In-State Travel Detail per Person, Pending Final Travel Dates**

Destination	Panhandle	West Texas	East Texas	South Texas
	Flying to Amarillo and driving to Perryton, Texas <b>(4 days, 3 nights)</b>	Flying to Midland and driving to Andrews, Texas <b>(4 days, 3 nights)</b>	Driving from Austin to Bonham, Texas <b>(4 days, 3 nights)</b>	Driving from Austin to Kenedy, Texas <b>(4 days, 3 nights)</b>
<b>Travel Category</b>				
Car Rental	\$111	\$117	\$97	\$97
Car Rental Fuel	\$16	\$8	\$37	\$15
Air Travel (average, due to varied locations)	\$488	\$218	\$0	\$0
Ground Transportation to and from Airport and out-of-state allowance	\$50	\$50	\$0	\$0
Lodging	\$330	\$330	\$330	\$330
Lodging Tax	\$43	\$43	\$43	\$43
Per Diem	\$212	\$212	\$212	\$212
<b>Total Travel cost per person</b>	<b>\$1,250</b>	<b>\$978</b>	<b>\$719</b>	<b>\$697</b>
<b>Miles*</b>	345.4	180.4	793	<b>334</b>

\*Miles are included for the entire trip and not divided per person. Mileage is not reimbursed but used to estimate fuel costs.

**Table 9. Budget Period 1 Out-of-State Travel Detail per Person, March 17 – 19, 2026**

	Person 1	Person 2
<b>Destination</b>	CMS Rural Health Summit in Baltimore, Maryland <b>(3 days, 2 nights)</b>	CMS Rural Health Summit in Baltimore, Maryland <b>(3 days, 2 nights)</b>
<b>Travel Category</b>		
Car Rental	\$0	\$0
Car Rental Fuel	\$0	\$0
Air Travel	\$587.80	\$725.94
Ground Transportation to and from Airport and out-of-state allowance	\$200	\$200
Lodging	\$300	\$300
Lodging Tax	\$39	\$39
Per Diem	\$215	\$215

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	Person 1	Person 2
<b>Total Travel cost per person</b>	<b>\$1,341.80</b>	<b>\$1,479.94</b>
<b>Miles*</b>	0	0

Table 10 shows a list of proposed locations by program year for in-state travel. Due to the vast geographic area of Texas, staff intend to visit as many locations as possible along a planned route with a set location to stay overnight within each region. These locations are subject to change based on subrecipient selection and collaboration with CMS and stakeholders. The tables above use six baseline locations to estimate the travel costs.

Changes in locations in each region will result in minor cost differences to the estimates shown. Budgets will be finalized prior to each program year in future years, as the team is established. Regardless of the location, staff will be required to use the Trip Optimizer tool at the time of booking to determine the most cost-efficient method of travel.

**Table 10. Proposed Locations**

Regions	Budget Period 1
Panhandle	Perrytown, TX
North	
West	Andrews, TX
East	Bonham, TX
Central-Gulf	
South	Kenedy, TX

### **Equipment**

HHSC does not request funding for equipment.

### **Supplies**

HHSC does not request funding for supplies.

### **Consultant, Subrecipient, and Contractual Costs**

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

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updates to the total award amount and the revised Budget Period 1 implementation approach, and the table below provides additional detail on the different components of each award, which may require different procurement processes. Additional information on these updates has also been included in the updated Project Narrative. 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:

- **Initiative 1 – Part 1 Direct Awards:** An estimated 80 direct subawards totaling \$60,000,000, approximately \$750,000 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. These awards are limited in Budget Period 1 to startup implementation funding reimbursed on a demonstrated-cost basis for approved local projects.
  - o Allowable uses of Initiative 1 – Part 1 startup funding include planning, startup staffing, contractual support, community coordination, technical assistance, minor allowable startup costs, and other reasonable, allocable, and necessary expenditures directly tied to an approved scope of work. These awards are intentionally structured in Budget Period 1 to support implementation readiness rather than large advance pay-for-performance disbursements.
  - o HHSC will require each Initiative 1 recipient to submit a detailed spending plan and budget justification prior to award and prior to disbursement of funds. Budget Period 1 Initiative 1 funds must be fully expended within the timeframe required by CMS for Budget Period 1 liquidation. HHSC will incorporate specific financial management, reporting, and monitoring requirements into each award agreement, including requirements related to expenditure documentation, quarterly financial and performance reporting, sustainability planning, and compliance with all applicable federal and state restrictions.
  - o The broader pay-for-performance framework for Initiative 1 will remain in place in later budget periods. The bulk of Initiative 1 funding will be reserved for Years 4 and 5 and paid following demonstrated and verified achievement of approved outcome measures. This revised structure preserves the initiative’s long-term outcome-driven design while aligning Budget Period 1 disbursements with CMS direction and applicable grant management requirements.
- **Initiative 1 – Part 2 Competitive Awards:** Budget Period 1 includes \$56,250,000 for competitive awards to all rural hospitals. These awards will support broader participation in Initiative 1 by public and private rural hospitals through a competitive application process, subject to CMS approval, state procurement requirements, and detailed budget review.
- **Initiative 2 and Initiative 3:** No Budget Period 1 funding is currently budgeted for Initiative 2 or Initiative 3 procurements. These initiatives remain part of the overall Rural Texas Strong strategy, but Budget Period 1 funding has been prioritized toward

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implementation-ready activities that can be timely obligated and liquidated under the revised approach.

- **Initiative 4 – Workforce Development:** Budget Period 1 funding totals \$98,889,964.67 for Initiative 4. This includes \$73,585,880.67 for Initiative 4 Part 1 provider-facing awards, \$304,083.00 for the Department of State Health Services Community Health Workers Program IAC, and \$25,000,000.00 for Initiative 4 Part 2 awards focused on behavioral health providers. The Board of Nursing IAC remains budgeted at \$0.00 in Budget Period 1 and is projected to begin in Year 2. HHSC is increasing the amount of Budget Period 1 funding allocated to Initiative 4: The Next Generation of the Small Town Doctor and Team to accelerate workforce investments that can be awarded, implemented, and liquidated earlier in the program period. Initiative 4 is well suited for accelerated Budget Period 1 implementation because workforce startup activities can be tied to defined scopes of work, provider-specific budgets, and near-term allowable expenditures. HHSC will require itemized budgets, implementation plans, and reporting for all Initiative 4 awards and agreements and will monitor expenditures and performance through quarterly oversight and contract management.
- **Initiative 5 – RFO and IAC with GLO:** No Budget Period 1 funding is currently budgeted for Initiative 5. The initiative is projected at \$100,000,000 over the five-year project period and is expected to begin in Year 2 through an RFO and IAC structure with the General Land Office.
- **Initiative 6 – Infrastructure and Capital Investments:** Budget Period 1 funding totals \$56,263,872.33 for Initiative 6 and does not exceed the identified Budget Period 1 cap. This includes \$26,263,872.33 for Initiative 6 Part 1 provider-facing awards, \$20,000,000.00 for the DSHS AMBUS IAC, and \$10,000,000.00 for Initiative 6 Part 2 awards focused on IDD providers. HHSC is increasing the amount of Budget Period 1 funding allocated to Initiative 6 to support allowable capital and infrastructure needs among rural healthcare providers that can be obligated in Budget Period 1 and liquidated within the CMS-required timeframe. Initiative 6 supports investments in allowable capital and infrastructure needs, including emergency preparedness assets, provider capacity improvements, minor allowable alterations or renovations, and other capital investments consistent with the Rural Health Transformation framework, the Notice of Award, and all applicable federal funding limitations.
- 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. More information can be found in the External Monitoring document located in the Other Supporting Documentation. A procurement process is necessary to identify the contractor for this purpose.
- HHSC will contract with Deloitte to provide additional support to program staff and awardees for the HHSC Grants Management System. This system will be used to develop, send, and track awards and implementation activities under the revised Budget Period 1 structure. HHSC has budgeted \$1,750,000 for this support.

