



Arizona Rural Health Transformation Program (RHTP)

Introduction

Authorized under the One Big Beautiful Bill Act (H.R.1), the **Rural Health Transformation Program (RHTP)** is a \$50 billion initiative administered by the Centers for Medicare & Medicaid Services (CMS) to strengthen healthcare access, quality, and sustainability in rural America over a five-year period. Governor Hobbs formally designated the Arizona Health Care Cost Containment System (AHCCCS) as the lead agency for the RHTP award. On November 5th, 2025, the State of Arizona successfully submitted an RHTP application to CMS requesting \$1 billion over 5 years to support rural health transformation statewide. On December 29, 2025, CMS awarded Arizona \$166,988,956 for RHTP implementation.

Overview of Arizona’s RHTP Application

Arizona’s application is closely aligned with CMS’s rural health transformation priorities, emphasizing expanded access, workforce development, care delivery innovation, and health equity. The State’s initiatives directly address RHTP strategic goals of improving rural health outcomes, strengthening system resilience, and reducing disparities by investing in telehealth and digital infrastructure, supporting the rural health workforce pipeline, piloting innovative care models, and funding targeted grants for behavioral health, chronic disease management & prevention, and maternal-fetal health. Arizona’s approach integrates technology, data-driven evaluation, and sustainable partnerships to ensure that rural and Tribal communities benefit from improved access, quality, and continuity of care.



CMS RHTP Requirements

- **Administrative Costs** (direct & indirect) are capped at 10% of the award.
- **Unallowable Costs:** New construction, supplanting existing funding, pre-award costs, lobbying, meals (except in limited cases), and broadband infrastructure.
- **Provider Payments** cannot exceed 15% of the total award per budget period.
- **Capital Expenditures/Infrastructure** cannot exceed 20% of the total award per budget period.
- **EMR/EHR Replacement** is capped at 5% if replacing an existing HITECH-certified system.
- **Initiatives Similar to the Rural Tech Catalyst Fund** are capped at the lesser of 10% or \$20M per budget period, with no more than \$3M per company.



Workforce Development & Training Program \$47.1M | Lead Agency: OEO

- Expands rural clinical rotations and residency slots for allied health, nursing, and physician training.
- Provides financial incentives (sign-on, education assistance, relocation, retention) tied to rural service commitments.
- Supports educator training, rural high school health career pathways, and micro-grants for provider upskilling.



Making Rural Healthcare Resilient \$38.19M | Lead Agency: AHCCCS

- Fosters shared-service networks, co-located care hubs, and integrated rural provider coalitions.
- Funds EHR upgrades, cybersecurity, and data sharing to reduce administrative burden.
- Provides technical assistance for operational improvement and financial sustainability.



Priority Health Initiatives Grant Portfolio \$27M | Lead Agency: AHCCCS & ADHS

- Funds local programs to expand behavioral health and Substance-Use Disorder (SUD) services (mobile crisis units & naloxone distribution).
- Supports chronic disease prevention via county-led screening, outreach, and public health infrastructure.
- Improves maternal-fetal health with statewide adoption of evidence-based safety bundles, OB simulation training, and perinatal mental health resources.



Making Rural Healthcare Accessible \$38M | Lead Agency: AHCCCS

- Invests in telehealth hubs, remote patient monitoring, and digital infrastructure upgrades.
- Deploys mobile & satellite clinics to reach remote communities.
- Enhances care coordination & supports innovative care models through mini-grants.
- Pilots alternatives & value-based payment models to incentivize quality and efficiency.

Arizona RHTP Implementation Timeline

Each proposed initiative under Arizona RHTP follows a consistent phased implementation structure with continuous improvement and evaluation targets included.

- **Year 1** will focus on program setup, including hiring programmatic and administrative staff, drafting and releasing procurement requests, executing contracts with sub-recipients, and establishing a centralized RHTP Project Management Office (PMO) to oversee compliance, subrecipient monitoring, and interagency coordination.
- **Year 2 through 5** will encompass full program implementation, including service delivery, milestone tracking, and initiative refinement.
- Throughout the grant lifecycle, Arizona will maintain ongoing stakeholder engagement, continuous program improvement, and quarterly and annual reporting to CMS to ensure alignment with cooperative agreement terms and federal requirements.

What's Next for Arizona RHTP

Arizona is developing a robust infrastructure to ensure transparency, efficiency, and readiness upon award announcement. We are working to stay connected with our stakeholders through the following efforts:



Ongoing Stakeholder Engagement

Arizona will maintain continuous dialogue with rural stakeholders, while leveraging advisory committees and partnerships to capture ongoing feedback for continuous improvement.



Collaborative Implementation

Selected lead agencies possess deep expertise and established relationships with rural providers and populations and providers, positioning Arizona to deliver responsive, community-centered solutions and a successful Rural Health Transformation Program.



Arizona RHTP Website Launch

Arizona will soon launch a dedicated RHTP site featuring project summaries, FAQs, and updates on RFPs and program information.