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**Table 11. Budget Period 1 Consultant, Subrecipient, and Contractual Costs**

Item	Budget Period 1
Initiative 1 - Part 1 Direct Subaward	\$60,000,000
Initiative 1 - Part 2 Competitive Subaward	\$56,250,000
Initiative 2 – Contract	\$0
Initiative 3 – Contract	\$0
Initiative 4 - Part 1 Subaward	\$73,585,880.67
Initiative 4 – Part 1 DSHS IAC	\$304,083*
Initiative 4 – Part 1 BON IAC	\$0
Initiative 4 – Part 2	\$25,000,000
Initiative 5 – Contract and IAC	\$0
Initiative 6 - Part 1 Subaward	\$26,263,872.33
Initiative 6 - Part 1 IAC	\$20,000,000
Initiative 6 - Part 2 Subaward	\$10,000,000
External Monitoring Contract	\$1,900,000
Performance Monitoring Contract	\$115,875
GMS Support	\$1,750,000
<b>Total Contractual</b>	<b>\$275,169,711</b>

\*This item has been corrected and was previously shown under the BON IAC.

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 Budget Period 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

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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 Budget Period 1, HHSC has budgeted \$1,911,203 for indirect costs.

For administrative costs, HHSC estimates \$9,915,524.67, or 3.52%, for Budget Period 1. 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. Administrative costs associated with subrecipient and contractor activities are excluded from the State's administrative cost calculation, consistent with CMS guidance. HHSC's estimated direct and indirect administrative costs are listed in the table below.

**Table 12. Indirect Costs and Administrative Costs for Budget Period 1**

Category	Budget Period 1
Personnel	\$3,289,746.87
Fringe	\$934,946.06
Travel	\$13,753.74
External Monitoring	\$1,900,000.00
Performance Monitoring	\$115,875.00
GMS Support	\$1,750,000.00
Indirect	\$1,911,203.00
Total Administrative	\$9,915,524.67
Total Award	\$281,319,360.67
% of Total Award	3.52%

In summary, HHSC's revised Budget Period 1 budget strategy aligns the Rural Texas Strong Program with CMS feedback by concentrating early funding on activities that can be validly obligated, disbursed, implemented, and liquidated within the required timeframe, while preserving the long-term pay-for-performance framework for Initiative 1 and the broader multi-year transformation goals of the program.

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### **RTS Initiatives - Budget Period 1 Funding Structure**

The information below is provided to give CMS a more detailed Budget Period 1 justification for the Rural Texas Strong Program and to supplement the broader explanations contained in the Budget Narrative. This section is intended to organize the State's proposed use of funds in a manner that corresponds to CMS budget guidance by identifying, at a more operational level, the anticipated structure, purpose, and accountability framework for each initiative and each related administrative or support cost. For Initiatives 1, 4, and 6, the information below reflects the State's anticipated subaward approach, including the types of eligible subrecipients, the expected scope of work, the monitoring framework, and the basis for future itemized budgets. For Initiatives 2, 3, and 5, the information reflects the State's anticipated contract structure, including the procurement approach, expected contractor functions, oversight methodology, and the basis on which detailed budgets will be finalized once procurement planning is complete. In addition, this section provides supporting justification for the non-initiative costs necessary to implement and oversee the program, including external monitoring, performance monitoring, grants management system support, personnel, fringe, travel, and indirect costs.

Taken together, the initiative-specific narratives and the additional administrative and support justifications below are intended to demonstrate that the Budget Period 1 funding structure is reasonable, necessary, and aligned with the overall Rural Texas Strong Program design described in the revised Budget Narrative. Although certain project-specific details, contractor identities, subrecipient names, and final itemized budgets will not be available until the applicable award, procurement, or interagency agreement processes are completed, HHSC has provided the maximum level of detail currently available regarding the anticipated use of funds, program objectives, implementation approach, and accountability mechanisms. This information is intended to assist CMS in evaluating the State's proposed budget with a clear understanding that HHSC will finalize remaining award-level and contract-level details through the appropriate subaward, procurement, and interagency agreement processes, while maintaining compliance with applicable federal requirements, CMS guidance, and the approved scope of the Rural Texas Strong Program

### **INITIATIVE 1 – SUBAWARD (PORTFOLIO #1 – COMMUNITY INITIATIVES) | \$116,250,000.00.**

**Summary of Initiative 1:** Initiative 1, *Make Rural Texans Healthy Again*, will be implemented through direct awards and competitive subawards to eligible rural hospital districts, hospital authorities, and rural hospitals to carry out project activities directly aligned with program objectives. In Budget Period 1, HHSC will issue \$116,250,000 in funding, including \$60,000,000 in direct awards and \$56,250,000 in competitive subawards, to support startup implementation activities. These funds will support allowable, reasonable, and allocable costs necessary to establish and operationalize evidence-based interventions that improve chronic

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disease outcomes, expand access to preventive and primary care services, and strengthen rural healthcare delivery systems. Each funding recipient will be required to perform a defined scope of work tied to measurable outcomes, including prevention, care access, and chronic disease management improvements. HHSC, as the pass-through entity, will establish agreements that include defined periods of performance, detailed scopes of work, and itemized budgets with justification by cost category. Budget Period 1 funding is structured to support implementation readiness and ensure timely obligation and liquidation, while maintaining alignment with longer-term performance-based outcomes in subsequent budget periods.

### **Initiative 1 | Part 1 – Hospital Districts, Direct Award - \$60,000,000.00**

- 1. Name of Subrecipient:** Eligible subrecipients are restricted to hospital districts and hospital authorities that qualify as units of local government, are located in a Texas county with a population of 68,750 or less, and own and operate a rural hospital. HHSC anticipates approximately 80 eligible hospital districts and hospital authorities statewide.
- 2. Period of Performance:** The period of performance for this program is September 1, 2026 through September 30, 2030.
- 3. Scope of Work:** Each subrecipient shall enhance or create community-based prevention, wellness, and nutrition programs or services to improve chronic disease conditions. This shall be achieved through the implementation of one or more approved strategic program activities. Subrecipients will be required to implement locally designed and sustainable solutions that improve prevention, care access, and chronic disease management. They will be required to document that a minimum number of individuals have received chronic disease management and prevention services prior to the end of the 4-year, 1-month program period so that pay-for-performance achievement is reasonable in relation to the anticipated cost of implementation. Specific outcome measures that will be improved include reduction in diabetes-related emergency department visits and increasing the number of adults with diabetes who receive disease management and nutrition counseling education.
- 4. Method of Accountability:** HHSC shall monitor subrecipient performance to ensure compliance with program requirements and the achievement of outcomes. Subrecipients shall be required to report on performance measures, project progress, expenditures, and all other program metrics. Ongoing monitoring will include quarterly financial and programmatic reporting, data analysis of standardized outcome measure data, periodic site visits or desk reviews, and participation in regularly scheduled meetings with HHSC Grant and Program Specialists. Subrecipients will also be required to comply with a post-award audit readiness assessment and ongoing compliance monitoring by a third-party independent contractor selected and retained by HHSC.
- 5. Itemized Budget and Justification:** A detailed, itemized budget is not available at this time because project-specific costs will be determined based on enrollments submitted in response to the program's direct award process. Budget details will be developed and

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finalized in accordance with the scope of work proposed in each recipient's enrollment. HHSC anticipates making approximately 80 awards, with a planned first-year payment of approximately \$750,000 per participating recipient to fund individual startup implementation proposals.

### **Initiative 1 | Part 2 – All Rural Hospitals, Competitive – \$56,250,000.00**

- 1. Name of Subrecipient:** Eligible subrecipients are restricted to licensed rural hospitals located in Texas counties with populations of 68,750 or less, including hospitals that may also receive funding under Part 1 if they propose distinct additional project activities under the competitive component. Awards will be made through a competitive application process.
- 2. Period of Performance:** The period of performance for this program is September 1, 2026 through September 30, 2030.
- 3. Scope of Work:** Each subrecipient shall enhance or create community-based prevention, wellness, and nutrition programs or services to improve chronic disease conditions. This shall be achieved through the implementation of one or more approved strategic program activities. Subrecipients will be required to improve outcome measures for their communities through locally designed and sustainable solutions. They will also be required to document that a minimum number of individuals have received chronic disease management and prevention services prior to the end of the 4-year, 1-month program period so that pay-for-performance achievement is reasonable in relation to the anticipated costs of implementation. At least a portion of the selected awardees will be expected to include in their project proposal strategies to increase access to dietician services in rural communities. Specific outcome measures that will be improved include reduction in diabetes-related emergency department visits and increasing the number of adults with diabetes who receive disease management and nutrition counseling education.
- 4. Method of Accountability:** HHSC shall monitor subrecipient performance to ensure compliance with program requirements and the achievement of outcomes. Subrecipients shall be required to report on performance measures, project progress, expenditures, and all other program metrics. Ongoing monitoring will include quarterly financial and programmatic reporting, data analysis of standardized outcome measure data, periodic site visits or desk reviews, and participation in regularly scheduled meetings with HHSC Grant and Program Specialists. Subrecipients will also be required to comply with a post-award audit readiness assessment and ongoing compliance monitoring by a third-party independent contractor selected and retained by HHSC.
- 5. Itemized Budget and Justification:** A detailed, itemized budget is not available at this time because project-specific costs will be determined based on funded applications submitted through the competitive solicitation. Budget details will be developed and finalized in accordance with the scope of work proposed in each selected application. HHSC expects final award amounts to vary based on the number of awards issued, the

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approved scope of work, and the relative strength and scale of applications selected for funding.

## **INITIATIVE 2 – CONTRACT (PORTFOLIO #2 – TECHNOLOGY INNOVATION) | \$0.00.**

**Summary of Initiative 2:** Initiative 2 will be implemented through contracts with qualified entities to perform project activities necessary to achieve program objectives. Although no funding is allocated in Budget Period 1, HHSC will utilize this period to conduct procurement planning and initiate a competitive solicitation process, such as a Request for Proposals, in accordance with applicable federal and state procurement requirements. Contractors selected under this initiative will perform defined scopes of work with clearly articulated deliverables tied to program outcomes. HHSC will ensure that each contract includes a defined period of performance, a method of selection consistent with full and open competition requirements under 2 CFR 200.317 through 2 CFR 200.327, and an itemized budget with appropriate justification. HHSC will maintain responsibility for contract administration and will monitor contractor performance through established accountability mechanisms, including deliverable review, performance tracking, and financial oversight to ensure compliance with all applicable federal requirements.

### **REQUEST FOR PROPOSAL**

- 1. Name of Contractor:** To be determined. HHSC anticipates that eligible contractors may include accountable care organizations, clinically integrated networks, or similar cooperative organizations. HHSC may select as many vendors as necessary to support implementation across all 202 rural counties.
- 2. Method of Selection:** The contractor or contractors will be selected through a competitive Request for Proposal solicitation. Proposals will be evaluated based on subject matter expertise, demonstrated commitment to improving technology access and health information exchange, and meaningful alignment with rural provider needs. HHSC may also prioritize organizations with strong rural provider participation and demonstrated ability to implement CMS-aligned health technology solutions at scale.
- 3. Period of Performance:** No funding is allocated for this initiative in Budget Period 1. During Budget Period 1, HHSC will focus on procurement planning, development of solicitation documents, and contractor selection readiness. The final period of performance will be established in the solicitation and resulting contract documents once procurement planning is complete and funding is made available in a future budget period.
- 4. Scope of Work:** The scope of work is still in development; however, HHSC anticipates requiring selected contractors to support the purchase, installation, and implementation of patient-facing healthcare portals, compatible consumer applications, and related technology integration activities using a cooperative or group-purchasing model to ensure

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best value to the state. Deliverables are expected to include technology that supports patient identity verification, reduces manual intake processes, improves data exchange, and provides patient-facing digital support tools. Additional deliverables may include patient education and digital literacy training for rural residents and providers. These activities are intended to increase provider participation in health technology modernization, increase patient portal utilization, expand remote patient monitoring, and improve technology-enabled access to care.

**5. Method of Accountability:** The HHSC Chief Financial Officer's Procurement and Contracts Department will provide administrative oversight of the contracts to ensure all deliverables are received within contractual deadlines, maintain contract documentation, and assist with contract actions required during the contract term. Oversight activities will include regular reviews of deliverable status, performance tracking, invoice validation prior to payment, and quarterly meetings with contractors to discuss progress and challenges. If contract value thresholds are met, HHSC will also apply enhanced monitoring consistent with Texas Government Code Section 2261.253.

**6. Itemized Budget and Justification:** A detailed itemized budget is not available at this time because no contractor has yet been selected and the final scope of work will be established through the competitive procurement process. The selected contractor or contractors will be required to submit a detailed itemized budget and justification as part of the procurement and award process.

### **INITIATIVE 3 – CONTRACT (PORTFOLIO #2 – TECHNOLOGY INNOVATION) |**

**\$0.00.**

**Summary of Initiative 3:** Initiative 3 will be carried out through contractual agreements with external entities to support project activities aligned with Rural Texas Strong program objectives. Budget Period 1 activities will focus on procurement planning, development of solicitation documents, and preparation for contractor selection using a competitive procurement process consistent with federal and state standards. Future contracts under this initiative will require contractors to execute defined scopes of work with measurable deliverables supporting program outcomes. HHSC will ensure that all contracts include clearly defined periods of performance, selection methodologies, and itemized budgets with justification. HHSC will be responsible for monitoring contractor performance and ensuring accountability through ongoing oversight, including review of deliverables, performance metrics, and financial compliance in accordance with 2 CFR 200 procurement and contract administration requirements.

### **REQUEST FOR PROPOSAL**

**1. Name of Contractor:** To be determined. HHSC anticipates that eligible contractors may include accountable care organizations, clinically integrated networks, or similar

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organizations capable of implementing ambient artificial intelligence tools and related rural provider support models.

- 2. Method of Selection:** The contractor or contractors will be selected through a competitive Request for Proposal solicitation. HHSC expects to use evaluation criteria similar to those used for Initiative 2, including technical expertise, rural provider alignment, and demonstrated capability to deploy technology solutions that support rural providers and patients.
- 3. Period of Performance:** No funding is allocated for this initiative in Budget Period 1. During Budget Period 1, HHSC will focus on procurement planning, solicitation development, and contractor selection readiness. The final period of performance will be established in the solicitation and resulting contract documents once procurement planning is complete and funding is made available in a future budget period.
- 4. Scope of Work:** The scope of work is still in development. However, HHSC anticipates requiring selected contractors to examine current provider conditions and develop and implement a plan to increase access to ambient artificial intelligence tools that support clinical documentation, billing, and prior authorization submissions. Initial focal areas include maternal health, behavioral health, preventive screening, and radiology. Deliverables are expected to include procurement and deployment of provider-focused AI tools, development of an implementation plan, collaboration with providers to establish patient-focused hubs for telehealth access, establishment of a communications framework for provider best practices, and delivery of training and technical assistance. These activities are intended to reduce administrative burden, expand telehealth access, improve digital connectivity, and enhance specialty care coordination for rural providers and patients.
- 5. Method of Accountability:** The HHSC Chief Financial Officer's Procurement and Contracts Department will provide administrative oversight of the contracts to ensure all deliverables are received within contractual deadlines, maintain contract documentation, and assist with contract actions required during the contract term. Oversight activities will include regular reviews of deliverable status, performance tracking, invoice validation prior to payment, and quarterly meetings with contractors to discuss progress and challenges. If contract value thresholds are met, HHSC will also apply enhanced monitoring consistent with Texas Government Code Section 2261.253.
- 6. Itemized Budget and Justification:** A detailed itemized budget is not available at this time because no contractor has yet been selected and the final scope of work will be established through the competitive procurement process. The selected contractor or contractors will be required to submit a detailed itemized budget and justification as part of the procurement and award process.

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## **INITIATIVE 4 – SUBAWARD (PORTFOLIO #1 – COMMUNITY INITIATIVES) | \$98,889,964.37.**

**Summary of Initiative 4:** Initiative 4 will be implemented through subawards and interagency agreements to expand access to care, strengthen workforce capacity, and enhance behavioral health services in rural communities. In Budget Period 1, HHSC will allocate \$98,889,964.37 across multiple components, including provider-facing awards, targeted workforce support initiatives, and behavioral health-focused funding. Funding recipients will perform defined scopes of work aligned with program objectives, including service expansion, workforce development, and care delivery improvements. HHSC will execute agreements that specify periods of performance, scopes of work, and itemized budgets with justification for each cost category. As the pass-through entity, HHSC will monitor performance and compliance through established accountability processes, including financial and programmatic reporting, expenditure review for allowability, and ongoing oversight consistent with 2 CFR 200.332 requirements. Budget Period 1 funding is structured to support immediate implementation while ensuring compliance with federal cost principles and program objectives.

### **Initiative 4 | Part 1 – Open to all providers - \$73,585,880.67**

- 1. Name of Subrecipient:** Eligible subrecipients are healthcare providers and related service entities located in a Texas county with a population of 68,750 or less, including entities that are legally licensed or certified to operate and provide medical, behavioral health, long-term care, emergency response, or other client services to the communities in which they are located.
- 2. Period of Performance:** The period of performance will begin upon execution of the award agreement and is expected to extend through September 30, 2027 for Budget Period 1-funded implementation activities, with any later-year activities subject to the terms of the award and availability of funds.
- 3. Scope of Work:** Each subrecipient shall recruit, train, or retain healthcare professionals by building local education and training pipelines or by providing incentives for clinicians to practice in their communities. This may be achieved through one or more approved strategic program approaches. Subrecipients may use the funds to increase the number of practitioners at varying levels and may also use the funds to support expansion of allied health professional staffing. Subrecipients will be required to identify the specific workforce type they intend to increase or strengthen, with prioritization of awards for providers that increase emergency medical technicians, community health workers, primary care physicians, and behavioral health providers in rural communities. Subrecipients will also be required to develop mentorship or coaching protocols for the new workforce to increase the likelihood of workforce retention and to develop sustainability plans showing how the workforce can be maintained after the program period.

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- 4. Method of Accountability:** HHSC shall monitor subrecipient performance to ensure compliance with program requirements and the achievement of outcomes. Subrecipients shall be required to report on performance measures, project progress, expenditures, and all other program metrics. Monitoring will include documentation of recruitment and retention activities, including copies of job opportunity notices, implementation materials, mentoring or coaching program design, and other supporting materials. Subrecipients will also be required to submit invoices for reimbursement of documented eligible costs incurred to implement the recruitment and retention activities they undertake. HHSC may supplement routine oversight with post-award audit readiness and third-party compliance monitoring.
- 5. Itemized Budget and Justification:** A detailed itemized budget is not available at this time because project-specific costs will be determined based on funded applications submitted in response to the program's solicitation. Budget details will be developed and finalized in accordance with the scope of work proposed in each subrecipient's application. HHSC anticipates issuing multiple awards, with funding levels varying based on the approved scope of work, provider need, local workforce shortages, HPSA considerations, and the total number of awardees selected.

#### **Initiative 4 | Part 1 – Board of Nursing IAC - \$0.00**

- 1. Name of Subrecipient:** Texas Board of Nursing.
- 2. Period of Performance:** No Budget Period 1 funds are allocated for this component. The period of performance will be established in the finalized interagency agreement once project planning is complete and funds are made available in a future budget period.
- 3. Scope of Work:** The Board of Nursing shall modernize legacy enforcement, education oversight, licensure-connected data systems, and public-facing web functions through an integrated cloud-based platform connected to licensure data. The project is intended to streamline processing, improve data accessibility and interoperability, strengthen cybersecurity, and improve public access to nursing licensure-related services.
- 4. Method of Accountability:** HHSC will monitor this interagency agreement through milestone-based project management, periodic written status reports, and scheduled coordination meetings between HHSC and Board of Nursing staff. Monitoring will focus on project schedule, system development milestones, expenditure progress, and achievement of agreed implementation deliverables. HHSC will also review documentation supporting expenditures and deliverable completion before approving payment in future budget periods.
- 5. Itemized Budget and Justification:** A final itemized budget is not available at this time. Budget details will be developed and finalized through the interagency agreement development process in a future budget period. No Budget Period 1 funds will be expended under this component.

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#### **Initiative 4 | Part 1 – Department of State Health (DSHS) Community Health Workers Program - \$304,083.00**

- 1. Name of Subrecipient:** Texas Department of State Health Services.
- 2. Period of Performance:** The period of performance is expected to begin as soon as the interagency agreement is finalized and positions may be initiated in Budget Period 1 to support implementation activities earlier in the project. Final dates will be reflected in the executed interagency agreement.
- 3. Scope of Work:** DSHS shall use the funds to support Community Health Worker program administration activities that expand rural access to approved CHW training and certification opportunities. This includes support for curriculum approval processes, certification-related functions, and prioritization of rural area requests so that rural communities have improved access to authorized CHW training pathways and supporting program infrastructure.
- 4. Method of Accountability:** HHSC will monitor this interagency agreement through regular written status updates, expenditure reporting, and periodic coordination meetings with DSHS. Monitoring will focus on staffing progress, rural request prioritization, certification process outputs, expenditure progress, and achievement of deliverables specified in the interagency agreement. Reporting cadence will be finalized in the IAC, but HHSC expects periodic programmatic and financial reporting sufficient to support Budget Period 1 oversight and closeout.
- 5. Itemized Budget and Justification:** A high-level Year 1 budget is available and is based on approximately 5.0 FTEs to support CHW program administration activities, including positions associated with processing, coordination, and program support. Final salary, fringe, and any other allowable cost details will be reflected in the executed interagency agreement and supporting budget documents.

#### **Initiative 4 | Part 2 – Focus on Behavioral Health Providers - \$25,000,000.00**

- 1. Name of Subrecipient:** Eligible subrecipients are healthcare providers and related service entities located in a Texas county with a population of 68,750 or less, including entities that are legally licensed or certified to operate and provide behavioral health or related client services in the communities in which they are located.
- 2. Period of Performance:** The period of performance will begin upon execution of the award agreement and will support timely implementation of Budget Period 1-funded activities in accordance with CMS requirements.
- 3. Scope of Work:** Each subrecipient shall expand, strengthen, or improve access to behavioral health services in rural communities. This may include recruitment and retention of behavioral health professionals, development of behavioral health service capacity, integration of behavioral health with other rural care delivery settings, and

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implementation of service delivery models designed to improve access and continuity of care for rural residents.

4. **Method of Accountability:** HHSC shall monitor subrecipient performance to ensure compliance with program requirements and the achievement of outcomes. Subrecipients shall be required to report on project progress, expenditures, service expansion activities, and all other program metrics. Monitoring will include financial and programmatic reporting, review of expenditure allowability, and risk-based oversight as determined by HHSC.
5. **Itemized Budget and Justification:** A detailed itemized budget is not available at this time because project-specific costs will be determined through the solicitation and award process. Budget details will be developed and finalized in accordance with the scope of work proposed in each subrecipient's application.

## **INITIATIVE 5 – CONTRACT (PORTFOLIO #2 – TECHNOLOGY INNOVATION) | \$0.00.**

**Summary of Initiative 5:** Initiative 5 will be implemented through multiple contractual agreements, including competitive procurements and interagency agreements, to support project activities requiring specialized expertise. While no funding is allocated in Budget Period 1, HHSC will use this period to coordinate with other governmental entities as appropriate, develop solicitation packages, and refine contracting mechanisms for future budget periods. Most funding is expected to be awarded through a competitive procurement process, with a smaller portion expected to be issued through an interagency agreement to support specialized project activities. In both contract types, contractors will be required to perform defined scopes of work with clearly identified deliverables tied to program objectives. HHSC will ensure that each contract includes a defined period of performance, a method of selection consistent with federal procurement requirements, and an itemized budget with justification. HHSC will be responsible for monitoring contractor performance through established accountability measures, including performance evaluation, deliverable review, and financial oversight, ensuring compliance with 2 CFR 200 procurement standards and contract administration requirements.

### **REQUEST FOR OFFER**

1. **Name of Contractor:** To be determined. Eligible contractors are expected to include vendors in the Managed Security Services Provider pool maintained by the Texas Department of Information Resources.
2. **Method of Selection:** The contractor or contractors will be selected through a competitive solicitation process using an appropriate procurement vehicle. Vendors in the applicable DIR pool or other authorized competitive vehicle may be eligible to apply in accordance with procurement requirements established by HHSC.

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- 3. Period of Performance:** No funding is allocated in Budget Period 1. During Budget Period 1, HHSC will focus on solicitation planning, scope refinement, and procurement readiness. The final period of performance will be established in the solicitation and contract award documents once funding is available in a future budget period.
- 4. Scope of Work:** The contractor shall evaluate rural system readiness for a unified care infrastructure and cybersecurity improvements, make recommendations at both the site and statewide levels, implement endpoint detection and response coverage, support development of a security operations center model, provide training to rural hospitals and other participating entities, and assist with development of a transition and sustainability approach for ongoing cyber and infrastructure management. These activities are intended to increase provider participation in automated quality reporting, reduce system outages, and increase participation in managed endpoint detection, response, and shared security operations capabilities.
- 5. Method of Accountability:** The HHSC Chief Financial Officer's Procurement and Contracts Department will provide administrative oversight of the contracts to ensure deliverables are received within contractual deadlines, maintain contract documentation, and assist with required contract actions. Oversight activities will include regular reviews of deliverable status, performance tracking, invoice validation prior to payment, and quarterly meetings with contractors to discuss progress and challenges. If contract value thresholds are met, HHSC will also apply enhanced monitoring consistent with Texas Government Code Section 2261.253.
- 6. Itemized Budget and Justification:** A detailed itemized budget is not available at this time because no contractor has yet been selected and the final scope of work will be established through the procurement process. The selected contractor or contractors will be required to submit a detailed itemized budget and justification as part of the procurement and award process.

## IAC WITH GLO

- 1. Name of Contractor:** Texas General Land Office.
- 2. Method of Selection:** This interagency contract will be executed under Texas Government Code Chapter 771. HHSC anticipates using this agreement because GLO, through the Veterans Land Board, operates the Texas State Veterans Homes and is therefore uniquely positioned to support rural State Veterans Home participation in this initiative.
- 3. Period of Performance:** No funding is allocated in Budget Period 1. During Budget Period 1, HHSC will coordinate with GLO to refine scope, funding structure, and implementation needs. The final period of performance will be established once HHSC and GLO finalize the interagency agreement in a future budget period.
- 4. Scope of Work:** The scope of work is under development. HHSC anticipates that the interagency agreement may support targeted infrastructure, EMR-related modernization, and cybersecurity improvements affecting rural State Veterans Homes. Final deliverables

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will be established only after additional coordination with GLO and internal leadership to ensure alignment with the broader unified care infrastructure strategy.

5. **Method of Accountability:** The HHSC Chief Financial Officer's Procurement and Contracts Department will provide administrative oversight to ensure deliverables are received within agreed timelines, maintain contract documentation, and assist with required contract actions. Oversight activities will include review of deliverable status, performance tracking, expenditure review, and periodic coordination meetings with GLO.
6. **Itemized Budget and Justification:** A detailed itemized budget is not available at this time because the final scope of work is still under development. Final budget details will be incorporated into the executed interagency agreement once scope and funding needs are finalized.

## **INITIATIVE 6 – SUBAWARD (PORTFOLIO #1 – COMMUNITY INITIATIVES) | \$56,263,872.33.**

**Summary of Initiative 6:** Initiative 6 will be implemented through subawards and interagency agreements to support capital and infrastructure investments that strengthen rural healthcare system capacity. In Budget Period 1, HHSC will allocate \$56,263,872.33, including subawards to providers and an interagency agreement with DSHS for emergency preparedness assets that will benefit rural communities. Funding recipients shall strengthen and modernize rural healthcare delivery by investing in critical infrastructure, facility upgrades, and capital equipment that enhance access, quality, and sustainability of the care they provide to their communities. Budget Period 1 funding is structured to prioritize projects that can be timely obligated and liquidated while meeting all applicable federal requirements related to capital expenditures and program implementation.

### **Initiative 6 | Part 1 – Open to all providers - \$26,263,872.33**

1. **Name of Subrecipient:** Eligible subrecipients are healthcare providers located in a Texas county with a population of 68,750 or less, including rural hospitals and other entities that are legally licensed or certified to operate and provide medical or client services to the communities in which they are located.
2. **Period of Performance:** The period of performance will be established in the final award agreements and will support timely obligation and liquidation of Budget Period 1 funds in accordance with CMS requirements.
3. **Scope of Work:** Subrecipients shall strengthen and modernize their rural healthcare delivery by investing in critical infrastructure, facility upgrades, and capital equipment that enhance access, quality, and sustainability of the care they provide to their communities. Subrecipients may use funds for minor remodels or repairs, equipment modernization, or other capital investments for which they have a clear sustainability plan to maintain or replace the asset once it has reached the end of its useful life.

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- 4. Method of Accountability:** HHSC shall monitor subrecipient performance to ensure compliance with program requirements and the achievement of approved project objectives. Subrecipients shall be required to report on project progress, expenditures, and all other required program metrics. Monitoring will include review of invoices and expenditure documentation, project milestone tracking, and risk-based oversight that may include desk reviews and site visits. Monitoring will focus on project readiness, allowable costs, implementation progress, and compliance with any applicable construction, renovation, or capital expenditure limitations.
- 5. Itemized Budget and Justification:** A detailed itemized budget is not available at this time because project-specific costs will be determined through the solicitation and award process. HHSC expects to issue multiple awards, with final award amounts based on the approved scope of work, project readiness, provider need, and the number of selected awardees.

#### **Initiative 6 | Part 1 – DSHS AMBUS IAC - \$20,000,000.00**

- 1. Name of Subrecipient:** Texas Department of State Health Services.
- 2. Period of Performance:** The period of performance is expected to begin as soon as the interagency agreement is finalized, with procurement and implementation activities commencing in Budget Period 1 and continuing through the time necessary to complete procurement, deployment, and closeout requirements.
- 3. Scope of Work:** DSHS shall use the funding to support the Texas Emergency Medical Task Force in procuring approximately 10 Advanced Medical Bus units. These units are custom mobile medical vehicles equipped to provide advanced monitoring, equipment, oxygen, and communications capabilities and will be deployed to improve emergency and disaster medical response capacity benefiting rural communities.
- 4. Method of Accountability:** HHSC will monitor this interagency agreement through milestone-based procurement oversight, regular written status updates, review of procurement progress and expenditure documentation, and scheduled coordination meetings with DSHS. Monitoring will focus on procurement timelines, unit acquisition milestones, expenditure allowability, deployment planning, and completion of all deliverables in the interagency agreement.
- 5. Itemized Budget and Justification:** A more detailed budget is partially available and is expected to reflect procurement of approximately 10 AMBUS units together with associated allowable costs reflected in the draft DSHS budget materials. HHSC and DSHS are continuing to refine certain components, including indirect cost treatment, and the final detailed budget will be incorporated into the executed interagency agreement.

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## **Initiative 6 | Part 2 – Focus on IDD Providers - \$10,000,000.00**

- 1. Name of Subrecipient:** Eligible subrecipients are providers focused on intellectual and developmental disability services that are located in eligible rural counties and are legally licensed or certified, as applicable, to provide client services in the communities they serve.
- 2. Period of Performance:** The period of performance will be established in the final award agreements and will support timely obligation and liquidation of Budget Period 1 funds in accordance with CMS requirements.
- 3. Scope of Work:** Subrecipients shall use funds for infrastructure and capital improvements that expand or strengthen IDD service capacity in rural communities. Activities may include facility improvements, equipment modernization, and other approved capital investments that improve access, safety, quality, or sustainability of services. Each project must include a clear sustainability plan.
- 4. Method of Accountability:** HHSC shall monitor subrecipient performance to ensure compliance with program requirements and approved project objectives. Subrecipients shall be required to report on financial progress, project implementation, expenditures, and all other required program metrics. Monitoring will include review of invoices and supporting documentation, milestone tracking, and risk-based oversight to ensure allowable use of funds and completion of approved project activities.
- 5. Itemized Budget and Justification:** A detailed itemized budget is not available at this time because final costs will depend on the projects selected through the award process. HHSC will require each recipient to submit a project-specific budget and justification aligned with the approved scope of work.

## **External Monitoring Contract | \$1,900,000.00**

**Summary of External Monitoring Contract:** HHSC will procure an External Monitoring contractor to support Budget Period 1 implementation of the Rural Texas Strong Program by conducting audit readiness assessments, compliance reviews, and risk-based monitoring support for subrecipients and other funded entities. This contract is necessary to ensure that HHSC has sufficient independent monitoring capacity in place to identify and address potential compliance issues early, strengthen internal controls at the subrecipient level, and support statewide oversight of a large and complex funding portfolio. The contractor's work will directly support HHSC's responsibilities as a pass-through entity under 2 CFR 200.332 by helping the agency assess financial management readiness, documentation practices, internal control environments, and compliance risk across multiple award types and provider settings.

The External Monitoring contractor will be selected through a competitive procurement process in accordance with applicable federal and state procurement requirements. The selected contractor will perform a defined scope of work tied to program integrity, compliance, and risk

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mitigation, including audit readiness support, desk reviews, reporting, and related compliance monitoring services. HHSC will monitor contractor performance through defined deliverables, milestone tracking, and contract administration oversight. A detailed itemized budget will be finalized through the procurement and award process, but the Budget Period 1 estimate of \$1,900,000.00 reflects HHSC's best current estimate of the cost required to secure independent monitoring support commensurate with the scale, complexity, and compliance risk associated with the Rural Texas Strong Program.

1. **Name of Contractor:** To be determined through a competitive procurement process.
2. **Method of Selection:** The contractor will be selected through a competitive procurement process in accordance with applicable federal and state procurement requirements. HHSC expects to issue a solicitation that clearly identifies the required monitoring, audit readiness, compliance review, reporting, and technical assistance functions to be performed.
3. **Period of Performance:** The period of performance will begin upon contract execution and will support Budget Period 1 implementation and oversight activities. Final start and end dates will be established in the solicitation and resulting contract documents.
4. **Scope of Work:** The contractor will provide independent audit readiness and compliance monitoring support for the Rural Texas Strong Program. Expected functions include, but are not limited to, review of subrecipient documentation and controls, assessment of internal control environments, evaluation of compliance risk, development of monitoring tools and methodologies, preparation of monitoring reports and recommendations, and other support services necessary to strengthen oversight and reduce risk of noncompliance or future questioned costs.
5. **Method of Accountability:** HHSC program staff, in coordination with the HHSC Chief Financial Officer's Procurement and Contracts Department, will monitor contractor performance. Oversight will include review of deliverables, milestone tracking, invoice validation prior to payment, periodic meetings with the contractor, and confirmation that all services are completed in accordance with contractual requirements.
6. **Itemized Budget and Justification:** A detailed itemized budget is not available at this time because the contractor has not yet been selected and the final scope of work will be established through the procurement process. The selected contractor will be required to submit a detailed budget and justification as part of the procurement and award process. The Budget Period 1 estimate of \$1,900,000.00 represents HHSC's best current estimate of the cost necessary to procure sufficient independent monitoring and audit readiness support for the scale and complexity of the program.

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## **Performance Monitoring – DSHS BRFSS Survey Tool Oversampling IAC | \$115,875.00**

**Summary of Performance Monitoring:** HHSC will utilize an interagency agreement with the Texas Department of State Health Services to support performance monitoring through oversampling of rural communities in the Behavioral Risk Factor Surveillance System (BRFSS). This funding is necessary to ensure that Texas has sufficient rural survey responses to generate statistically valid estimates for selected outcome measures associated with the Rural Texas Strong Program. Without additional rural oversampling, the State may lack the data precision needed to reliably evaluate initiative performance and statewide rural health trends, particularly for measures that rely on survey-based population health indicators.

The DSHS BRFSS oversampling function directly supports HHSC's ability to monitor program outcomes, evaluate effectiveness, and report on performance in a manner consistent with CMS expectations. The IAC will define the period of performance, deliverables, and budget parameters necessary to complete the oversampling activities. HHSC will monitor the IAC through coordination with DSHS, review of performance outputs, expenditure reporting, and verification that agreed data and reporting deliverables are produced. The Budget Period 1 amount of \$115,875.00 reflects HHSC's current estimate of the cost necessary to support this targeted survey expansion and related performance monitoring activities.

- 1. Name of Subrecipient/IAC Entity:** Texas Department of State Health Services.
- 2. Period of Performance:** The period of performance will be established in the executed interagency agreement and will support Budget Period 1 performance monitoring needs.
- 3. Scope of Work:** DSHS will conduct or support BRFSS oversampling activities in rural communities to improve the statistical validity of survey-based rural health outcome estimates used by HHSC for performance monitoring and program evaluation. This may include sample planning, survey execution, data processing, and production of agreed data outputs or related analytical support.
- 4. Method of Accountability:** HHSC will monitor the interagency agreement through regular coordination with DSHS, review of progress updates, expenditure reporting, and verification of performance monitoring deliverables. Monitoring will focus on completion of oversampling activities, usability of resulting data for program evaluation, and compliance with the IAC terms.
- 5. Itemized Budget and Justification:** The Budget Period 1 amount of \$115,875.00 reflects HHSC's current estimate of the cost necessary to support BRFSS rural oversampling activities through DSHS. Final budget details will be documented in the executed interagency agreement and associated supporting materials.

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## **Grants Management System (GMS) Support | \$1,750,000.00**

**Summary of GMS Support:** HHSC will contract for personnel and stakeholder technical support associated with the HHSC Grants Management System (GMS) to ensure the system can support the intake, tracking, administration, monitoring, and reporting needs of the Rural Texas Strong Program. This support is necessary because Budget Period 1 implementation includes high-volume award activity, subrecipient engagement, ongoing reporting requirements, and the need for efficient, standardized grants administration processes. The GMS support function will help HHSC operationalize application intake, award issuance, deliverable tracking, reporting workflows, and user assistance for both HHSC staff and external stakeholders.

The contractor will provide technical and operational support necessary to ensure GMS functionality is sufficient to support program implementation, including user support, workflow configuration, technical assistance, and related grants administration support services. HHSC will monitor contractor performance through deliverable review, service-level oversight, and confirmation that required support is provided in a timely and effective manner. The Budget Period 1 estimate of \$1,750,000.00 reflects HHSC's best current estimate of the cost to provide the level of system and stakeholder support necessary for implementation of the Rural Texas Strong Program.

- 1. Name of Contractor:** Deloitte, or another qualified entity if contract structure changes through final procurement or contract execution.
- 2. Method of Selection:** HHSC will use an authorized procurement or contracting mechanism consistent with applicable federal and state requirements to obtain the necessary GMS support services.
- 3. Period of Performance:** The period of performance will begin upon contract execution and will support Budget Period 1 implementation activities. Final dates will be established in the applicable contract documents.
- 4. Scope of Work:** The contractor will provide personnel and stakeholder technical support for the Grants Management System, including support for application intake, awards processing, workflow management, deliverable tracking, reporting functionality, stakeholder onboarding, and user assistance necessary to support statewide administration of the program.
- 5. Method of Accountability:** HHSC program staff, in coordination with the HHSC Chief Financial Officer's Procurement and Contracts Department, will monitor contractor performance through deliverable review, system support tracking, user support validation, periodic meetings, and invoice review prior to payment.
- 6. Itemized Budget and Justification:** A detailed itemized budget is not available at this time because final support levels and contract-specific cost details will be confirmed through contract execution. The Budget Period 1 estimate of \$1,750,000.00 reflects

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HHSC's best current estimate of the resources needed to provide adequate system support and stakeholder technical assistance during implementation.

## **Personnel | \$3,289,746.87**

**Summary of Personnel:** HHSC will hire and dedicate 31 full-time equivalents (FTEs) to support the Rural Texas Strong Program from fiscal year 2026 through the end of the project period. These positions are necessary to manage program implementation, oversee initiative execution, administer subawards and contracts, coordinate with CMS and partner entities, support procurement actions, review deliverables and expenditures, provide program guidance and technical assistance, and maintain overall program integrity. The Budget Period 1 staffing structure reflects an increase of 11 FTEs above the originally anticipated level due to the expanded procurement workload, oversight requirements, and revised sequencing of implementation activities associated with the updated funding structure.

Personnel costs have been budgeted for the full 10-month Budget Period 1 in accordance with CMS guidance and the Notice of Award. However, HHSC anticipates that actual personnel expenditures may be lower because staff will not all be onboarded for the full 10-month period. To the extent personnel-related savings are realized, HHSC may propose, subject to CMS approval and applicable grant requirements, to redirect those funds to allowable initiative-based activities. Annual salaries are estimated using the maximum allowable salary established in the State's Position Classification Plan, with actual salaries dependent on the education and experience levels of selected candidates. The Budget Period 1 personnel total of \$3,289,746.87 reflects HHSC's full 10-month estimate for the positions listed in Table 3.

**Personnel Justification Narrative:** HHSC will assign staff to manage specific initiatives while also maintaining centralized program leadership, procurement support, grants administration, financial oversight, and legal support functions. The Program Director will dedicate 100 percent of time and effort to overall program oversight, including regular communication with CMS. Additional positions support initiative-specific grant management, program specialist functions, information technology analysis, procurement and contract administration, project management, and legal review. These staffing resources are necessary to support the scale and complexity of a statewide rural transformation initiative involving multiple direct awards, competitive awards, interagency agreements, and contracts.

**Itemized Budget and Justification:** The detailed personnel budget is reflected in Table 3 and includes 31 positions budgeted at 100 percent time for 10 months in Budget Period 1. The total estimated Budget Period 1 personnel cost is \$3,289,746.87.

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## **Fringe Benefits | \$934,946.06**

**Summary of Fringe Benefits:** Fringe benefits are calculated based on the salaries budgeted for the 31 FTEs supporting the Rural Texas Strong Program and include the standard benefit costs associated with State of Texas employment. These costs are necessary to support the personnel required for program implementation, oversight, procurement, monitoring, and administration. HHSC applies a fringe rate of 28.42 percent, which includes Social Security/Medicare, insurance, and retirement.

The Budget Period 1 fringe benefit total of \$934,946.06 is directly tied to the salary total of \$3,289,746.87, resulting in total personnel-related costs of \$4,224,692.93. As with salary costs, actual fringe expenditures may be lower than budgeted due to the timing of staff onboarding. Any realized savings will be addressed in accordance with CMS guidance and applicable grant management requirements.

## **Itemized Budget and Justification:**

Fringe benefits are calculated using the following rates:

- Social Security/Medicare: 7.65%
- Insurance: 11.27%
- Retirement: 9.50%
- Total Fringe Rate: 28.42%

The total Budget Period 1 fringe benefit estimate is \$934,946.06.

## **Travel | \$13,753.74**

**Summary of Travel:** Budget Period 1 travel supports statewide implementation of the Rural Texas Strong Program, including stakeholder engagement, site monitoring, technical assistance, program launch activities, and coordination with CMS and other state partners. Travel is necessary because HHSC staff must engage with rural stakeholders across a large geographic area, and implementation of the program requires both in-state and limited out-of-state travel. Rural destinations in Texas frequently require a combination of air and ground travel or extended driving, and most site visits require overnight lodging due to distance from Austin and the lack of nearby commercial airports.

The Budget Period 1 travel budget assumes four in-state regional trips by three program staff and one out-of-state trip for the Program Director and one additional staff member to attend the CMS Rural Health Summit in Baltimore, Maryland. All travel estimates are based on General Services Administration rates where available and are also subject to all applicable State of Texas and HHSC travel policies. In-state travel funding will remain restricted until dates and destinations

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are finalized, and HHSC will submit a lifting of restriction amendment for travel, consistent with CMS guidance. The total Budget Period 1 travel estimate is \$13,753.74.

**Travel Justification Narrative:** Travel is required to support implementation readiness, stakeholder engagement, program monitoring, and technical assistance across rural Texas. In-state travel supports visits to multiple rural regions, while out-of-state travel supports CMS coordination and participation in the Rural Health Summit. Final travel activity will align with onboarding timing, initiative sequencing, and subrecipient location.

### **Itemized Budget and Justification:**

The Budget Period 1 travel budget includes:

- In-state regional stakeholder engagement and monitoring: \$10,932.00
- Out-of-state travel to the CMS Rural Health Summit: \$2,821.74
- Total Travel: \$13,753.74

### **Indirect Costs | \$1,911,203.00**

**Summary of Indirect Costs:** HHSC is a public assistance administering agency and is required under Subpart E of 45 CFR Part 95 to maintain and use a federally approved Public Assistance Cost Allocation Plan (PACAP). Indirect costs included in Budget Period 1 are based on approved allocation methodologies and represent HHSC's projected share of agency administration costs allocable to the Rural Texas Strong Program. These indirect costs are necessary to support centralized administrative functions that benefit the program but are not readily assignable to a single direct cost activity.

The Budget Period 1 indirect cost amount of \$1,911,203.00 reflects HHSC's current estimate of allocable agency administration costs under the PACAP. Total administrative costs for Budget Period 1, including personnel, fringe, travel, external monitoring, performance monitoring, GMS support, and indirect costs, are estimated at \$9,915,524.67, or 3.52 percent of the total award. This remains below the applicable 10 percent administrative cap. Administrative costs associated with subrecipient and contractor activities are excluded from the State's administrative cost calculation, consistent with CMS guidance.

### **Itemized Budget and Justification:**

The Budget Period 1 indirect cost estimate of \$1,911,203.00 is calculated in accordance with HHSC's approved PACAP and reflects allocable agency administration costs associated with implementation of the Rural Texas Strong Program.

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**Administrative Cost Roll-Up Statement:** In Budget Period 1, HHSC has budgeted the following administrative and support costs necessary to implement, monitor, and oversee the Rural Texas Strong Program: External Monitoring (\$1,900,000.00), Performance Monitoring (\$115,875.00), GMS Support (\$1,750,000.00), Personnel (\$3,289,746.87), Fringe (\$934,946.06), Travel (\$13,753.74), and Indirect Costs (\$1,911,203.00), for a total administrative amount of \$9,915,524.67, or 3.52 percent of the total Budget Period 1 award. These costs are necessary to ensure program implementation, financial oversight, procurement support, performance monitoring, technical assistance, and compliance with all applicable federal and state requirements.